



VIDEOCON

VIDEOCON INDUSTRIES LIMITED

LETTER OF OFFER

Dated March 19, 2010

For Equity Shareholders of the Company only

Originally incorporated on September 4, 1986 as Adhigam Trading Private Limited in Gujarat and consequent to a Special Resolution dated February 8, 1991, the name of the Company was changed to Videocon Leasing and Industrial Finance Private Limited with effect from February 14, 1991 and subsequently was converted into a public company (under the provisions of the Indian Companies Act, 1956, as amended) on February 14, 1991 and the word "Private" was deleted from the name. The name of the Company was changed to Videocon Industries Limited by a resolution dated November 10, 2003, w.e.f. December 17, 2003 to reflect the change in activities of the Company. Our original registration number was 8955 of 1986-87 and the new registration number is 11-103624. Our Corporate Identification Number is L99999MH1986PLC103624.

Registered Office: Videocon Industries Limited, 14, KM Stone, Aurangabad-Paithan Road, Village: Chittagaon, Taluka: Paithan, Dist: Aurangabad 431 105, Maharashtra, India. For details of changes in the registered office of the Company, see the section titled "History and Certain Corporate Matters" beginning on page 101 of this Letter of Offer. **Tel:** +91-2431-251501; **Fax:** +91-2431-251551; **Website:** www.videoconworld.com; **Email:** secretarial@videoconmail.com; **Contact Person:** Mr. Vinod Kumar Bohra, Company Secretary and Compliance Officer; Tel: 91-2431-663933; Fax: 91-2431-251551.

For private circulation to the Equity Shareholders of the Company only

LETTER OF OFFER

ISSUE OF 51,392,243 EQUITY SHARES OF RS. 10 EACH AT A PREMIUM OF RS. 215.00 PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF RS. 11,563.25 MILLION TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 2 (TWO) EQUITY SHARES FOR EVERY 9 (NINE) EQUITY SHARES HELD ON THE ENTITLEMENT DATE I.E. CLOSE OF BUSINESS HOURS ON MARCH 20, 2010 FOR EQUITY SHARES HELD IN DEMATERIALIZED FORM AND MARCH 22, 2010 FOR EQUITY SHARES HELD IN PHYSICAL FORM ("ISSUE"). THE ISSUE PRICE IS 22.50 TIMES OF THE FACE VALUE OF THE EQUITY SHARE

Payment Method ¹			
Amount payable per Equity Share (Rs.) ²			
	Face Value (Rs.)	Premium (Rs.)	Total
On Application ²	5.00	107.50	112.50
First and Final Call ²	5.00	107.50	112.50
Total	10.00	215.00	225.00

¹Please refer to risk factor nos. 52 and 53 in "Risk Factors" on page 34 for risk associated with the payment method. For details on payment method see "Terms of the Issue" on page 219 of the Letter of Offer.

²NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

¹ For details on the issue procedure see the section entitled "Terms of the Issue" beginning on page 219 of this Letter of Offer.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the section titled "Risk Factors" beginning on page 16 of this Letter of Offer before making an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material aspects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Global Depository Receipts ("GDRs") issued by the Company are listed on the Luxembourg Stock Exchange. The Foreign Currency Convertible Bonds ("FCCBs") issued by the Company are listed on the Singapore Stock Exchange. The Company has received "in-principle" approvals from BSE and the NSE for listing the Equity Shares arising from this Issue vide both letters dated February 01, 2010. For the purpose of this Issue, the Designated Stock Exchange shall be The Bombay Stock Exchange Limited.

LEAD MANAGERS TO THE ISSUE

 SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade, Mumbai 400005. India Tel: 91-22-22178300 Fax: 91-22-22188332 Email: videocon.rights@sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Website: www.sbicaps.com SEBI Registration Number: INM000003531 Contact Person: Mr. Gitesh Vargantwar/Mr. Apurva Kumar	 India Infoline Limited 10th Floor, One IBC 841 Senapati Bapat Marg, Elphinstone Road (W), Mumbai 400 013, India Tel: 91-22-46464600 Fax: 91-22-46464700 Email: videocon.rights@iiflcap.com Investor Grievance ID :customercare@iiflcap.com Website: www.iiflcap.com SEBI Registration Number: INM000010940 Contact Person: Mr. Pinak R Bhattacharyya	 Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, India. Email: vil.rights@linkintime.co.in Website: www.linkintime.co.in SEBI Registration Number: INR000004058 Contact Person: Mr. Praveen Kasare
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ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSING ON
Monday, March 29, 2010	Tuesday, April 06, 2010	Monday, April 12, 2010

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DEFINITIONS AND ABBREVIATIONS

Definitions and Abbreviations of certain capitalized terms used in this Letter of Offer are set forth below:

Definitions

Company Related Terms

Term	Description
Articles/Articles of Association	The articles of association of the Company
Auditors	The statutory auditors of the Company, namely Khandelwal Jain & Co. and Kadam & Co.
Board/Board of Directors	The Board of Directors of the Company
Chairman & Managing Director	The chairman of the Board of Directors, namely, Mr. Venugopal N. Dhoot
Director(s)	Director(s) of the Company, unless otherwise specified
EKL	EKL Appliances Limited (formerly Electrolux Kelvinator Limited), a company amalgamated with Videocon Industries Limited
Memorandum/Memorandum of Association	The memorandum of association of the Company
Petrocon	Petrocon India Limited (formerly Videocon Petroleum Limited), a company amalgamated with Videocon Industries Limited.
Promoter Group	Venugopal N. Dhoot, Rajkumar N. Dhoot, Pradipkumar N. Dhoot, Kesharbai Dhoot, Sushma Dhoot, N P Dhoot, R V Dhoot, N R Dhoot, T P Dhoot, Anirudha Dhoot, Saurabh Dhoot, Akshay R Dhoot, Domebell Electronics India Private Limited, Waluj Components Private Limited, Century Appliances Private Limited, Shree Dhoot Trading & Agencies Limited, Sabarmati Garments Private Limited, Electroparts (India) Private Limited, Mahisagar Plastics Private Limited, Force Appliances Private Limited, Equity Investments Private Limited, Yakme Finance Investment Private Limited, Pyramid Drugs Private Limited, Cluster Trade & Investments Private Limited, Koala Holdings Private Limited, Tapti Holdings Private Limited, Value Industries Limited, Southwest Investments Private Limited, The Invex Private Limited, Holly Hock Engg Private Limited, Greenfield Appliances Private Limited (formerly Keshar Dhoot Investment Co Private Limited), Tekcare India Private Limited, Synergy Appliances Private Limited (formerly R N Dhoot Investment Co Private Limited), Platinum Appliances Private Limited (formerly Dhoot Brothers Investment Co Private Limited), Solitaire Appliances Private Limited (formerly V N Dhoot Investment Co Private Limited), Synlene Fabrics Limited, Ausherra Properties & Finvest Private Limited, Julietta Properties & Finvest Private Limited, Armacoat Properties & Investment Private Limited, Acacia Properties & Investment Private Limited, Troon Properties & Investment Private Limited, Devant Properties &

Term	Description
	Investment Private Limited, Trend Electronics Limited, Neetu Financial Services Private Limited, Holly Hock Investments Private Limited, Videocon Realty & Infrastructure Limited, Evans Fraser & Company (India) Limited, Nippon Investment and Finance Company Private Limited and M/S Autocars
Promoter Group Entities	All entities within the meaning of regulation 2(zb) of SEBI Regulations
Registered Office	The registered office of the Company is situated at 14 KM Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist: Aurangabad 431 105, Maharashtra, India
The “Company” or “our Company” or “Videocon Industries” or “we” or “our” or “us”	Unless the context otherwise requires, refers to Videocon Industries Limited, a company incorporated under the Companies Act, 1956
Subsidiaries	Unless the context otherwise requires, refers to the Company and its subsidiaries as of September 30, 2009 namely - 1. Paramount Global Limited 2. Middle East Appliances LLC 3. Sky Billion Trading Limited 4. Videocon Global Limited 5. Powerking Corporation Limited 6. Venus Corporation Limited 7. Pipavav Energy Private Limited 8. Videocon Telecommunication Limited (formerly Datacom Solutions Limited) 9. Godavari Consumer Electronics Appliances Private Limited 10. Jumbo Techno Services Private Limited 11. Senior Consulting Private Limited 12. Mayur Household Electronics Appliances Private Limited. 13. Videocon International Electronics Limited 14. Datacom Telecommunications Private Limited 15. Videocon JPDA 06-103 Limited (formerly Global Energy Inc.) 16. Videocon Display Research Co. Limited 17. Videocon Energy Brazil Limited (formerly Videocon Global Energy Holdings Limited) 18. Videocon Mozambique Rovuma 1 Limited (formerly Videocon Energy Resources Limited) 19. Videocon Electronics (Shenzhen) Limited 20. Eagle ECorp Limited 21. Videocon Energy Ventures Limited 22. Videocon Oman 56 Limited (formerly Videocon Hydrocarbon Holdings Limited) 23. Videocon Indonesia Nunukan Inc.
Videocon India	Videocon India Limited, an erstwhile partnership firm converted into public limited company.
Videocon International	Videocon International Limited, a company amalgamated with Videocon Industries Limited.
Dhoot Family	Mr. Venugopal N Dhoot, Mr. Rajkumar N Dhoot, Mr. Pradipkumar N Dhoot, their spouse and relatives as defined in the Companies Act, 1956.

Issue Related Terms

Term	Description
Business Day	Any day, other than a Saturday or a Sunday, on which commercial banks in Mumbai are open for business.
Applications Supported by Blocked Amount or ASBA	The application whether physical or electronic used by an ASBA investor to make an application authorizing the SCSB to block the application amount in his/her specified bank account maintained with SCSB.
Bankers to the Issue	Standard Chartered Bank, State Bank of India, IDBI Bank Limited and Punjab National Bank.
Book Closure Period	March 22, 2010 to March 30, 2010 (both days inclusive)
Composite Application Form/CAF	The form used by an Investor to make an application for allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, our Company would issue one certificate for the Equity Shares allotted to one folio
Compliance Officer	Mr. Vinod Kumar Bohra, Company Secretary
Designated Stock Exchange	The Bombay Stock Exchange Limited
Draft Letter of Offer	The draft letter of offer dated December 18, 2009 filed with SEBI
Entitlement Date	The offer on rights basis will be made to those members of the company holding Equity Shares in physical form and whose names appear on the Company's Register of Member on Monday, 22 nd March, 2010 and as regards members of the Company holding Equity Shares in dematerialized form, on the basis of particulars of beneficial ownership furnished by Depositories viz., CDSL and NSDL as at the end of business hours on Saturday, 20 th March, 2010.
Equity Shares	The Equity Shares of our Company having a face value of Rs. 10 unless otherwise specified in the context thereof.
Equity Shareholders	A holder(s) of Equity Shares as on the Entitlement Date
First and Final Call	Call notice as shall be sent by our Company to each of the Investors for making the payment towards the balance amount payable.
Investor(s)	The Equity Shareholders of the Company as on the Entitlement Date/Record Date and the Renouncees.
Issue	Issue of 51,392,243 Equity Shares of Rs. 10 each at a premium of Rs. 215.00 per Equity Share aggregating to Rs. 11,563.25 million to the Equity Shareholders on rights basis in the ratio of 2 (Two) Equity Share for every 9 (Nine) Equity Shares held on the Entitlement Date.
Issue Closing Date	Monday, April 12, 2010
Issue Opening Date	Monday, March 29, 2010

Term	Description
Issue Price	Rs. 225.00 per Equity Share
Issue Proceeds	The proceeds of the Issue received by our Company pursuant to the allotment of Equity Shares in the Issue.
IIFL	India Infoline Limited
Lead Managers	IIFL and SBICAPS
Letter of Offer	The letter of offer dated March 19, 2010 filed with the Stock Exchanges with a copy to SEBI after incorporation of the comments received from SEBI on the Draft Letter of Offer.
Listing Agreement	The Company's equity listing agreements entered into with the Stock Exchanges
Refund through electronic transfer of funds	Refunds through ECS/NECS, Direct Credit, RTGS or NEFT, as applicable
Registrars and Transfer Agent to the Company	MCS Limited
Registrars to the Issue	Link Intime India Private Limited
Record Date	The date fixed by the Company for the purpose determining the list of Equity Shareholders to whom the notice for call money pursuant to First and Final Call would be sent.
Renouncee(s)	Any person(s) other than ASBA investors who has/have acquired Rights Entitlement from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Equity Shareholder on the Entitlement Date
SAF(s)	Split Application Form(s)
SBICAPS	SBI Capital Markets Limited
Securities	The Equity Shares offered in this Issue
Stock Exchange(s)	The BSE and the NSE where the equity shares are presently listed, and where the equity shares pursuant to the Issue are proposed to be listed.

Conventional/General Terms

Term	Description
Term	Description
Act / Companies Act	The Companies Act, 1956, as amended from time to time.
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Cenvat	The Central Value Added Tax
CESTAT	The Customs, Excise, Service Tax Appellate Tribunal

Term	Description
Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges a list of which is provided on www.sebi.gov.in .
Depositories	NSDL and CDSL
Designated Branches	Such branches of the SCSB which shall collect application forms used by ASBA Investor and a list of which is provided on www.sebi.gov.in .
ECS/NECS	Electronic clearing service
EPS	Earnings per Share
ESI	Employees State Insurance
FEMA	Foreign Exchange Management Act, 1999
Financial Year/Fiscal/FY	Period of twelve months ended September 30 of that particular year
FCCB	Foreign Currency Convertible Bond
GDR	Global Depository Receipts representing one Equity Share of the Company
IFRS	International Financial Reporting Standards
Indian GAAP	The generally accepted accounting principles in India
IT Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
Modvat	Modified Value Added Tax
Monitoring Agency	Punjab National Bank
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
PAT	Profit after Tax
RTGS	Real Time Gross Settlement
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992

Term	Description
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 which have been rescinded on August 26, 2009
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Securities Act	United States Securities Act of 1933, as amended
Takeover Regulations	SEBI (Substantial Acquisition Of Shares and Takeovers) Regulations, 1997 as amended.
US GAAP	The generally accepted accounting principles in United States
Wealth Tax Act	The Wealth Tax Act, 1957

Industry Related Terms

Term	Description
CPT	Colour picture tube
CRT	Cathode-ray tube
DVD	Digital versatile disc or digital video disc
Glass funnel	The conical glass part of a CPT that fits on to the panel. It houses the electron gun and deflects the electron beam on to the inside face of the panel. The critical requirements are x-ray absorption and dimensional accuracy
Glass panel	The front glass plate of a CPT on which the picture is developed and through which the viewer watches the TV. The critical requirements of a panel are transmission of light, x-ray absorption, dimensional accuracy and visual clarity.
Glass shell	A set of glass funnel and glass panel, the key component for CPT.
LCD	Liquid crystal display
OEM	Original equipment manufacturing - an arrangement whereby a company builds products, or components that are used in products, sold by another company.
PDPs	Plasma Display Panels
TV	Television
VCD	Video compact disc
Basin	A geological depression on the Earth's surface which is filled with sedimentary material.
Cess	A duty of excise imposed under the Oil Industry Development Act, 1974 on crude oil produced in India and payable to the Central Government.

Term	Description
Cost Petroleum	The portion of the total volume of petroleum produced and saved from the Ravva Oil and Gas Field which the Contractor Parties are entitled to take in a particular period for the recovery of costs incurred by the Contractor Parties in connection with their Petroleum Operations in accordance with the Production Sharing Contract.
Development	Following discovery, drilling and related activities necessary to begin production of oil or natural gas.
Exploration	Systematically searching for oil and/or natural gas, by topographical surveys, geologic studies, geophysical surveys, seismic surveys and drilling wells.
Petroleum	Means Crude Oil and Natural Gas existing in their natural condition
Production Costs	Consist of direct and indirect costs incurred to operate and maintain oil wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities. Examples of production costs include amortised finding costs (which are capitalised if incurred in respect of successful wells), pre-wellhead costs (such as costs of labour, repairs and maintenance, materials, supplies, fuel and power, property taxes, insurance, severance taxes, Royalty) incurred in respect of lifting the oil and gas to the surface, operation and maintenance including servicing and work-over of wells, and post-wellhead costs in respect of gathering, treating, field transportation, and field processing of extracted hydrocarbons, including Cess and Royalty up to the outlet valve on the lease or field production storage tank.
Profit Petroleum	All the Petroleum produced and saved from the Ravva Oil and Gas Field in a particular period less Cost Petroleum.
Royalty	The Royalty payable pursuant to section 6A(2) of the ORD Act and Rule 14 of the P&NG Rules, as amended from time to time.

Other Terms

TDS	Tax Deducted at Source
BN or bn	Billion
BBL	Barrels of oil
BCF	Billion Cubic Feet
BOPD	Barrels of oil per day
BPCL	Bharat Petroleum Corporation Limited
BPRL	Bharat Petro Resources Limited, a wholly owned subsidiary of BPCL
BRPL	Bongaigaon Refineries and Petrochemicals Limited
DGH	Directorate General of Hydrocarbons
GAIL	GAIL (India)Limited

GSPC	Gujarat State Petroleum Corporation Limited
HPCL	Hindustan Petroleum Corporation Limited
KG	Krishna Godavari
LNG	Liquefied Natural Gas
MMBTU	Million British Thermal Units
MBBL	Thousands of Barrels
MMBBL	Million Barrels
MMT	Million Metric Tonnes
MN or mn	Million
MOPNG or MoPNG	Ministry of Petroleum and Natural Gas
MT	Metric Tonnes
NELP	New Exploration Licensing Policy
ORD Act	Oilfields (Regulation and Development) Act, 1948, as amended from time to time
P&NG Rules	Petroleum and Natural Gas Rules, 1959, as amended from time to time
PTRR	Post Tax Rate of Return
sq. km.	Square Kilometres

Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
GDP	Gross Domestic Product
GOI /GoI	Government of India

Term	Description
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
K.M./KM	Kilometre
MoU	Memorandum of Understanding
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
RBI	The Reserve Bank of India
ROC	Registrar of Companies, Maharashtra
STT	Securities Transaction Tax
UTI	Unit Trust of India
US\$	United States Dollar
w.e.f.	With effect from

OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer/Abridged Letter of Offer and Composite Application Form ("CAF") only to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

NO OFFER IN THE UNITED STATES

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company or any Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom Restrictions

Each Lead Manager has been represented and agreed that:

- (i) it is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the “FSMA”), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;
- (ii) in the United Kingdom, it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons that are “qualified investors” and who are (a) “investment professionals” falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (b) high net worth entities and/or other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

NO OFFER IN THE UNITED STATES

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“Regulation S”)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address

for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. The Company will not accept subscriptions from any person, or his agent, who appears to be, or who the Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information and data in this Letter of Offer is derived from our Company's financial statements which are included in this Letter of Offer and set out in the section "**Financial Information**" on page 119. Our Company's fiscal year commences on October 1 and ends on September 30 of the following calendar year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Our Company is an Indian listed company and prepares its financial statements in accordance with Indian GAAP and in accordance with the Companies Act. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with US GAAP, IFRS or any accounting principles other than principles specified in the Indian Accounting Standards. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. We urge you to consult your own advisors regarding such differences and their impact on the financial data. The degree to which the financial statements included in this Letter of Offer will provide meaningful financial information is entirely dependent on the reader's familiarity with these accounting practices. Any reliance by persons not familiar with these accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

All references to "India" contained in this Letter of Offer are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, its territories and possessions, and all references to "UK" or the "U.K." are to the United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.

Exchange Rates

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the United States Dollar (in Rupees per United States Dollar). No representation is made that the rupee amounts actually represent such United States Dollar amounts or could have been or could be converted into United States Dollars at the rates indicated, any other rate or at all.

Year ended September 30	Period End	Average	High*	Low
	(Rs. per U.S.\$1.00)			
2007	39.74	42.68	45.84	39.70
2008	46.94	41.19	46.94	39.27
2009	48.04	48.89	52.06	46.84

Source : Reserve Bank of India website at www.rbi.org.in

*Note: High, low and average are based on the RBI reference rate

Industry and Market Data

Unless stated otherwise, industry, demographic and market data used throughout this Letter of Offer has been obtained from industry publications, data on websites maintained by private and public entities, data appearing in reports by market research firms and other publicly available information and also as per Company estimates. These resources generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Accordingly, Investors should not place undue reliance on this information.

FORWARD LOOKING STATEMENTS

All statements contained in this Letter of Offer that are not statements of historical fact constitute “forward-looking statements”. Readers can identify forward-looking statements by terminology such as “may”, “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe the Company’s strategies, objectives, plans or goals are also forward looking statements.

All forward looking statements (whether made by the Company or any third party) are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company’s expectations include but are not limited to:

- general economic conditions;
- increased competition in the sectors/areas in which we operate;
- general economic and business conditions in the markets in which we operate and in the local, regional, national and international economies; currency and exchange rate fluctuations;
- our ability to compete successfully;
- our ability to satisfy changing customer demands;
- our ability to successfully expand into new segments and geographies;
- our ability to address risks relating to product liability, warrants and recall costs;
- our ability to reduce our cost of production and increase our operational efficiency;
- rate of Indian price inflation increasing which may result in our operations and financial condition being adversely affected;
- political, economic and social changes in India which could adversely affect our business;
- fluctuation in the market value of our Equity Shares which may be caused due to the volatility of the Indian securities market;
- changes in technology;
- regulatory regime in oil and gas industry;
- increasing in drilling cost and reduction in availability of drilling equipment;
- competitive nature of oil and gas industry in tendering for future exploration blocks;
- legal proceedings with the Government and other parties; and
- changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For a further discussion of factors that could cause the Company’s actual results to differ, see the section titled “**Risk Factors**”, “**Business**” on pages 16 and 79 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, the Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity and equity related securities involves a high degree of risk and you should not invest any funds in this Issue unless you can afford to take the risk of losing your investment. You should carefully consider all of the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and results of operations could suffer, the trading price of the Securities could decline and you may lose all or part of your investment. The financial and other implications or material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below.

The following factors have been considered for determining the materiality:

- 1. Some events may not be material individually but may be found material collectively;*
- 2. Some events may have material impact qualitatively instead of quantitatively;*
- 3. Some events may not have material impact at present but may have material impact in future.*

The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

This Letter of Offer contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

You are advised to read the following risk factors carefully before making an investment in the Securities offered in this Issue. You must rely on your own examination of the Company and this Issue, including the risks and uncertainties involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer.

A. Internal Risks

- 1. Our indebtedness including the financial covenants under our existing loan agreement could adversely affect our financial condition.**

Our indebtedness as at September 30, 2008 was Rs. 80,055.94 million on standalone basis. Since that date we have incurred additional indebtedness of Rs. 10,789.53 million and accordingly our total indebtedness as of September 30, 2009 is Rs. 90,845.47 million. Accordingly, as at September 30, 2009, our ratio of total indebtedness to shareholders' equity was approximately 1.24 on standalone basis. Our indebtedness on a consolidated basis as of September 30, 2009 is Rs. 120,675.63 million. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a. we will be required to dedicate a substantial portion of our cash flow to the repayment of our existing debts, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- b. our ability to obtain additional financing in the future may be impaired;
- c. fluctuations in market interest rates will affect the cost of our borrowings to the extent not covered by interest rate hedge agreements, as a portion of our indebtedness is payable at variable rates; and

- d. there would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness, including invocation of charge by lenders created on plant and machinery and other assets which are critical for operation of our business, or if we are unable to obtain additional financing, as needed.

We are subject to a number of financial covenants under the loan agreements to which we are a party. These covenants provide, among other things, that we cannot alter our capital structure, make any material modifications to the senior management, raise any further borrowings, or undertake any new project or expansion of existing projects. Additionally, some of the loan agreements provide for the appointment of nominee directors by the lenders. Under certain of our loan agreements, in an event of default we are not permitted to declare any dividend to our shareholders without the prior consent of the lenders. Further, under certain of our loan agreements, if the Dhoot Family ceases to be our largest shareholder, we may be required to immediately repay the amount outstanding. These covenants place limits on our ability to deal freely with our assets, reduces our operational and financial flexibility and may limit our ability to raise debt in the future.

2. ***Our Company and our Chairman and Managing Director, is involved in certain litigation proceedings and any adverse decisions may impact our operations. As on February 28, 2010, the aggregate amount involved in respect of outstanding litigation filed against the company is Rs. 557.24 million.***

There are outstanding litigations involving our Company and our Chairman and Managing Director. These legal proceedings are pending at different levels before various courts, commissions, tribunals, enquiry officers and appellate tribunals. Should any new developments arise, such as a change in Indian law or rulings against our Company by appellate courts or tribunals, our Company may need to make provisions in its financial statements, which could adversely affect its business results. Furthermore, if significant claims are determined against our Company and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our Company's business and profitability. The summary of litigations involving our Company and our Managing Director relating to company matters, as on February 28, 2010 are as under:

A. Outstanding Litigation concerning the Company.

I. Filed against the Company

Category	Nos. of Cases	Amount Involved (Rs. In Millions)
Customs	4	121.78
Central Excise	5	191.87
Income Tax	6	243.59
Total	15	557.24

II. Filed by the company

Category	Nos. of Cases	Amount Involved (Rs. in Millions)
Customs	9	58.27
Central Excise	12	38.24
Service Tax	6	70.59
Sales Tax	47	366.53
Income Tax	1	15.20
Cess	1	422.30

Cases under section 138 of the Negotiable Instruments Act	911	533.20
Civil Cases	347	216.30
Execution	11	38.68
Arbitration	121	125.30
Criminal	34	42.22
Total	1,424	1,926.83

- **Litigation against our Chairman and Managing Director and others.**

The Securities Exchange Board of India (“SEBI”) vide its order dated April 19th, 2001, had directed Videocon International Limited (now amalgamated with Videocon Industries Limited) not to raise money from the public in the capital markets for a period of three years in the interest of investors and instituted prosecution proceedings be launched against Videocon International Limited through its directors/officers including Mr. Venugopal N. Dhoot under the provisions of the Securities Exchange Board of India Act, 1992 for violation of Regulation 4(a) and 4(d) of the Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations 1995.

Aggrieved by the order of SEBI, Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot filed an appeal before the Securities Appellate Tribunal (“SAT”). The SAT vide its order dated June 20, 2002 set aside the order of SEBI restraining Videocon International Limited from accessing the capital markets and raising money from the public for a period of three years. However, in relation to the prosecution proceedings instituted by SEBI against Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot, the SAT held that it was beyond its jurisdiction to issue any order setting aside SEBI’s direction to launch prosecution proceedings. Accordingly, prosecution proceedings instituted by SEBI are currently pending. Mr. Venugopal N. Dhoot and others have filed a petition before the Mumbai High Court to quash/grant a stay on the prosecution proceedings which is pending for disposal. Being aggrieved by the order of SAT, SEBI has filed an appeal against Videocon International Limited being appeal no. 9 of 2002 before Hon’ble Bombay High Court.

Parliament amended the SEBI Act by SEBI (Amendment) Act, 2002 and the amendments were brought into effect from 29/10/2002. As per the unamended section 26 the court competent to try complaints for offences under Section 24 read with Section 27 of the SEBI Act was the court of Metropolitan Magistrate or Judicial Magistrate of the First class. However as per the amended Section 26(2) no court inferior to that of a court of Sessions shall try any offence punishable under the said Act and no court shall take cognizance of any offence punishable or any Rules or Regulations framed thereunder, save on a complaint made by the Board, thereby deleting the words, “with the previous sanction of the Central Government” from Sub-section (1) of Section 26.

Thereafter Petitions/Applications were filed by Videocon International Ltd. & others before the Bombay High Court, contending that the Complaints filed by SEBI ought to be tried by the Magistrates court rather than being committed/transferred to the court of Sessions despite the SEBI (Amendment) Act, 2002 being brought into effect from 29th October 2002 whereunder only the court of Sessions can try the said offences.

The Hon’ble Bombay High Court by Order dated 16th January 2008 in the said Petitions/Applications held that the Complaints filed before or after 29/10/2002 but in respect of the alleged offences that have taken place prior to the said date are required to be tried by the Court to which they were presented (i.e. the Magistrates Court) and they are not required to be committed/transferred to the Court of Sessions. The Hon’ble Bombay High Court accordingly quashed and set aside the committal/transfer orders by the Magistrates Court in the Complaints filed by SEBI and the Sessions Court was directed to

return the concerned Complaints to respective Magistrates Court where they were originally filed by SEBI.

Being aggrieved by the said Order of the Hon'ble Bombay High Court SEBI preferred Petitions for Special Leave before the Hon'ble Supreme Court of India. Whilst the Special Leave petitions are pending, the Supreme Court granted stay of further proceedings.

By its order dated October 13, 2003, the Division Bench, ruled that Appeals filed after coming into force of the amended section 15Z of the SEBI Act (including appeal preferred by SEBI being SEBI Appeal No. 9 of 2002) would not be affected. Videocon preferred a Petition for Special Leave to Appeal to the Hon'ble Supreme Court of India. The said SLP has been admitted and is pending hearing and final disposal.

For further details, see the section titled "Outstanding Litigation" on Page 190.

3. The trade marks currently used in relation to our key products are not owned by us. In case we are unable to use these trademarks, our business and result of operation may be adversely impacted.

The 'Videocon' trade mark, which is a brand name that we use, is beneficially owned and controlled by Mr. Pradipkumar N. Dhoot and Videocon India, a Promoter Group Entity, and has been licensed to us. Under the licence agreement for the 'Videocon' brand, if members of the Dhoot family (i.e. Dhoot Family and any companies owned and controlled directly or indirectly by any or all of them and/or by any or all of their blood and marital relations) cease to be our largest shareholder, the licence will cease to be perpetual and will automatically be converted to a five year licence and the royalty payment will be calculated based on the then current market value determined by a recognised independent expert instead of the nominal fee that we currently pay. This would cause us to incur substantial additional cost. Also, in case of such eventuality, on expiry of such five years term, we would be at risk of losing our right to use the 'Videocon' brand. The cost of establishing a new brand would be substantial and would have a material adverse effect on our sales. If the licensor decides to sell the Videocon brand, our licence agreement includes an option for us to purchase the brand. However, there can be no assurance that we will be able to exercise our option to purchase the brand. If we or the owner of the brands were sued for trade mark infringement, we could be liable to pay substantial damages or account for the profits made from sales of goods manufactured under these brands or be forced to stop using or pay additional license fees.

4. Major portion of our sales is generated by licensed brand names and any termination or expiry of license agreements may have an adverse impact on our operations.

We rely on the sales generated by manufacturing and sales under licensed brand names viz. Videocon, Hyundai, Sansui, Electrolux and Kelvinator. For details of the brand license agreement entered into by the Company please see section titled "Business" under the heading of "Brands" beginning on page 81 of this Letter of Offer. If the marketability of the products under the licensed brand names diminishes, this could have an adverse effect on our sales and results of operations.

Our brand licence agreements also contain stipulations relating to achieving minimum sales performance; minimum marketing and advertising expense budgets; maintaining product liability insurance and the manner of operating and management of the brands. Any failure to comply with stipulations mentioned in the brand license agreements may lead to possible termination of related brand license agreements. Expiry or termination of the licenses granted to us to use licensed brands or our inability to renew the licences at all or on suitable terms or our inability to find suitable alternative brands, may result in increased costs and have a material adverse effect on our business and results of operations and an adverse effect on our results of operations.

5. ***On a standalone basis, we had negative net cash flows from operating activities in the Financial Year ended September 2008 as against positive net cash flows from operating activities on a consolidated basis for the same period. Any negative cash flows in the future would adversely affect our results of operations and financial condition.***

In Financial Year 2009 our net cash flows from operating activities on standalone and consolidated basis was Rs. 6,474.05 million and Rs. 7,142.17 million respectively. However in comparison in the Financial Year 2008 we had negative net cash flow from our operating activities of (Rs. 11,934.38) million as against positive net cash flow from operating activity on consolidated basis of Rs. 2,851.60. Sustained negative operating cash flows in the future could affect our ability to service our debts and pay dividends. For further details see section titled –Financial Information on page 119.

6. ***Our inability in managing our future growth and the increased scale of our operations as a result of further acquisition, mergers and amalgamation and diversification may have an adverse impact on the functioning of our business.***

Petrocon merged with us on June 7, 2005; Videocon International merged with us on December 7, 2005 and EKL merged with us on July 21, 2006. Similarly, the Company has expanded its oil and gas business internationally by successfully bidding/farm-in arrangement for oil blocks in Oman, Australia, East Timor, Brazil, Mozambique and Indonesia. Further, we are diversifying into telecommunication and power business(es).

As a result of the mergers and acquisition, expansion of oil and gas business and diversification into telecommunication and power sector, the scale of our operations and the diversity of our business has increased substantially.

Our management team has limited operating history or track record in certain businesses that we are diversifying into and this may impair our ability to manage our business and shareholders ability to assess our prospects.

In order to manage and integrate our newly acquired businesses effectively we will be required, amongst other things, to become familiar with a number of operations and markets within and outside India, to implement and continue to improve our operational, financial and management systems, to continue to develop the management skills of our managers and to continue to train, motivate and manage our employees. If we are unable to manage our growth effectively or to fully integrate the new operations with our existing business, our results of operations may be adversely affected.

7. ***The businesses we are diversifying into are highly competitive and regulated and increased competitive pressure may adversely affect our business.***

Both telecommunication and power sectors are highly competitive and regulated. Both businesses have relatively longer gestation periods and we lack a first mover advantage. The power business is dependent on third parties in matters related to acquisition of land, power purchase agreements, water supply, fuel supply and offtake agreements. The telecommunication business is dependent on availability of vendors to supply the necessary equipment, effective marketing and distribution plans and proper delivery of customer service. We do not have control over third parties in such matters and therefore these businesses are challenging and prone to delays and cost overruns. Thus any delay in our plans, cost overruns or even inability to capture and expand market share relative to our expectations could substantially impact our financial condition and results of operations.

8. ***Certain Equity Shares of our Company held by our Promoter Group are pledged to lenders to the Company. Any default under the financing documents could adversely***

impact the control exercised by our promoters and potentially impact the trading price of our Equity Shares.

As on December 31 2009, 52.73% of our Promoter Group holding in our Company i.e. 36.10% of the total paid-up equity share capital of our Company, held by Promoter Group, have been pledged in favour of certain lenders to the Company. Any default under the financing documents may result in the aforesaid lenders selling the Equity Shares pledged to them in the open market, thereby diluting the shareholding of our Promoter Group. Any such dilution could impede the control of our Promoter Group and management of the operations of our Company. Further, the sale of such Equity Shares, or the perception that such sales may occur, may result in the trading price of our Equity Shares being adversely affected. For further details please refer to the section titled "Capital Structure" beginning on page 54 of the Letter of Offer.

9. We engage in transactions with the Promoter Group Entities including related parties and conflicts of interest may arise between us. For the year ended September 30, 2009 our transaction with related parties to amounted to Rs. 55,428.41 million on a standalone basis.

We have undertaken in the past, and will in the future undertake, transactions with Promoter Group Entities/related parties. Conflicts of interest may arise between us and Promoter Group Entities/related parties as these entities are engaged in the same or similar lines of business. Our transactions with related parties for the year ended September 30, 2009 amounted to Rs.55,428.41 million on a standalone basis.

(Rs. in million)

Nature of Transaction	Subsidiary Companies	Associates/ Joint Ventures	Key Management Personnel	Total
Sale of Goods	4,873.31			4,873.31
Purchase of Goods	1.11			1.11
Interest Recovered	2,326.54			2,326.54
Investments	20,348.85			20,348.85
Advances/Loans given	18,007.78	341.50		18,349.28
Refund of Advances/Loans given	8,690.07			8,690.07
Transaction with Joint Venture – Contribution towards share of expenditure		786.39		786.39
Remuneration			52.86	52.86
Total	54,247.66	1,127.89	52.86	55,428.41

For further details on transactions pertaining to related parties entered into by the Company for Financial Year ended 30th September 2009, please refer to section titled – Financial Information beginning on page 119 of this Letter of Offer.

10. Delay in completing the Issue may have an adverse impact on our ability to repay our debts.

Whilst we intend to use the net proceeds of the Issue for repayment of the debts there can be no assurance that we will be able to complete the Issue and raise the proceeds in time for repayment of debt. For the details relating to fund requirements and the

intended use of the net proceeds of the Issue please refer to page 66 in the Letter of Offer under the heading 'Objects of the Issue'.

11. *We are influenced by our controlling shareholders who have interest in similar lines of business that we operate in. The Promoter Group may have interest that are adverse to the interest of our other shareholders and may take positions with which our other shareholders do not agree.*

Our controlling shareholders have the ability to exert significant influence over us. We are controlled by the Promoter Group who as on date beneficially own 68.46 % of our Company's outstanding Equity Shares. As a result of their interests in us the Promoter Group have the ability to exert significant influence over our business and certain actions requiring shareholders' approval, including, but not limited to, the election of directors, the declaration of dividends, the appointment of management and other policy decisions. The interests of the Promoter Group could conflict with the interests of our other shareholders. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, the Promoter Group will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Shares.

Under our Articles of Association, as long as Mr. Venugopal N. Dhoot and his relatives, friends and associates hold not less than 9% of the total paid up equity share capital, they shall have the right to appoint up to one-third of the total number of Directors of the Company, including the managing director. Further, as long as they hold not less than 26% of the total paid-up equity share capital, the managing director so appointed shall be acceptable to them.

Accordingly, our Promoter Group has the ability to exercise significant influence over matters requiring shareholders' or directors' approval, even if their ownership interest in our equity capital is reduced significantly.

12. *The interests of the Company's principal shareholders may not be the same as those of its other shareholders and the principal shareholders may take positions which may not be in the interest of the Company or the other holders of Equity Shares.*

As on the date of the Letter of Offer, our Promoter Group, in the aggregate, beneficially own Equity Shares constituting 68.46% of our Company's outstanding Equity Shares. These persons, acting together, exert significant influence on our Company's business, including matters relating to any sale of all or substantially all of its assets, the timing and distribution of dividends and the election of its officers and Directors. These directors and their family members may have interests that are adverse to the interests of holders of the Equity Shares, and may take positions with which the Company or the other holders of Equity Shares do not agree.

13. *We have certain contingent liabilities not provided for which may adversely affect our financial condition.*

The following table sets forth our contingent liabilities, on a standalone basis, as of the last audited financial statement i.e. as of September 30, 2009:

	Rs. Million
	As of
Contingent Liabilities	September 30, 2009
Sales Tax Demands under dispute	156.38
Customs duty demands under dispute	156.09

Customs penalty	23.96
Excise duty and service tax demand under dispute	189.37
Income Tax demands under dispute	349.38
Letters of Guarantees	59,757.26
Letters of Credit opened	4,015.05
TOTAL	64,647.49

For further details see the sections titled 'Financial Information' and 'Outstanding Litigations' on pages 119 and 190 respectively of the Letter of Offer. To the extent that any of these or future contingent liabilities become actual liabilities, it would adversely affect our results of operations and financial condition.

14. We have made substantial investments (to the tune of Rs. 25,695.84 million, as on September 30, 2009) in group companies including subsidiaries. Such investments may not achieve the desired results thereby adversely impacting our results of operations.

As a part of our business operations, we have made substantial investments in group companies (including subsidiaries). As on September 30, 2009, our total investments (including Share Application money) in group companies including subsidiaries amounted to Rs. 25,695.84 million. Further, some of our group companies are controlled by promoter group entities and not by us. In certain cases, we have minority stake in such companies. We cannot assure that any such investments (in group companies other than subsidiaries) made by us, either in the past or in the foreseeable future will achieve the desired results in terms of profitability and growth relative to the business plans. Further, there is no certainty that we will be able to exert meaningful influence/control over such group companies. As such, there can be no assurance that any of such investments will not have a material adverse affect on our business and results of operations

15. Some of the subsidiaries and joint ventures of the Company have incurred losses in the fiscal year ended September 30, 2009.

As per the last audited financial statements certain subsidiaries and joint ventures have incurred losses in the fiscal year ended September 30, 2009. The figures for these subsidiaries/joint ventures for the year ended September 30, 2009 are set out below:

(In Rs. Million)		
Sr. No.	Name of the Subsidiary Company	Amount of Loss
1	Godavari Consumer Electronics Appliances Pvt. Ltd.	222.23
2	Jumbo Techno Services Pvt. Ltd	2.93
3	Mayur Household Electronics Appliances Pvt. Ltd.	343.70
4	Middle East Appliances LLC	164.74
5	Paramount Global Ltd.	73.46
6	Pipavav Energy Pvt. Ltd.	0.65
7	Sky Billion Trading Ltd.	63.34
8	Videocon Display Research Co. Ltd.	49.34

9	Videocon Energy Brazil Ltd. (Formerly Videocon Global Energy Holdings Ltd.)	686.04
10	Videocon Energy Ventures Ltd.	0.18
11	Videocon Indonesia Nunukan Inc.	0.37
12	Videocon International Electronics Ltd.	143.72
13	Videocon Mozambique Rovuma 1 Ltd. (Formerly Videocon Energy Resources Ltd.)	5.19
14	Videocon Oman 56 Ltd. (Formerly Videocon Hydrocarbon Holdings Ltd.)	43.52
15	Videocon JPDA 06-103 Ltd. (Formerly Global Energy Inc.)	0.23
16	Videocon Electronic (Shenzen) Ltd. [Chinese name Wei You Kang Electronic (Shenzhen) Co. Ltd.]	33.27

16. We may not be able to raise additional capital in the future on favourable terms. This may adversely impact our business and our results of operations.

We may raise additional funds in the future to develop our business further, sustain our working capital requirements or to finance future capital expenditure or investment plans or to refinance existing debt. Additional equity financing will be dilutive to the holders of our Shares and certain equity financing such as preference shares may create rights and preferences superior to those enjoyed by ordinary shareholders. Debt financing may involve restrictions on our commercial, financing and investment activities. Additional equity or debt financing may not be available to us on favourable terms or at all. If we are unable to raise additional funds as needed, the scope of our operations may be reduced and, as a result, we may be unable to fulfill our long term plans.

17. Certain Debenture Holders and term lenders have the right to convert their debt to equity upon default. Conversion of debt to equity will give rights in favour of such Debenture Holders/Term Lenders and also dilute the shareholding of the existing shareholders.

Pursuant to various Debenture Subscription Agreements and term loans, the Debenture Holders under the Debenture Subscription Agreements and certain term lenders have, in the event of our default, the right to convert all or part of the outstanding debt into fully paid up equity shares. In the event of default and if the Debenture Holders and/or term lenders exercise their rights to convert all or part of their holdings of Debentures or term loans into Shares, other shareholders could experience a substantial dilution of their holdings.

18. We are subject to operational risks and our insurance may not be adequate to protect against all possible losses.

The operation of manufacturing facilities and the exploration and operation of oil and gas wells involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, delay in delivery of equipment or improper installation or operation of equipment, difficulties in upgrading or expanding existing facilities, capacity constraints, labour disturbances, fire, natural disasters such as earthquakes, adverse weather conditions or flooding, environmental hazards and

industrial accidents. The oil and gas business carries additional risks such as blowouts, cratering, uncontrollable flows of oil or gas, environmental risks and fires that can result in injury to persons as well as damage to or destruction of wells, equipment, reserves and production facilities.

The insurance taken by the Company may not provide adequate coverage in certain circumstances. We do not carry insurance with respect to our operations. The occurrence of a significant event for which we are not adequately insured against could materially adversely affect our operations and financial condition. In addition, in the future some or all of our insurance coverage may become unavailable or may not be available on commercially reasonable terms. For details of the existing insurance cover procured by the Company please see section titled "Business" under the heading of "Insurance" beginning on page 85 of this Letter of Offer.

19. Leases/license relating to certain of our properties may not be renewed. This may lead to disruptions in our operations.

We have entered into lease/license agreement in relation to certain of our properties. Our leases/licenses may expire without renewal or the lessors/licensors of these properties may terminate the leases/licenses early in the event of any breach of the terms of the respective agreements. If any of the leases/licenses is terminated or expires and is not renewed, we may be unable to continue operation at the leased/licensed locations. There are no unexpired leases/licenses as of the date of the Letter of Offer.

20. Our Board of Directors shall have the discretion to allot Equity Shares, after allotment to Promoter Group Entities in relation to the undersubscribed portion in terms of undertaking dated December 17, 2009, to any persons. Such allotment may dilute the share holding of the existing Equity Shareholders in case they do not subscribe to the full extent of their entitlement in the Issue.

After taking into account allotment to be made to Equity Shareholders in accordance with the terms of this Letter of Offer, and after allotment to Promoter Group Entities in relation to the undersubscribed portion in terms of undertaking dated December 17, 2009, if there is any unsubscribed portion in the Issue, any additional Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding. For further details please see section titled to "Basis of Allotment - Terms of the Issue" beginning on page 231 of this Letter of Offer.

21. We are subject to risks of assuming product liability, warranty and recall costs which may adversely affect our results of operations and financial condition.

Our products are covered under warranty and we are subject to risks and costs associated with product liability, warranty and recall.

If any of our products are found to be defective, it may generate adverse publicity and we may be required to undertake corrective actions or recall our products. As a result, our business, results of operations and financial condition may be adversely affected. Further, any defect in our products or after-sales services provided by authorized dealers or third parties could also result in customer claims for damages. Such actions and claims could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products.

22. We rely on distribution network for marketing, sale and distribution of our products and underperformance of distribution network may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of dealers and authorised service centres across India and we rely on these networks of authorised dealers for marketing,

sale and distribution of our products and providing after sales service. Some of them are operated by our company while the others are owned and operated by the Promoter Group Entities. Any failure on part of our distribution and service network in performing their functions and providing high quality service to customers could adversely affect our reputation, sales and results of operations. If we do not succeed in maintaining the stability of our distribution network and expanding our distribution network, our market share may decline, which may affect the results of our operations and financial condition.

23. The loss or shutdown of operations at any of our manufacturing facilities or any accidents or damages to our manufacturing equipment, plant and machinery or information technology systems may have a material adverse effect on our business, financial condition and results of operations.

We operate three manufacturing facilities for finished products across India at Chittagaon (Aurangabad) Shahjahanpur (Rajasthan) and Bharuch (Gujarat). These manufacturing facilities are subject to operating risks, such as the breakdown or accidents or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, natural disasters and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operations by causing production to shut down or slow down.

Furthermore, we are dependent on our information technology systems for managing key business processes such as product design and development, customer and dealer management, transaction processing, accounting and production. Any failure in our information technology systems may adversely impact our ability to manufacture our products, manage our dealers and provide service to our customers, any of which may have a material adverse effect on our reputation, business, financial condition and results of operations.

To address some of these concerns the Company has procured insurance policies in respect of the risk of loss of Electronic Goods Manufacturing/Assembly and covering stock of raw materials, work-in-process, finished goods lying in the godown and goods with vendors and the loss of plant and machinery. The Company maintains research and development facilities in India and Japan for developing existing technologies and product engineering-innovation, aimed at improving production efficiency and lowering the cost of production. The company has entered into to MOU with the Trade Union at three plants referred above ensuring smooth relation with its work force and uninterrupted production processes.

24. Our future success depends on our ability to reduce our cost of production and thereby increase our operational efficiency. Our inability to manage our cost may adversely impact our business and thereby our results of operations.

Reducing our cost of production is essential to our business strategy in a highly competitive market environment. Our cost reduction strategy focuses on, among other things, increasing the levels of localization for our new product introductions, improving raw material and component sourcing, vendor and Promoter Group Entities in cost reduction, and reducing selling, general and administrative costs. Our measures to increase our operational efficiency may not yield results in the future, which may adversely affect our results of operations.

25. Some of the brand names licensed to us may be adversely affected by events beyond our control which could have an adverse effect on our business, financial condition and results of operations.

We share the rights to use some of our licensed brands with some of the Promoter Group Entities. For details of the brand license agreement entered into by the Company which are shared with Promoter Group Entities, please see section titled “Business” under the heading of “Brands” beginning on page 81 of this Letter of Offer. There can be no assurance that these brand names will not be adversely affected by events such as actions by such Promoter Group Entities that are beyond our control, customer complaints (either with or without merit) or adverse publicity from any other source. Any damage to any one or more of these brand names, if not sufficiently remedied, could have a material adverse effect on our business, financial condition and results of operations.

26. Our inability to adjust our product mix in line with market demand or keep pace with technological changes may adversely impact our business.

Our future success will depend in part on our ability to develop and market products which meet changing customer demands and our ability to anticipate and respond to technological developments and changes in manufacturing processes. There can be no assurance that we will be successful in developing new products or that we will keep pace with technological changes taking place in the market or that we will be cost competitive. If we fail to make an adjustment to our product mix in a timely and cost-effective manner, or to produce and market products that capture market demand, our overall profitability could be adversely affected. We have recently launched slim TVs/LCDs/PDPs and may continue to introduce new products and new models of existing products in the future. However, there can be no assurance that new products launched by us now or in the future will be successful or that any initial success will be maintained. If unsuccessful, our business and financial condition and results of operation will be adversely affected. If the demand for alternatives of one of our products is created or keeps growing and impacts the market for our products, our results of operations may be adversely affected.

As new features and applications of electronics products are frequently introduced and can be significantly different from the ones they supersede, there can be no assurance that we will be equipped with the technologies and/or licenses required for developing and manufacturing electronics products that meet new standards. If the industrial standards of electronics products change substantially in the future and we are unable to provide new products on a timely basis or at all, our business and results of operations may be adversely affected.

27. We do not usually enter into long term supply contracts. Our inability to renew existing contract or enter into new contracts may adversely impact our result of operations.

We do not have long term contracts for purchase of components with our suppliers. As a result, we cannot provide any assurance that these arrangements will be met with or continued in future. Any delay in the supply of components would affect our production and thus accordingly affect our sales and results of operations.

We also sell and distribute consumer electronic products and home appliances which are manufactured by outside parties. However, we do not have long term contracts in place to guarantee the continuous supply of these products from such parties and therefore we cannot provide any assurance that these arrangements will be met with or continued. Therefore we cannot be certain that they will always have capacity available to meet our requirements and we have no protection against an increase in the price of these products.

Certain of our products are sold to vendors on an OEM basis. We do not have long term contracts with purchasers of our products. The absence of purchase orders by a significant customer or by a number of customers could adversely affect our results of operations.

28. Tax exemptions currently enjoyed by us will expire. This may adversely impact our results of operations.

We currently enjoy benefit from exemptions available in the state of Maharashtra from sales tax on goods manufactured at our Chittegaon plant. The incentive is available by way of exemption from payment of sales tax for a period of 18 years from June 1, 1999. Pursuant to the Maharashtra Value Added Tax (Levy, Amendment and Validation) Act, 2009, the amendments were made to Section 93 of the Maharashtra Value Added Tax Act, 2002 whereby the Company will have to pay Tax at the tax ratio determined in accordance with the said notification. The tax ratio for CTVs is 5.56%. There is no expectation that the exemptions above will be renewed or that we will be entitled to new preferential treatments and if not, our results of operations and financial conditions may be materially adversely affected.

29. We rely on key personnel and the loss of their services or the inability to attract and retain them may negatively affect our business and operation, which could adversely affect our profitability.

We depend on the services of a team of experienced senior management personnel. These managers have expertise and experience in our business. An increasing attrition level amongst such people and our inability to attract, hire, train and retain employees could have a material adverse effect on our business and operation. For details on the changes to key managerial person during the last three years refer to page 118 of the Letter of Offer under the paragraph titled "Changes in Key Managerial Person".

30. We may be involved in intellectual property disputes. Our inability to defend against such disputes may adversely impact our result of operations.

The manufacturing of consumer electronic products involves the use of certain intellectual property rights. Our ability to compete successfully depends on our ability to operate our business without infringing the proprietary rights of others. We have no means of knowing what patent applications have been filed until the applications or resulting patents (if granted) are made available to the public. If a third party makes a valid claim against us or our customers, we may be required to discontinue using process technologies, limit our sales to certain areas, pay substantial monetary damages, seek to develop non-infringing technologies, or seek to acquire licenses to the infringed technology which may not be available on commercial terms acceptable to us or at all. Litigation may also be necessary to defend ourselves against claimed infringements of the rights of others; this could result in substantial costs to us and divert our resources. If any of these developments take place, our business, financial condition and results of operations may be adversely affected. Though as of date we are not involved in any disputes in respect of litigation relating to intellectual properties, there can be no assurances that the intellectual property disputes will not arise in future or if they arise, such disputes will not adversely affect the financial condition and results of operation of the Company.

31. We may not be able to protect intellectual property with respect to certain of our products. Misappropriation of our intellectual property rights could harm our competitive position.

We have access to intellectual property rights and information with respect to certain of our products from our Promoter Group Entities and other corporates owning international brands. We cannot assure that either we or our Promoter Group Entities or owners of international brands will be able to prevent the misappropriation or unauthorised use of these intellectual property rights. There can be no assurance that we or our Promoter Group Entities or the owners of international brands will be successful in any intellectual property enforcement action and even if we are successful, we may have to incur significant costs and time to litigate our claims. Seeking patent or trade

mark registration protection can be expensive and time consuming. There is no assurance that patents or trade mark registration will be issued from pending or future applications or that, if patents are issued or trademark registration granted, they will provide meaningful protection or commercial advantage. There can also be no assurance that any patent or trade mark rights acquired will be upheld in the future.

32. There is no assurance that the rights Equity Shares will be listed on the BSE and the NSE in a timely manner or at all and any trading closures at the BSE and the NSE may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the rights Equity Shares will not be granted until after the rights Equity Shares have been issued and allotted. Such permission will require that all other relevant documents authorising the issue of the rights Equity Shares to be submitted. There could be a failure or a delay in listing the rights Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict the Investor's ability to dispose of their rights Equity Shares.

33. Our operations may be disrupted by labour unrest.

A significant number of our employees in India are members of labour unions. These unions are specific to the local area in which each plant is situated and are not currently national organisations. If our relationship with our employees deteriorates and there is labour unrest resulting in a work stoppage, slowdown or a strike, our production facilities may not be able to continue operations at the normal level, or at all, and this would have an adverse effect on our financial condition and results of operations. The Company did not face any incident of labour unrest in the past. However, the Company does not assure or represent that it will not face any labour unrest in the future.

34. We are involved in legal proceedings involving the Government of India and other parties which if determined against us may have an adverse impact on our financial condition.

There are presently disputes outstanding between the Government of India and the members of the Ravva Joint Venture, including us. If any of the legal proceedings to which we are a party is determined against us, it could have an adverse effect on our financial condition and results of operations. For further details of these disputes, please see the section titled "Outstanding Litigations" on page 190.

35. We will be responsible for our share of costs associated with abandoning and reclaiming wells, facilities and pipelines which the Ravva Joint Venture uses for the production of oil and gas. We have made provisions of Rs. 1,023.92 million. In case our provisioning of the abandonment cost is lower than the actual costs, we would be required to fund our share of the shortfall, which could adversely impact our financial condition.

We are responsible for our share of 25% of the costs associated with abandoning and reclaiming wells, facilities and pipelines which the Ravva Joint Venture uses for the production of oil and gas. These costs are typically incurred at the end of the productive life of the field. We have made provisions of Rs. 1,023.92 million as on 30th September, 2009 being our share of the cost. In case the wells are abandoned and reclaimed our cash flow will be impacted by the actual amount of the Company share of total costs associated with abandoning and reclaiming wells facilities.

B. External Risks

36. The consumer electronic products and home appliances business is highly competitive and increased competitive pressure may adversely affect our results.

The markets for consumer electronic products and household appliances are highly competitive and we have experienced pressure on our prices and margins. We expect that technological advances and aggressive pricing strategies developed by our competitors may intensify competition in respect of our products. We have numerous domestic and foreign competitors, some of which may have greater financial, technical and other resources than we do. For details of the competition and competitors of the Company please see section titled "Industry" beginning on page 94 and 95 of this Letter of Offer.

37. We are exposed to fluctuations in the foreign exchange market. Any depreciation of the Rupee against the foreign currencies may have an adverse impact on the results of our operations. The losses due to fluctuation in foreign currency in respect of the foreign currency borrowing was Rs. 235.19 million in the fiscal year ended September 30, 2009.

On standalone basis, we have outstanding foreign currency loans denominated in U.S. Dollars and Euro, including the outstanding FCCBs, amounting to US\$ 218.37 million (Rs. 10,584.61 million) equivalent as of September 30, 2009. We do not have any currency hedging arrangements in relation to foreign currency borrowings made by us or our overseas subsidiaries. The losses due to fluctuation in foreign currency in respect of the foreign currency borrowing was Rs. 235.19 million in the fiscal year ended September 30, 2009. Further, we earned Rs. 5,226.24 million and incurred an expenditure of Rs. 13,962.01 million in foreign currency on a standalone basis for the year ended September 30, 2009. Devaluation of the Rupee against foreign currencies in which we transact business will result in higher cost to us. Any adverse currency movements may have a negative effect on our business. In particular, the bonds issued by us are denominated in U.S. Dollars, any depreciation of the Rupee against the U.S. Dollar will make it harder for us to service our interest and redemption obligations under the Bonds.

38. We are subject to environmental regulations and may be subject to fines or restrictions that may interrupt our production.

We are subject to environmental laws and regulations concerning air emissions, water pollution and discharge of waste effluent, toxic chemicals, and noise pollution. For details of the steps taken by the company to comply with the environmental regulation please see section titled "Environmental Protection" beginning on page 84 of this Letter of Offer. We cannot guarantee the adequacy of our anti-pollution equipment and systems at our manufacturing facilities, which we believe satisfy local regulatory requirements, for the treatment of waste chemicals, gases and liquid effluent and the disposal of solid waste. However, we cannot be certain that no environmental claims will be brought against us in the future or that local or national governments will not increase the applicable environmental standards.

Any failure to comply with present or future environmental regulations could result in the imposition of fines against us, or in orders requiring the suspension of production or cessation of operations. In addition, new regulations could require significant capital expenditure on equipment or other expenses that may negatively affect our results of operations.

39. The glass shells that we manufacture are of a commodity nature and, as such, our sales of these components are subject to various market factors beyond our control. This may adversely affect our results of operations.

The glass shells that we manufacture are of a commodity nature and, as such, our sales of these components are subject to various market factors beyond our control. The market factors that influence the sale of glass shells include the demand for CRT TVs, sale price and saleability of the glass shells, interruptions in the supply of raw materials, energy or water, our ability to reconfigure our glass production to manufacture glass for PDPs and

LCD TVs. In particular, the volume of components that we sell will depend on competition from other producers, as well as demand for the components in the market. If there is fluctuation in the price or saleability of our glass shells, our results of operations may be adversely affected.

40. Our glass shell business is vulnerable to changes in products and change in product preferences, which may adversely impact our operations.

Our glass shell manufacturing operations are configured to produce glass for CRTs. The TV market is currently changing, with increasing penetration by PDPs and LCD TVs. While the focus of our glass manufacturing currently remains on the CRT TV market, if there is a significant decline in this market in favour of PDPs and LCD TVs, we may not be able to reconfigure our glass production to manufacture glass for PDPs and LCD TVs. If the demand for CRT TVs significantly decreases due to the market change and if we were unable to penetrate the new products market successfully, our results of operations could be adversely affected. The composition of sales on the basis of value of CRTs, LCD TVs and PDPs of the Company was 80.36%, 18.15% and 1.49% respectively for the year ended September 30, 2009. The composition of the sales on the basis of volume of CRTs, LCD TVs and PDPs was 92.79%, 6.73% and 0.48% respectively for the year ended September 30, 2009.

41. Our glass shell operations may be disrupted by interruptions in the supply of raw materials and utility supplies.

Our glass shell manufacturing operates on a continuous basis and any interruption could result in damage to our facilities, particularly to our furnaces. Therefore, if there are interruptions in the supply of raw materials, energy or power, or water, our production would be adversely affected and our facilities, particularly our furnaces, could suffer physical damage. Any shutdown of our furnaces or production stoppage would have an adverse effect on our financial condition and results of operations.

42. Our consumer electronic and home appliance business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.

Sales volumes of our consumer electronics and home appliances are seasonal in nature. Sales of our consumer electronics and home appliances peak during the festival season during the period of October to December of each Financial Year. As a result, our financial results for any given quarter are not necessarily indicative of the results to be expected for any other period.

43. Reserve and resource figures, if any, as mentioned in this Letter of Offer, are given as estimates and may not be accurate. Any downward revision in the reserve and resource figures may adversely impact our business plans and the allocation of resources.

We have derived the reserves and resource figures of the Ravva Oil and Gas Field from the calculations and estimates provided by Cairn Energy India Pty. Limited., the operator of the Ravva Joint Venture. Reserves figures are estimates and there can be no assurance that the reserves exist, will be recovered or can be brought into profitable production. Reserves and resources estimates may require revisions based on actual experience. Furthermore, a decline in the market price of oil and gas could render additional reserves containing relatively lower quantities of oil and gas uneconomic to recover.

44. The oil and gas industry is extremely competitive and we may not be successful when tendering for further exploration blocks. This may negatively impact our growth prospects and our ability to scale up business.

There is no certainty that we will be successful in securing further exploration blocks, or that we will be successful in discovering further oil or gas deposits, or that any deposits which are discovered will be commercially viable. The Indian oil and gas industry is extremely competitive, especially with regard to the exploration and development of new sources of oil and natural gas. The NELP was implemented in 1994 whereby private participation in the allocation of exploration was permitted through competitive bidding. The Government of India now automatically approves 100% foreign equity ownership in exploration activities conducted under the NELP. This policy is aimed at encouraging foreign oil companies to invest in India. In addition, new domestic and foreign entrants, including the world oil majors, may seek to participate in the exploration and development of new blocks in India. The increased competition could adversely affect our expansion plans by limiting the number of new exploration blocks that will be available to us in the future. For example, further licensing rounds under the NELP may involve many of the large international oil companies seeking to acquire licences for exploration through their subsidiaries and joint ventures. Internationally, state-owned corporations in each country are tending to dominate oil and gas domestic production, thereby reducing the number and quality of prospects open to bidding by independent exploration and production companies. Therefore, there may be greater competition among independent companies for the blocks which come available, and we may not be successful in securing good quality projects. Even if we successfully secure new projects, those projects may be more speculative than those we can normally obtain if there is less competition.

45. We do not control our exploration and production joint ventures thereby adversely affecting our ability to independently manage the projects in which we participate.

We do not have a controlling interest in any of our oil and gas ventures. Typically in the exploration phase of any project, a party may undertake work outside the agreed scope of work on an own cost basis. It cannot require consortium members to provide funding for such additional works. In the production phase of any project, key decisions are taken on the basis set out in the consortium agreements, but typically these agreements require unanimous consent. Therefore, we have no control over our exploration and production assets other than that conferred by our percentage interest in the projects. This results in limited freedom in managing our projects in which we participate.

46. Our results of operations may be adversely impacted in case the price determined is lower than that under the Gas Sales Contracts.

In respect of the Ravva Joint Venture the gas sale price is determined based on negotiation between the Contractor Parties and the Government of India. If the price for the gas is determined to be less than the Contractor Parties are seeking, it could have an adverse effect on our results of operations and financial condition.

47. The regulatory regime in India's oil and gas industry may be different to that prevailing in other countries which may adversely impact our competitive position compared to other international competitors.

We are governed in India by a legal and regulatory environment which in some respects may be materially different from that which prevails in other countries. The Government of India directly participates in the oil and gas exploration, development and production industry and it has indirect impact through environmental laws and regulations to the industry. The Ravva Joint Venture is subject to limitations on the export of crude oil and natural gas. The Government of India has the option to take delivery of its share of crude oil and gas from the Ravva Oil and Gas Field in kind rather than in cash. This has the effect of reducing the volume of crude oil and natural gas available for sale to third parties. We and the other Contractor Parties cannot increase the production rate at the Ravva Oil and Gas Field without the consent of the Government of India. In addition, the Government of India mandates that we sell nearly all of the crude oil we produce to public sector refineries in India and that we sell much of the natural gas we produce

from the Ravva Oil and Gas Fields (with the exception of the gas from the satellite fields) to GAIL. Further, pursuant to the petroleum mining leases in which we have an interest, the Government of India retains the ability to direct the Ravva Joint Venture's actions in certain circumstances such as requiring the Ravva Joint Venture to conduct tests and surveys, to act in such manner as to prevent damage to mineral formations, to limit wastage and/or to limit production temporarily. We cannot provide any assurance that future government policies will not have an adverse effect on the Ravva Joint Venture.

48. The pricing of oil and gas is subject to variation and depends on a number of factors beyond our control. Lower oil and gas prices may adversely impact our revenues, business and financial condition.

The price of and demand for oil and gas is highly dependent on a number of factors, including worldwide supply and demand levels, energy policies of governments and oil-producing cartels, the weather, competitiveness of alternative energy sources, global economic and political developments and the trading patterns of the commodity futures markets. Changes in oil and gas prices can have an impact on the valuation of our oil and gas reserves. International oil and gas prices have fluctuated widely in recent years and may continue to do so in the future. Lower oil and gas prices will adversely affect our revenues, business and financial condition.

49. The exploration and production of oil and gas and other natural resources involves a high degree of risk and no assurance can be made on the success of the discovery.

The exploration and production of oil and gas and other natural resources involves a high degree of risk. We have recently secured participations in oil and gas projects in Oman, East Timor, Australia, Brazil, Mozambique and Indonesia. We may continue to seek further oil and gas exploration opportunities. Tendering for exploration blocks, surveying and examining data, exploring, risk appraising and developing wells may involve substantial expenditure which will need to be funded from operating cashflows and other cash sources, which may adversely affect our results of operations. In addition, exploration may be unprofitable and result in a total loss of investment. We may be unable to identify commercially exploitable deposits or successfully drill, complete or develop oil and gas reserves. Completed wells which are drilled may never produce oil or gas, or may not produce sufficient quantities to be profitable or commercially viable.

Our operations may be disrupted by a variety of risks and hazards which are beyond our or other partners' control, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, earthquakes, unusual or unexpected geological formations, flooding and extended interruptions due to hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of, wells or other production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability.

50. Rapid increases in drilling costs and reductions in the availability of drilling equipment may delay our ability to discover new reserves and thereby materially adversely affect our results of operations and profitability in the long term.

The oil and gas industry historically has experienced periods of rapid cost increase. Increases in the cost of exploration and development would affect our ability to invest in our joint ventures and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations worldwide may reduce the availability of equipment and services. The reduced availability of equipment and services may delay our ability to discover new reserves and thereby materially adversely affect our results of operations and profitability in the long term.

51. We are subject to environmental risks and regulations that cause us to incur significant capital and operating costs.

Our Oil & Gas operations are subject to extensive laws and regulations pertaining to pollution and protection of the environment and worker health and safety. These laws and regulations govern, among other things, emissions to the air, discharges onto land and into water, maintenance of safe conditions in the workplace, the remediation of contaminated sites and the generation, handling, storage, transportation, treatment and disposal of waste materials. We incur, and expect to continue to incur, capital and operating costs to comply with these requirements, including costs to reduce air emissions and discharges to the sea and to remedy contamination at various facilities where products or wastes have been handled or disposed. We could be required to incur costs, including cleanup costs, fines and civil and criminal sanctions, if it fails to comply with these laws and regulations or the terms of the permits. The Oil & Gas operations expose us to risks inherent in the use of hazardous materials, including pipeline and storage tank leaks and ruptures, explosions and releases of hazardous or toxic substances. These operating risks can cause personal injury, property damage and contamination to the environment, and may result in the temporary shutdown of affected facilities and the imposition of penalties.

52. If you are a non-resident shareholder, your ability to participate in this rights issue is subject to your obtaining applicable regulatory approvals.

The Issue Price of our Equity Shares is Rs. 225.00 per Equity Share. The Investors are required to pay 50% of the Issue Price on application and balance 50% on First and Final Call. However, NRIs, FIIs and other non-residents can only participate in this Issue if they have obtained requisite approval from the RBI for the partly paid-up Equity Shares to be issued to them. We cannot provide any assurance if such approval will be granted by the RBI. If such non-resident shareholders do not receive such approval and are, therefore, unable to participate in this Issue, their holding in our Company will be diluted as a result of this Issue.

53. Investment in partly paid-up Equity Shares in the Issue is exposed to certain risks.

The Issue Price of our Equity Shares is Rs. 225.00 per Equity Share. The Investors are required to pay 50% of the Issue Price on application and balance 50% on First and Final Call, provided that NRIs, FIIs and non-residents have obtained requisite approval from the RBI for the partly paid-up Equity Shares to be issued to them. The partly paid-up Equity Shares offered under the Issue will be traded under separate ISINs for the period as may be applicable prior to the Record Date for the First and Final Call. An active trading may not develop for the partly paid-up Equity Shares and, therefore, the trading price of the partly paid-up Equity Shares may be subject to greater volatility than our existing fully-paid Equity Shares. Further, Investors in this Issue will be required to pay the money due on the First and Final Call even if, at that time, the market price of our Equity Shares is less than the Issue Price. If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by our Company, then any of our Equity Shares in respect of which such notice has been given may, at any time thereafter, before payment of the call money and interest and expenses due in respect thereof, be forfeited by a resolution of our Board to that effect. Such forfeiture shall include all dividends declared in respect of such forfeited Equity Shares and actually paid before such forfeiture. Additionally, Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of our Company. If certain Investors do not pay the full amount, we may not be able to raise the amount proposed under the Issue.

54. Foreign investors are subject to foreign investment restrictions under Indian law that limit the Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority.

Our Company cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

55. The price of our Equity Shares may be highly volatile.

The price of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the energy, industrials and consumer electronics sectors;
- adverse media reports on us or the Indian oil and gas industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Issue, or that the price at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which our Equity Shares will trade in the market subsequent to this Issue. Our Share price may be volatile and may decline post listing.

56. Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by our Company or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares.

There can be no assurance that our Company will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

57. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for trading of the Equity Shares issued pursuant to the Issue will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading

prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

58. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Sale of Equity Shares by any holder may give rise to tax liability in India.

59. A third party could be prevented from acquiring control of the Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of the Company, even if a change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Code contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 15% or more of the Equity Shares of the Company must make an open offer to acquire at least another 20% of the outstanding Equity Shares of the Company. A takeover offer to acquire at least another 20% of the outstanding Equity Shares of the Company (or a lower percentage in certain circumstances) also must be made in certain other circumstances. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of the Company.

60. A significant change in the Central and State Governments' economic liberalization and deregulation policies could disrupt the Company's business.

In the recent years, India has been following a course of economic liberalization and the Company's business could be significantly influenced by economic policies adopted by the Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms.

The GoI has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, allegations of corruption and protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our Company's business and the market price and liquidity of its Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

The new coalition Government, which has come to power in May 2009, is headed by the Indian National Congress. Although the previous Government (which was a coalition government also headed by the Indian National Congress) had announced policies and taken initiatives that supported the economic liberalization policies pursued by previous Governments, the rate of economic liberalization could change, and specific laws and policies affecting the industrial and energy sector, foreign investment and other matters affecting investment in our Company's securities could change as well. Whilst the new Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued.

A change in the Government's policies in the future that could adversely affect business and economic conditions in India and could also adversely affect our Company's financial

condition and results of operations. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of the Company, as substantially all of the Company's assets are located in India.

61. Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and the Company's business and cause the trading price of the Equity Shares to decrease.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India.

Accordingly, any significant financial disruption could have an adverse effect on the Company's business, future financial performance and the share price of the Equity Shares.

62. If regional hostilities, terrorist attacks or social unrest in India increase, the Company's business could be adversely affected and the price of the Equity Shares could decrease.

South Asia has from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks in India, for instance the recent terrorist attack in Mumbai could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and have a material adverse effect on the Indian economy, the Company's business and future financial performance and the trading price of the Equity Shares. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have a materially adverse effect on the Company's business, future financial performance and the price of the Equity Shares.

63. Natural calamities could have a negative impact on the Indian economy and cause the Company's business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded a negative growth of 5.2%. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Monsoon this year has been below normal, and this has led to several districts in the country being declared rainfall-deficient and drought-prone, and this is expected to lead to a drop in agricultural production, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting the Company's business and the price of the Equity Shares.

64. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Company's Articles of Association and Indian law govern our Company's corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ

from those that would apply to a company/body corporate in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

65. Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Company's business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our Company's business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

Prominent Notes:

1. Issue of 51,392,243 Equity Shares of Rs. 10 each at a premium of Rs. 215.00 per Equity Share aggregating to an amount of Rs. 11,563.25 million to the equity shareholders on rights basis in the ratio of 2 (Two) Equity Shares for every 9 (Nine) Equity Shares held on the Entitlement Date. The Issue Price for Equity Shares is 22.5 times of the face value of the Equity Share. For more details, please refer to the chapter titled "*Terms of the Issue*" beginning on page 219 of the Letter of Offer.
2. Net worth of the Company as on September 30, 2009 is Rs. 73,841.24 million on a consolidated basis and Rs. 73,000.42 million on a standalone basis.
3. There has been no change in the name of our Company in the last three years.
4. Except as disclosed in the chapter titled "Capital Structure" beginning on page 54 of the Letter of Offer, we have not issued any shares for consideration other than cash.
5. The Company has entered into certain transactions with subsidiaries and group companies, see section titled "Financial information" beginning on page 119 of this Letter of Offer.
6. Except as disclosed in the Letter of Offer, the Promoter Group Entities have not undertaken any transactions in Equity Shares of the Company in the past one year. For details of transactions in Equity Shares of the Company by the Promoter Group Entities in the one year preceding the date of this Letter of Offer, see section titled "Capital Structure" beginning on page 54 of this Letter of Offer.
7. There are no financing arrangements whereby the Promoter, its directors, the promoter group, the Directors of the Company and their relatives have financed the purchase by any other person of securities of the Company during the period of six months immediately preceding the date of filing the Letter of Offer with the SEBI.
8. For details of interests of the Company's Directors and key managerial personnel, please see section titled "Our Management" beginning on page 107 of this Letter of Offer.
9. Any clarification or information relating to the Issue shall be made available by the Lead Managers and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the Lead Managers for any complaints, information or clarifications pertaining to the Issue. The Lead Managers are obliged to provide the same to Investors.

10. Investors may contact the Lead Managers for any complaints pertaining to the issue.
11. Before making an investment decision in respect of this Issue, investors are advised to review the Letter of Offer/Abridged Letter of Offer, please also see section titled “Risk Factors” beginning on page 16 of the Letter of Offer.
12. Please see section titled “Basis of Allotment” beginning on page 231 of this Letter of Offer for details of the basis of allotment.

The Company and the Lead Managers are obliged to keep this Letter of Offer updated and inform investors in India of any material developments until the listing and trading of the Equity Shares offered under the Issue commences.

SUMMARY OF THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in Terms of the Issue on page 219.

Equity Shares offered by our Company	51,392,243 Equity Shares of Rs. 10 each
Rights Entitlement for Equity Shares	2 (two) Equity Share for every 9 (nine) Equity Shares held on the Entitlement Date
Book Closure Period	March 22, 2010 to March 30, 2010 (both days inclusive)
Entitlement Date	The offer on rights basis will be made to those members of the company holding Equity Shares in physical form and whose names appear on the Company's Register of Member on Monday, 22 nd March, 2010 and as regards members of the Company holding Equity Shares in dematerialized form, on the basis of particulars of beneficial ownership furnished by Depositories viz., CDSL and NSDL as at the end of business hours on Saturday, 20 th March, 2010.
Issue Price per Equity Share	Rs. 225/-
Equity Shares outstanding prior to the Issue	231,265,091 Equity Shares of Rs. 10 each.
Equity Shares outstanding after the Issue	282,657,334 Equity Shares of Rs. 10 each.
Use of Issue proceeds	See section titled " Objects of the Issue " on page 66 of this Letter of Offer.
Terms of the Issue	See section titled " Terms of the Issue " on page 219 of this Letter of Offer.
Risk Factors	See "Risk Factors" for a discussion of factors you should consider before deciding whether to buy our Equity Shares.
Security Codes :	
ISIN:	INE703A01011
BSE :	511389
NSE:	VIDEOIND

NO OFFER IN THE UNITED STATES

Payment terms¹

The payment terms available to the Investors are as follows:

Payment Method ¹			
Amount payable per equity Share (Rs.) ²			
	Face Value (Rs.)	Premium (Rs.)	Total
On Application²	5.00	107.50	112.50
First and Final Call²	5.00	107.50	112.50
Total	10.00	215.00	225.00

The investors shall be required to make the balance payment towards the First and Final Call by the due date which shall be separately notified by our Company.

¹Please refer to risk factor nos. 52 and 53 in “Risk Factors” on page 34 for risk associated with the payment method. For details on payment method see “Terms of the Issue” on page 219.

²NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF

²Since our Company has appointed Punjab National Bank as the monitoring agency in terms of Regulation 16 of the SEBI Regulations, 2009, our Company is not required to call the outstanding subscription monies within 12 months from the date of allotment of the Equity Shares pursuant to this Issue. However, it is the intention of the Company to call the entire call money within 12 months from the date of allotment of Equity Shares in this Issue. If the Investors fail to pay the call money within the time stipulated in the First and Final Call notice then the application money already paid shall be liable to be forfeited.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our consolidated financial statements as of and for the fiscal year ended September 30, 2009 and September 30, 2008. Our consolidated financial statements have been prepared in accordance with Indian GAAP and are presented in the section titled "Financial Information" beginning on page 119 of this Letter of Offer. The summary financial information presented below should be read in conjunction with the section titled "Financial Information".

Consolidated Balance Sheet as of September 30, 2009		
Particulars	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
I. SOURCES OF FUNDS		
1. Shareholders' Funds		
a. Share Capital	2,754.16	2,753.11
b. Reserves & Surplus	70,137.16	66,004.40
2. Minority Interest	0.46	540.00
3. Share Application Money Pending Allotment/ Warrant Subscription	950.01	8,022.49
4. Deferred Tax Liability (Net)	5,123.42	4,237.77
5. Loan Funds		
a. Secured Loans	97,097.80	77,014.12
b. Unsecured Loans	23,577.83	36,378.09
TOTAL	1,99,640.84	1,94,949.98
II. APPLICATION OF FUNDS		
1. Fixed Assets		
a. Gross Block	1,44,562.05	1,32,884.96
b. Less: Depreciation, Amortisation and Impairment	43,363.48	43,328.48
c. Net Block	1,01,198.57	89,556.48
2. Pre-Operative Expenditure Pending Allocation	6,433.86	1,292.32
3. Investments	7,876.92	24,528.42
4. Goodwill on Consolidation	130.53	103.79
5. Current Assets, Loans and Advances		
a. Inventories	18,001.87	16,048.24
b. Sundry Debtors	18,187.13	17,685.26
c. Cash and Bank Balances	9,358.83	16,205.40
d. Other Current Assets	405.60	240.73
e. Loans and Advances	53,554.11	42,565.98
	99,507.54	92,745.61
Less: Current Liabilities and Provisions		
a. Current Liabilities	14,100.56	11,498.34
b. Provisions	1,406.11	1,778.30
	15,506.67	13,276.64
Net Current Assets	84,000.87	79,468.97
Miscellaneous Expenditure (To the extent not written off or adjusted)	0.09	-
TOTAL	1,99,640.84	1,94,949.98

Consolidated Profit And Loss Account For The Years Ended September 30, 2009 And 2008		
<u>Particulars</u>	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
I. <u>Income</u>		
Sales/Income from Operations	1,06,737.29	1,22,370.52
Less: Excise Duty	2,182.28	3,514.73
Net Sales	1,04,555.01	1,18,855.79
Other Income	1,029.15	952.79
TOTAL	1,05,584.16	1,19,808.58
II. <u>Expenditure</u>		
Cost of Goods Consumed/Sold	66,984.14	65,590.35
Production and Exploration Expenses - Oil and Gas	7,206.86	12,637.99
Salaries, Wages and Employees' Benefits	1,749.99	4,179.59
Manufacturing and Other Expenses	10,192.74	11,468.71
Interest and Finance Charges	7,478.20	5,326.04
Depreciation, Amortisation and Impairment	5,887.57	8,340.06
Less: Transferred from Revaluation Reserve	-	535.15
TOTAL	99,499.50	1,07,007.59
III. <u>Profit before Exceptional Items and Taxation</u>	6,084.66	12,800.99
Less : Exceptional Items	-	1,278.10
Add: Share of Profit in Associate Company	-	50.80
Add: Adjustment on Disposal/Cessation of Subsidiaries/Associates	2.44	2,880.45
Provision for Taxation		
Current Tax	1,024.29	1,616.84
Deferred Tax	886.62	1,765.02
Fringe Benefit Tax	16.53	22.93
IV. <u>Profit before Minority Interest</u>	4,159.66	11,049.35
Add/(Less): Minority Interest	0.03	(60.04)
V. <u>Profit for the year</u>	4,159.69	10,989.31
Add: Excess provision for Income Tax for earlier years written back	991.63	7.32
Less: Short provision for Fringe Benefit Tax for earlier years	-	0.17
Balance brought forward	20,771.97	12,222.09
VI. <u>Balance available for Appropriation</u>	25,923.29	23,218.55

Consolidated Cash Flow Statement For The Years Ended September 30, 2009 And 2008

Particulars	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	6,084.66	12,800.99
a) Depreciation, Amortisation and Impairment	5,887.57	7,804.91
b) Interest and Finance Charges	7,478.20	5,326.04
c) Provision for Retirement Benefits & Leave Encashment	26.17	(1,086.65)
d) Provision for Warranty and Maintenance Expenses	217.62	(4.38)
e) Provision for Restructuring Cost	-	(79.89)
f) Provision for Contingencies/Other provisions	-	(72.45)
g) Provision for Exchange Rate Fluctuation	-	(1,023.91)
h) Diminution/(Written back) in value of Investments	(53.15)	640.16
i) Share of Profit in Associate company	-	50.80
j) Minority Interest for the year	0.03	(60.04)
k) Interest Received	(662.48)	(900.18)
l) (Income)/Loss from Investments and Securities Division	4.76	(116.65)
m) Exceptional Items	-	(1,278.10)
n) (Profit)/Loss on Sale of Fixed Asset	100.61	(146.36)
Cash flow from Operating Activities before Working Capital changes	19,083.99	21,854.29
Adjustments:		
a) Inventories	(1,953.63)	5,314.35
b) Sundry Debtors	(501.87)	8,410.11
c) Other Current Assets	(164.87)	(13.67)
d) Loans and Advances	(10,988.25)	(20,682.16)
e) Current Liabilities	2,604.55	(10,894.62)
Cash flow from Operating Activities	8,079.92	3,988.30
Less: Income Tax Paid	921.34	1,113.44
Less: Fringe Benefit Tax Paid	16.41	23.26
Net Cash flow from Operating Activities	(A) 7,142.17	2,851.60
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets/Adjustment on account of disposal/cessation of subsidiaries (Net)	3,219.98	16,780.14
Adjustment on Account of Producing Properties	74.12	550.19
Interest Received	662.48	900.18
Adjustment on Disposal of Subsidiaries	2.44	2,880.45
Income/(Loss) from Investments and Securities Division	(4.76)	116.65
(Increase) in Fixed Assets including Capital Work-in-Progress	(20,919.27)	(38,683.14)
(Increase) in Pre-Operative Expenditure pending Allocation	(5,141.54)	(1,292.32)
(Increase) in Miscellaneous Expenditure	(0.09)	-
(Increase) in Producing Properties	(5.10)	(1,255.66)
(Increase)/Decrease in Goodwill	(26.74)	-
(Purchase)/Sale of Investments (Net)	16,704.65	(18,643.46)
Net Cash flow from Investing Activities	(B) (5,433.83)	(38,646.97)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	1.05	83.57
Increase/(Decrease) in Share Application Money	(7,072.48)	5,941.03
Increase/(Decrease) in Minority Interest	(539.54)	243.27
Securities Premium Received	11.90	3,770.85
Forfeited Shares	2.72	-
Increase/(Decrease) in Secured Term Loans from Banks	19,134.97	33,838.14
Increase/(Decrease) in Unsecured Loans	(13,062.72)	11,646.04
Increase/(Decrease) in Working Capital Loans from Banks	1,702.45	(806.51)
Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation	(186.51)	1,258.02
Increase/(Decrease) in Capital Reserve on Consolidation	-	(15,590.36)
Increase/(Decrease) in Revaluation Reserve - Associate Equity	-	(158.54)
Transfer of Deferred Tax Liabilities on disposal/cessation of subsidiary	(0.97)	(17.88)
Redemption of Secured Non Convertible Debentures	(753.74)	(1,107.96)
Payment of Dividend	(268.59)	(842.22)
Corporate Tax on Dividend	(45.25)	(142.80)
Interest and Finance Charges Paid	(7,478.20)	(5,326.04)
Net Cash flow from Financing Activities	(C) (8,554.91)	32,788.61
Net Change in Cash and Cash Equivalents (A+B+C)	(6,846.57)	(3,006.76)
Opening Balance of Cash and Cash Equivalents	16,205.40	19,212.16
Closing Balance of Cash and Cash Equivalents	9,358.83	16,205.40

Notes to Accounts (Changes in major line items in FY09 vis-à-vis FY08)

You should read the following discussion of our financial condition and results of operations together with the section titled Financial Information, including the notes thereto and reports thereon, each included in this Letter of Offer. You should also read the sections titled "Risk Factors" and "Forward Looking Statements" included in this Letter of Offer which discuss a number of factors and contingencies that could affect our financial condition and results of operations. The financial statements included in this Letter of Offer are prepared in accordance with Indian GAAP, which differs in certain material respects from U.S. GAAP and IFRS.

Consolidated Balance Sheet

1. Minority Interest

The minority interest declined from Rs.540.00 million as of September 30, 2008 to Rs.0.46 million as of September 30, 2009. The decline was due to an increase in the company's interest in the subsidiaries as compared to previous year thereby reducing the minority interest.

2. Share Application Money pending Allotment / Warrant Subscription

As of September 30, 2009, the share application money pending allotment on consolidated basis decreased to Rs.950.01 million as compared to Rs.8,022.49 million as of September 30, 2008. The decrease was due to refund of share application to the respective applicants by our subsidiaries, as follows:

- Mayur Household Electronics Appliances Private Limited: Rs. 1,000 million;
- Godavari Consumer Electronics Appliances Private Limited: Rs. 1,000 million;
- Videocon International Electronics Limited: Rs. 6,000 million and
- Videocon Energy Brazil Limited Rs. 22.49 million.

Further, the Company has received an amount of Rs. 500.01 million from Bennett, Coleman & Company towards subscription price for 1,17,65,000 warrants at the rate of Rs. 42.50 per warrant. The Company also received Rs. 450 million from Infotel Telecom Infrastructure Private Limited towards subscription money for allotment of Equity Shares on preferential basis. For further details, please refer the section titled Capital Structure on page no. 54 of this Letter of Offer.

3. Other Current Assets

The Consolidated Other Current Assets increased from Rs.240.73 million as of September 30, 2008 to Rs.405.60 million as of September 30, 2009. The increase in Other Current Assets is primarily on account of increase in the amount of export benefits receivable as on the date of Balance Sheet.

4. Pre-Operative Expenditure pending allocation

The pre-operative expenditure pending allocation increased from Rs.1,292.32 million as of September 30, 2008 to Rs.6,433.86 million as of September 30, 2009. The increase in pre-operative expenses were primarily on account of expenditure incurred on the projects viz. Telecom and Power being implemented by our subsidiaries, which were not completed during the year and were still under implementation as at September 30, 2009.

5. Investments

During the year ended September 30, 2009, the Investments declined from Rs. 24,528.42 million to Rs. 7,876.92 million, on account of disposal of Quoted Investments – others (from Rs. 1,640.52 million to Rs. 14.32 million); Mutual Funds units (Rs. 6,607.83 million to Rs. 2,689.86 million) and Reduction in Share Application Money pending Allotment (from Rs. 15,106.63 to Rs. 1,300.00 million). For further details please refer Schedule-6 of Consolidated Balance Sheet and Schedule-

6 of Standalone Balance Sheet in the section titled Financial Information beginning on page 119 of this Letter of Offer.

6. Cash and Bank Balances

During the year ended September 30, 2009, the Cash and Bank Balance declined from Rs. 16,205.40 million to Rs. 9,358.83 million. For further details please refer detailed Cash Flow Statement in the section titled Financial Information beginning on page 119 of this Letter of Offer.

Consolidated Profit & Loss Account

Expenditure

1. Production & Exploration Expenses – Oil & Gas

The Consolidated Production & Exploration Expenses - Oil & Gas declined from Rs.12,637.99 million for the year ended September 30, 2008 to Rs.7,206.86 million for the year ended September 30, 2009. Major reasons being lower Exploration Expenses (Rs. 28.03 million during the year as against Rs. 969.71 million for the year ended September 30, 2008) and lower share of Government in Profit Petroleum (Rs. 5,724.28 million during the year as against Rs. 10,264.76 million for the year ended September 30, 2008) due to lower crude oil sales realisations during the year.

2. Salaries, Wages & Employees' Benefits

The Salaries, Wages & Employees' Benefits declined from Rs. 4,179.59 million for the year ended September 30, 2008 to Rs. 1,749.99 million for the year ended September 30, 2009 due to non consolidation of an entity which ceased to be subsidiary of the Company during the year ended September 30, 2008.

3. Interest & Finance Charges

The interest and finance charges increased from Rs. 5,326.04 million for the year ended September 30, 2008 to Rs.7,478.20 million for the year ended September 30, 2009. The said increase was primarily on account of increase in total borrowings as compared to the previous year.

4. Profit Before Tax

The Profit Before Tax declined from Rs. 12,800.99 million for the year ended September 30, 2008 to Rs. 6,084.66 million for the year ended September 30, 2009. During the year ended September 30, 2009, the Oil prices were substantially lower as compared to previous years. Further, the production of Oil & Gas during the year was lower compared to previous year. Both these resulted into decrease in returns from Oil and Gas business. Also, in the CE/HA business, the margins were under pressure due to the overall dull sentiment in the beginning of the year. This coupled with increase in Interest & Finance Charges affected the profit for the year.

5. Provision for Taxation

The decline in the Profit before Tax resulted into lower Provision for Taxation. The Provision for Taxation includes Provision for Current tax, Deferred Tax and Fringe Benefit Tax.

GENERAL INFORMATION

Dear Shareholder(s),

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on November 02, 2009 it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

ISSUE OF 51,392,243 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PREMIUM OF RS. 215.00 PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF Rs. 11,563.25 MILLION TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 2 (TWO) EQUITY SHARES FOR EVERY 9 (NINE) EQUITY SHARES HELD ON THE ENTITLEMENT DATE (THE "ISSUE"). THE ISSUE PRICE OF EACH EQUITY SHARE IS 22.50 TIMES THE FACE VALUE OF THE EQUITY SHARE.

Registered Office of the Company

Videocon Industries Limited
14 K.M.Stone, Aurangabad-Paithan Road,
Village: Chittegaon,
Taluka: Paithan,
Dist: Aurangabad 431 105, Maharashtra
India

Original Registration No. 8955 of 1986-87

New Registration No. 11-103624

CIN: L99999MH1986PLC103624

The Company is registered with the Registrar of Companies, located at 100, Everest, Marine Drive, Mumbai, Maharashtra, India.

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The GDRs are listed on the Luxembourg Stock Exchange and the FCCBs are listed on the Singapore Stock Exchange.

Board of Directors

The following persons constitute our Board of Directors:

Sr. No.	Name of the Directors	Category	DIN
1.	Mr. Venugopal N. Dhoot	Chairman and Managing Director	00092450
2.	Mr. Pradipkumar N. Dhoot	Whole – time Director	01635315
3.	Mr. S. Padmanabhan	Independent Director	00001207
4.	Mr. Karun Chandra Srivastava	Independent Director	00314951
5.	Maj. Gen. S. C. N. Jatar	Independent Director	00393605
6.	Mr. Arun Laxman Bongirwar	Independent Director	00046738
7.	Mr. Satya Pal Talwar	Independent Director	00059681
8.	Ms. Birgit Gunilla Nordstrom	Nominee of AB Electrolux	02500668
9.	Mr. Ajay Saraf	Nominee of ICICI Bank	00074885
10.	Dr. Birendra Narain Singh	Nominee of IDBI Bank Limited	02387356
11.	Mr. Radhey Shyam Agarwal	Independent Director	00012594

For details of the Board of directors of the Company, see section titled Our Management on page 107.

Company Secretary and Compliance Officer**Mr. Vinod Kumar Bohra**

Videocon Industries Limited
14 K.M. Stone, Aurangabad-Paithan Road,
Village: Chittegaon,
Taluka: Paithan,
Dist: Aurangabad 431 105, Maharashtra
Tel: (02431) 663933
Fax: (02431) 251551
Email: secretarial@videoconmail.com
Website: www.videoconworld.com

Investors may contact the Compliance Officer for any pre-Issue / post-Issue related matters.

Lead Managers to the Issue**SBI Capital Markets Limited**

202, Maker Tower E
Cuffe Parade, Mumbai 400 005.
Tel: 91-22-22178300
Fax: 91-22-22188332
Email: videocon.rights@sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Website: www.sbicaps.com
SEBI Registration Number: INM000003531
Contact Person: Mr. Gitesh Vargantwar/Mr. Apurva Kumar

India Infoline Limited

10th Floor, One IBC
841 Senapati Bapat Marg, Elphinstone Road (W)
Mumbai 400 013, India
Tel: 91-22-46464600
Fax: 91-22-46464700
Email: videocon.rights@iiflcap.com
Investor Grievance ID : customercare@iiflcap.com
Website: www.iiflcap.com
SEBI Registration Number: INM000010940
Contact Person: Mr. Pinak R Bhattacharyya

Statement of responsibilities as the Lead Managers to the Issue

S. No	Activities	Responsibility	Co-ordinator
1	Capital Structuring with the relative components and formalities such as the composition of debt and equity, type of instruments etc.	All	IIFL
2	Liaison with the Stock Exchanges and SEBI including obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI	All	SBICAPS
3	Due Diligence of Company's operations / management / legal / business plans	All	SBICAPS
4	Drafting and Design of the offer document. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities (including finalisation of Letter of Offer) with Stock Exchanges and SEBI	All	SBICAPS

5	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate film etc.	All	IIFL
6	Marketing of the Issue which will cover, inter alia, formulating marketing strategies, preparation of publicity budgets, arrangements for selection of ad media, centres of holding conferences, collection centres, distribution of publicity and issue material including application form, Letter of Offer, Abridged Letter of Offer; and brochure and deciding the quantum of issue material	All	IIFL
7	Selection of various agencies connected with the Issue, namely Registrars to the Issue, Banker to the Issue, Printers and Advertisement agencies	All	IIFL
8	Follow-up with Bankers to the Issue to get estimates of Collection, and advising the Issuer about closure of the Issue, based on correct figures	All	IIFL
9	The post Issue activities will involve essential follow up steps, which must include finalisation of basis of allotment/weeding out of multiple applications, listing of instruments, dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the Issuer Company	All	SBICAPS

Legal Advisor to the Issue

Sterling Law Partners

310, Rewa Chambers,
Behind Aaykar Bhawan
New Marine Lines, Mumbai 400 020
Tel: +91-22-28228384
Fax: +91-22-28228384
Contact Person: Mr. Ramakant Kini
Email: ramakant.kini@sterlinglawpartners.com

International Legal Advisor to the Lead Managers

Jones Day

3 Church Street
#14-02, Samsung Hub
Singapore 049483
Tel: +65 6538 3939
Fax: +65 6536 3939

Auditors of the Company

Khandelwal Jain & Co.

12-B Baldota Bhavan
117, Maharshi Karve Road, 5th Floor,
Churchgate
Mumbai - 400 020
Tel: 022- 43116000
Fax: 022- 43116060
Registration Number: 105049W

Kadam & Co.

"Vedant"
8/9, Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar- 414 003
Tel: 0241- 2322120
Fax: 0241-2358964
Registration Number:104524W

Bankers to the Issue**Standard Chartered Bank**

90, M G Road,
Mumbai 400 001.
Tel: 022- 22683955
Fax: 022- 22092216
Email: Joseph. George@sc.com
Website: www.sc.com
Registration Number: INBI00000885
Contact person: Mr. Joseph George

Punjab National Bank

Capital Market Services Branch
2nd Floor, PNB House,
Sir P M Road, Fort
Mumbai 400 001
Tel: 022- 22621122
Fax: 022- 22621123
Email: pnbcaps.mumbai@pnb.co.in
Website: www.pnbindia.com
Registration Number: INBI00000084
Contact person: Mr. K K Khurana

IDBI Bank Limited

Unit No.2, Corporate Park,
Near Swastik Chambers,
Sion-Trombay Road,
Chembur, Mumbai – 400 071
Tel: 022- 66908402
Fax: 022- 66908424
Email: mn.kamat@idbi.co.in
Website: www.idbibank.com
Registration Number: INBI00000076
Contact person: Mr. M N Kamat

State Bank of India

Capital Market Branch,
Ground floor, Main Branch Building,
Mumbai Samachar Marg,
Fort, Mumbai 400 023
Tel: 022- 22691561
Fax: 022- 22664959
Email: vidya.krishnan@sbi.co.in; sbi.11777@sbi.co.in
Registration Number: INBI00000038
Contact person: Smt. Vidya Krishnan

Registrar to the Issue**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai 400078
Tel no: (91-22) 25960320
Fax no: (91-22) 25960329
Investor Grievance Email: vil.rights@linkintime.co.in
Website: www.linkintime.co.in
SEBI Registration Number: INR000004058
Contact Person: Mr. Praveen Kasare

**Registrar and Transfer Agent of the Company
MCS LIMITED**

Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi),
Masjid (East), Mumbai – 400 009
Tel no: (91-22) 23726253/55
Fax no: (91-22) 23726252
Email: mcspanvel@yahoo.co.in
Website: www.mcspanvel.com

Bankers of the Company

State Bank of India
CAG Branch, State Bank Bhavan,
3rd Floor, Nariman Point,
Mumbai – 400 021

State Bank of Hyderabad
Overseas Branch,
Ashok Mahal, Tulloch Road, Colaba,
Mumbai – 400 005

Allahabad Bank
Industrial Finance Branch,
Apeejay House, Churchgate,
Mumbai – 400 020

State Bank of Indore
10, Nanabai Lane, Fort,
Mumbai – 400 001

Bank of India
Pune Corporate Banking Group,
1162/6 Ground Floor'
University Road,
Pune – 411 005

State Bank of Mysore
Mittal Court "B" Wing, Gr. Flr.,
Nariman Point,
Mumbai – 400 021

Bank of Maharashtra
Industrial Finance Branch,
Apeejay House, 1st Floor,
130 Mumbai Samachar Marg, Fort,
Mumbai – 400 023

State Bank of Patiala
Atlanta,
1st Floor,
Nariman Point,
Mumbai – 400 021

Central Bank of India
Chandramukhi,
Ground Floor,
Nariman Point,
Mumbai – 400 021

The Federal Bank Limited
Fort Branch,
B. S. Marg,
Fort,
Mumbai – 400 023

ICICI Bank Limited
Free Press House,
Nariman Point,
Mumbai – 400 021

Union Bank of India
Union Bank Building,
Nariman Point,
Mumbai – 400 021

Indian Bank
Mittal Tower,
Ground Floor,
Nariman Point,
Mumbai – 400 021

IDBI Bank
IDBI Tower,
WTC Complex,
Cuffe Parade,
Mumbai -400 005

Indian Overseas Bank
Bhaktawar,
Nariman Point,
Mumbai – 400 021

Punjab National Bank
Large Corporate Branch,
Maker Tower "E", Cuffe Parade,
Mumbai - 400 005

Credit Rating

This being an Issue of Equity Shares, no credit rating is required.

Monitoring Agency

Punjab National Bank

Capital Market Services Branch
2nd Floor, PNB House,
Sir P M Road, Fort
Mumbai 400 001
Tel: 022- 22621122
Fax: 022- 22621123
Email: pnbcaps.mumbai@pnb.co.in
Website: www.pnbindia.com
Registration Number: INBI00000084
Contact person: Mr. K K Khurana

Appraisal Reports

The Net Proceeds are not proposed to be utilized for any project and the company has not obtained any appraisal of the use of proceeds of the Issue by any bank or financial institution.

Underwriting Arrangements

This Issue is not being underwritten and/or no stand by support is being sought for the Issue.

Principal Terms of loans and assets charged as security

Please refer to “**Financial Indebtedness**” on page 187 of this Letter of Offer.

Listing of Securities

The Equity Shares are listed on the BSE and NSE. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters both dated February 01, 2010. We will make applications to the Stock Exchanges for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. If the permission to deal in and for an official quotation is not granted for the Equity Shares by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Investors pursuant to the Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. 15 days after Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date:	Monday, March 29, 2010
Last date for receiving requests for SAFs:	Tuesday, April 06, 2010
Issue Closing Date:	Monday, April 12, 2010

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed under Section 73 (2) and (2A) of the Companies Act.

The Promoter Group Entities have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The entities forming part of the Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, Videocon Realty & Infrastructures Limited, Dome-Bell Electronics India Private Limited, Waluj Components Private Limited, Rajkumar Engineering Private Limited, Shree Dhoot Trading & Agencies Limited, Electroparts (India) Private Limited, Videocon Exports Private Limited, KAIL Limited, Greenfield Appliances Private Limited, Tekcare India Private Limited, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Dhoot Brothers Investment Company Private Limited, Mr. V N Dhoot, Mr. R N Dhoot and Mr. P N Dhoot have provided an undertaking dated December 17, 2009 to apply for additional Equity Shares in the Issue, to the extent of the undersubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter Group Entities may acquire Equity Shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the rights entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter Group Entities through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in "Objects of the Issue" on page 66, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to the Promoter Group Entities, in this Issue, the Promoter Group's shareholding in our Company exceeds their current shareholding. The Promoter Group Entities shall subscribe to such undersubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group Entities of any undersubscribed portion, over and above their Rights Entitlement shall be done in compliance with the applicable laws prevailing at the time of allotment.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Letter of Offer is set forth below:

(In Rs. Million, except per share data)

	Aggregate nominal value	Aggregate value at Issue Price
Authorized Share Capital		
500,000,000 Equity Shares of Rs. 10 each	5,000.00	
10,000,000 Redeemable Preference Shares of Rs. 100 each	1,000.00	
Issued, Subscribed & Paid-up Capital		
Equity Share Capital		
Issued, Subscribed and Paid-up Equity Share Capital		
231,265,091 Equity Shares of Rs. 10 each*	2,312.65	
Total (A)	2,312.65	
Issued, Subscribed and Paid-up Preference Share Capital		
4,523,990 8% Redeemable Preference Shares of Rs. 100 each redeemable at par in three equal annual installments commencing from October 01, 2011	452.40	
76,870 8% Redeemable Preference Shares of Rs. 100 each redeemable at par in three equal annual installments commencing from February 01, 2012	7.69	
Total (B)	460.09	
TOTAL (A+B)	2772.74	
Present Issue pursuant to this Letter of Offer		
51,392,243 Equity Shares of Rs. 10 each at a premium of Rs. 215.00 i.e. at a price of Rs. 225.00	513.92	11,563.25
Issued / Subscribed and Paid up Equity Share Capital post the Issue		
282,657,334 Equity Shares of Rs. 10 each	2,826.57	
Share Premium Account		
Share Premium Account prior to the Issue	29,252.26	
Share Premium Account post the Issue	40,301.59	

*After considering 43,948 Equity Shares of Rs.10/- each forfeited and cancelled by the Board of Directors for non-payment of allotment/call money.

Note:

1. The company had issued 5% US\$ 90 million and 4.5% US\$105 million FCCBs in February 2006 and August 2006 respectively. Out of which, FCCBs of principal value of US\$ 48.18 million and US\$ 38.349 million respectively have been converted into equity shares at conversion price prevailing at the time of conversion. As on date, FCCBs of principal value of US\$ 41.82 Million and US\$ 66.651 Million of 5% and 4.5% series respectively are outstanding. The present conversion price of FCCBs, after reset, of both the series is Rs.410/- per share, being floor price. In case all or part of the FCCBs are converted into Equity Sharers, the outstanding issued, subscribed and paid-up equity share capital shall stand augmented by the additional equity shares issued and shall also be entitled to subscribe to the Issue in the event of such allotment being concluded before the Entitlement Date for the Issue.
2. In May 2009, our Company and BCCL have entered into a Warrant Subscription Agreement whereby BCCL agreed to subscribe and Company agreed to issue and allot to BCCL on preferential basis, 1,17,65,000 warrants with an option to BCCL to subscribe to 1 equity share per warrant at Rs. 170/- (Subscription Price) at any time during a period of 18 months from the date of allotment of warrants. The company has received upfront payment of Rs. 42.50 per warrant, aggregating to Rs. 500.01 million in accordance with the then applicable provisions of SEBI (DIP) Guidelines. BCCL has covenanted that the warrants shall be subject to lock-in for a period of 18 months and equity shares allotted

on exercise of warrant shall be locked in for a period of 33 months from the date of allotment of warrants. For further details please refer to the section on 'History and Certain Corporate Matters' on page 101 of the Letter of Offer. In the event of BCCL exercising all the warrants then the Company shall issue 1,17,65,000 Equity Shares and consequently the outstanding issued, subscribed and paid-up Equity Share capital shall stand augmented by the additional Equity Shares issued and these Equity Shares shall also be entitled to subscribe to the Issue in case the allotment is completed before the Entitlement Date.

3. The Company is party to a settlement co-operation agreement dated September 12, 2009 in respect of corporate debt restructuring of HFCL Infotel Limited as approved by Corporate Debt Restructuring Cell. In terms of the said agreement, the Company is expected to issue Equity Shares to the extent of Rs. 1,610 million on preferential basis to IDBI Bank Limited, in accordance with the SEBI Regulations. The outstanding issued, subscribed and paid-up equity share capital shall stand augmented by the additional equity shares issued and the allottee shall also be entitled to subscribe to the Issue in the event of such allotment being concluded before the Entitlement Date for the Issue.

As on the date of this Letter of Offer, the Authorized Share Capital of our Company consists of 500,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 5,000,000,000 and 10,000,000 Preference Shares of Rs. 100/- aggregating to Rs. 1,000,000,000

Equity Share capital history of our Company

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Reason	Cumulative No. of Shares
04/09/1986	2	10	Subscribers to the memorandum and Articles of Association.	2
10/11/1986	99,998	10	Allotment at par	1,00,000
30/06/1991	9,50,000	10	Allotment at par	10,50,000
30/05/1992	1,03,00,000	10	Allotment at par	1,13,50,000
01/07/1996	50,00,000	10	Issue of equity shares at par on Conversion of Warrants	1,63,50,000
01/08/1996	12,513	10	Issue of equity shares at a premium of Rs. 140/- per equity share on Conversion of 14% Unsecured Optionally Convertible Debentures ("14% OCDs") issued in pursuance of the rights issue vide Letter of Offer dated November 12, 1994	1,63,62,513
29/01/1998	82,565	10	Issue of equity shares at a premium of Rs. 3.20 per share on Conversion of 20% Unsecured Optionally Convertible Debentures (20% OCDs").	1,64,45,078
24/08/1999	17,18,872*	10	Pursuant to Scheme of Amalgamation of Banganga Investments Private Limited, (BIPL) New Design Finance & Investments Private Limited, (NDFL) Wide Range Credit & Investments Private Limited (WRCL) and Verka Investments Private Limited.	1,81,63,950

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Reason	Cumulative No. of Shares
			(VIPL) with the Company The exchange ratio for the merger were as follows; 3,000 equity shares of the company for every one equity share of BIPL.10 equity shares of the company for every 19 equity shares of NDFL 21 equity shares of the company for every 19 equity shares in WRCL. 4,87,000 equity shares of the Company for every 19 equity shares of VIPL.	
28/06/2003	1,47,21,100*	10	Pursuant to the scheme of Amalgamation of Reasonable Electronics Private Limited (REPL) with the Company. 1,47,211 equity shares of the company were allotted for each equity share of REPL.	3,28,85,050
29/06/2005	75,00,000	10	Global Depository Receipts (each GDR issued at a price of US\$ 10 representing one Equity Share)	4,03,85,050
08/07/2005	94,10,145	10	Global Depository Receipts (each GDR issued at a price of US\$ 10 representing one Equity Share)	4,97,95,195
13/08/2005	12,57,55,450*	10	Pursuant to the Scheme of Amalgamation of Petrocon with the Company, 5 equity shares of the company were allotted for every 2 (Two) equity shares of PIL.	17,55,50,645
13/09/2005	23,25,500	10	Issue of Equity Shares on Preferential basis to Bennett Coleman & Company Limited at a price of Rs. 430/- per equity share	17,78,76,145
30/09/2005	2,86,50,000	10	Global Depository Receipts (each GDR issued at a price of US\$ 10 representing one Equity Share)	20,65,26,145
21/12/2005	2,17,200	10	Global Depository Receipts(each GDR issued at a price of US\$ 10 representing one Equity Share)	20,67,43,345
31/01/2006	1,42,42,488*	10	Pursuant to the Scheme of Amalgamation of Videocon International with the Company, 1 equity share of the Company was allotted for every 5 equity shares of Videocon International.	22,09,85,833
31/01/2007	416*	10	Pursuant to the Scheme of	22,09,86,249

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Reason	Cumulative No. of Shares
			Amalgamation of EKL with the Company, 1 equity share of the Company was allotted for every 27,619 equity share of EKL	
29/05/2007	49,204	USD 1000	Conversion of 500 5% Foreign Currency Convertible Bonds at a conversion price of Rs 448.59 per equity share	22,10,35,453
23/06/2007	49,204	USD 1000	Conversion of 500 5% Foreign Currency Convertible Bonds at a conversion price of Rs 448.59 per equity share	22,10,84,657
23/06/2007	9,044	USD 1000	Conversion of 99 4.5% Foreign Currency Convertible Bonds at a conversion price of Rs. 507.00 per equity share	22,10,93,701
17/12/2007	10,18,523	USD 1000	Conversion of 10,350 5% Foreign Currency Convertible Bonds at a conversion price of Rs 448.59 per equity share	22,21,12,224
17/12/2007	13,49,726	USD 1000	Conversion of 13,900 4.5% Foreign Currency Convertible Bonds at a conversion price of Rs 477.00 per equity share	22,34,61,950
10/01/2008	25,73,371	USD 1000	Conversion of 26,150 5% Foreign Currency Convertible Bonds at a conversion price of Rs 448.59 per equity share	22,60,35,321
10/01/2008	21,84,805	USD 1000	Conversion of 22,500 4.5% Foreign Currency Convertible Bonds at a conversion price of Rs 477.00 per equity share	22,82,20,126
30/01/2008	10,33,286	USD 1000	Conversion of 10,500 5% Foreign Currency Convertible Bonds at a conversion price of Rs 448.59 per equity share	22,92,53,412
30/01/2008	1,79,639	USD 1000	Conversion of 1,850 4.5% Foreign Currency Convertible Bonds at a conversion price of Rs 477.00 per equity share	22,94,33,051
03/03/2008	17,713	USD 1000	Conversion of 180 5% Foreign Currency Convertible Bonds at a conversion price of Rs. 448.59 per equity share	22,94,50,764
31/07/2009	(43,948)	10	Forfeiture of partly paid equity shares vide resolution of the board of directors passed on July 31, 2009	22,94,06,816
09/12/2009	18,58,275	10	Allotment of Equity Share, on preferential basis at a price of Rs. 242.16 to Infotel Telecom	23,12,65,091

Date of allotment	No. of equity shares allotted	Face Value (Rs.)	Reason	Cumulative No. of Shares
			Infrastructure Private Limited.	

Preference Share capital history of our Company

Date of allotment	No. of preference shares allotted	Face Value (Rs.)	Reason	Cumulative No. of Shares
31/03/2006	76,870*	100	Allotment of 8% Cumulative Redeemable Preference Shares to General Insurance Corporation of India Limited pursuant to amalgamation of Videocon International	76,870
31/03/2006	4,082,000*	100	Allotment of 8% Cumulative Redeemable Preference Shares to IDBI Limited pursuant to amalgamation of Videocon International	4,158,870
31/07/2006	441,990*	100	Allotment of 8% Cumulative Redeemable Preference Shares to Life Insurance Corporation of India pursuant to amalgamation of Videocon International	4,600,860

*Issued for consideration other than cash.

Notes to the Capital Structure

1. The company was listed pursuant to an offer for sale to the public by Videocon Appliances Limited (presently Value Industries Limited) of the equity shares held by it in the Company vide Offer for Sale Document dated September 01, 1993. This was followed by an offer of 56,75,000 14% OCDs of Rs. 450 each for cash at par on rights basis pursuant the Letter of Offer dated November 12, 1994. Further the Company had vide its letter dated July 11, 1996 ("Roll Over Offer Letter") provided an option to the holders of 14% OCDs to roll over into 20% OCDs for a term of 17 months and 29 days with an option to convert into equity shares as per the formula provided in the Roll Over Letter.
2. The Promoter Group Entities have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The entities forming part of the Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, Videocon Realty & Infrastructures Limited, Dome-Bell Electronics India Private Limited, Waluj Components Private Limited, Rajkumar Engineering Private Limited, Shree Dhoot Trading & Agencies Limited, Electroparts (India) Private Limited, Videocon Exports Private Limited, KAIL Limited, Greenfield Appliances Private Limited, Tekcare India Private Limited, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Dhoot Brothers Investment Company Private Limited, Mr. V N Dhoot, Mr. R N Dhoot and Mr. P N Dhoot have provided an undertaking dated December 17, 2009 to apply for additional Equity Shares in the Issue, to the extent of the undersubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter Group Entities may acquire Equity Shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the rights entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter Group Entities through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in "Objects of

the Issue” on page 66, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to the Promoter Group Entities, in this Issue, the Promoter Group’s shareholding in our Company exceeds their current shareholding. The Promoter Group Entities shall subscribe to such undersubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group Entities of any undersubscribed portion, over and above their Rights Entitlement shall be done in compliance with the applicable laws prevailing at the time of allotment.

3. The subscription by the Promoter Group Entities for the Equity Shares in the Issue and the allotment of the Equity Shares will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Listing Agreement with the Stock Exchanges (“**Listing Agreement**”).
4. There has been no allotment of Equity Shares to our Promoters and / or our Promoter Group during a period of six months prior to filing of this Letter of Offer with the SEBI.
5. Except, as stated hereunder, no other Promoter Group Entities and directors of our Company have either purchased or sold any Equity Shares, directly or indirectly, during the period of one year preceding the date on which this Letter of Offer is filed with SEBI.

Shree Dhoot Trading and Agencies Limited acquired/purchased 16,41,800 Equity Shares from the market.

Further, Mr. Pradipkumar N Dhoot sold 3,00,000 equity shares (beneficial ownership held with Videocon India Limited) by way of inter-se transfer amongst promoters. These shares were bought by M/s. Evans Fraser & Company (India) Limited (“Evans”) and M/s. Nippon Investment and Finance Company Private Limited (“Nippon”), Promoter Group entities within meaning of 2(zb) of SEBI Regulations. In addition, Evans and Nippon purchased 2,000 Equity Shares each by way of market purchase.

6. Our Company, our Directors and the Lead Managers have not entered into any buy-back and / or standby arrangements for purchase of Equity Shares from any person.

7. Shareholding Pattern of our Company

Shareholding pattern of our Company as on December 31, 2009.

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares in Demat Form	Total shareholding as a Percentage of total Number of Shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage to total no of shares (IX)= (VIII)/(IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Share holding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals / Hindu Undivided family	12	1,292,977	1,292,977	0.62	0.56	0	0.00
(b)	Central Govt./ State Govt.(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	35	156,980,903	156,835,415	75.13	67.88	83,485,887	53.18

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares in Demat Form	Total shareholding as a Percentage of total Number of Shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage to total no of shares (IX)= (VIII)/(IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV) *100
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (firm)	1	41,420	-	0.02	0.02		0.00
	Sub - Total (A) (1)	48	158,315,300	158,128,392	75.77	68.46	83,485,887	52.73
(2)	Foreign							
(a)	Individuals (Non - Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub - Total (A) (2)	-	-	-	-	-	-	-
	Total Share holding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	48	158,315,300	158,128,392	75.77	68.46	83,485,887	52.73
(B)	Public Share holding							
(1)	Institutions							
(a)	Mutual Funds / UTI	30	3,268,586	3,267,263	1.56	1.41	-	-
(b)	Financial Institutions/ Banks	37	381,543	368,516	0.18	0.16	-	-
(c)	Central Govt./ State Govt.(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	5	10,978,151	10,978,151	5.25	4.75	-	-
(f)	Foreign Institutional Investors	84	7,534,382	7,528,461	3.61	3.26	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub - Total (B) (1)	156	22,162,662	22,142,391	10.61	9.58		
(2)	Non-Institutions						N A	N A
(a)	Bodies Corporate	2,977	14,266,416	11,963,134	6.83	6.17	-	-

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares in Demat Form	Total shareholding as a Percentage of total Number of Shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage to total no of shares (IX)= (VIII)/(IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(b)	Individuals i. Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	362,601	11,494,019	10,025,696	5.50	4.97	-	-
	ii Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	77	2,699,969	2,699,969	1.29	1.17	-	-
(c)	Any Other (specify)							
	Sub - Total (B) (2)	365,655	28,460,404	24,688,799	13.62	12.31	-	-
	Total Public Share holding B= (B)(1)+(B)(2)	365,811	50,623,066	46,831,190	24.23	21.89	-	-
	TOTAL (A) + (B)	365,859	208,938,366	204,959,582	100.00	90.35	-	-
(C)	Shares held by Custodians and against which Depository Receipt have been issued	2	22,326,725	22,321,265	NA	9.65	-	-
	GRAND TOTAL (A)+(B)+(C)	365,861	231,265,091	227,280,847	NA	100.00	83,485,887	36.10

8. The shareholding pattern of persons belonging to the category " Promoter Group" is set forth in the table below as on December 31, 2009:

Sr. No.	Name of Shareholder	Total Shares Held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C)
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/(III)*100	(VII)
	INDIVIDUALS/HINDU UNDIVIDED FAMILY					
1	R N Dhoot	110,122	0.05	-	-	-
2	P N Dhoot	1,005,640	0.43	-	-	-
3	V N Dhoot	73,289	0.03	-	-	-
4	Kesharbai Dhoot	6,718	0.00	-	-	-
5	Sushma Dhoot	11,627	0.01	-	-	-

Sr. No.	Name of Shareholder	Total Shares Held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage (VI)= (V)/(III)*100	As a % of grand total (A)+(B)+(C) (VII)
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/(III)*100	(VII)
6	N P Dhoot	12,220	0.01	-	-	-
7	R V Dhoot	11,535	0.00	-	-	-
8	N R Dhoot	14,800	0.01	-	-	-
9	T P Dhoot	14,800	0.01	-	-	-
10	Anirudha Dhoot	6,626	0.00	-	-	-
11	Saurabh Dhoot	14,800	0.01	-	-	-
12	Akshay R Dhoot	10,800	0.00	-	-	-
	BODIES CORPORATES					
1	Dome-Bell Electronics India Pvt Ltd	13,131,134	5.68	3,776,000	28.76	1.63
2	Waluj Components Pvt Ltd	192,157	0.08	-	-	-
3	Rajkumar Engineering Private Ltd	1,058,000	0.46	-	-	-
4	Shree Dhoot Trading & Agencies Ltd	17,139,777	7.41	12,172,009	71.02	5.26
5	Sabarmati Garments Pvt Ltd	300,000	0.13	-	-	-
6	Electroparts (India) Pvt Ltd	500,000	0.22	-	-	-
7	Mahisagar Plastics Pvt Ltd	304,500	0.13	-	-	-
8	Videocon Exports Pvt Ltd	1,000,000	0.43	-	-	-
9	Equity Investments Pvt Ltd	48,800	0.02	-	-	-
10	Yakme Finance & Investment Pvt Ltd	43,900	0.02	-	-	-
11	Pyramid Drugs Pvt Ltd	275,000	0.12	-	-	-
12	Cluster Trade & Investments Pvt Ltd	36,900	0.02	-	-	-
13	Koala Holdings Pvt Ltd	32,700	0.01	-	-	-
14	Tapti Holdings Pvt Ltd	29,100	0.01	-	-	-
15	Value Industries Limited	356,247	0.15	-	-	-
16	Southwest Investments Pvt Ltd	9,100	0.00	-	-	-
17	The Invex Pvt Ltd	1,500	0.00	-	-	-
18	Holly Hock Engg Pvt Ltd	2,797,009	1.21	2,797,009	100.00	1.21
19	Greenfield Appliances Pvt. Ltd. (formerly Keshar Dhoot Investment Co Pvt Ltd)	12,855,388	5.56	12,172,009	94.68	5.26
20	Tekcare India Pvt Ltd	7,585,265	3.28	250,075	3.30	0.11
21	Synergy Appliance Pvt. Ltd. (formerly R N Dhoot Investment Co Pvt Ltd.)	13,099,565	5.66	8,000,000	61.07	3.46
22	Platinum Appliances Pvt. Ltd. (Formerly Dhoot	12,760,830	5.52	1,499,925	11.75	0.65

Sr. No.	Name of Shareholder	Total Shares Held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage (VI)= (V)/(III)*100	As a % of grand total (A)+(B)+(C) (VII)
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/(III)*100	(VII)
	Brothers Investment Co Pvt Ltd)					
23	Solitaire Appliances Pvt. Ltd. (formerly V N Dhoot Investment Co Pvt Ltd)	9,375,000	4.05	2,375,000	25.33	1.03
24	Synlene Fabrics Ltd	23,680	0.01	-	-	-
25	Ausherra Properties & Investments Pvt Ltd	6,250,000	2.70	6,250,000	100.00	2.70
26	Julietta Properties & Finvest Pvt Ltd	6,250,000	2.70	6,250,000	100.00	2.70
27	Armacoat Properties & Investment Pvt Ltd	6,250,000	2.70	6,250,000	100.00	2.70
28	Acacia Properties & Investments Pvt Ltd	6,250,000	2.70	6,250,000	100.00	2.70
29	Troon Properties & Investment Pvt Ltd	5,000,000	2.16	-	-	-
30	Devant Properties & Investment Pvt Ltd	5,000,000	2.16	5,000,000	100.00	2.16
31	Trend Electronics Limited	2,541,666	1.10	2,500,000	98.36	1.08
32	State Bank Of Hyderabad (Lien)*	143,860	0.06	143,860	100.00	0.06
33	Neetu Financial Services Pvt Ltd	173,241	0.07	-	-	-
34	Holly- Hock Investments Pvt Ltd	63,680	0.03	-	-	-
35	Videocon Realty & Infrastructures Ltd	26,102,904	11.29	7,800,000	29.88	3.37
	OTHERS (FIRM)					
1	M/S Autocars	41,420	0.02	-	-	-
	TOTAL	158,315,300	68.46	83,485,887		36.10
	* Domebell Electronics India Pvt Ltd pledged 139,260 shares, Akshay R Dhoot pledged 4,000 shares and Sushma R Dhoot Pledged 600 shares in favour of State Bank of Hyderabad on 28/6/1998					

9. The shareholding pattern of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares of our Company is set forth in the table below:

Sr. No.	Name of the shareholder	Number of Shares	Shares as a % of total number of shares { i.e., Grand Total (A)+(B)+(C)}
1	Bennett, Coleman And Company Limited	2,325,500	1.01
2	Life Insurance Corporation Of India	9,554,292	4.13
	TOTAL	11,879,792	5.14

10. Lock in Details as on December 31, 2009

Details of the locked in shares are provided in the table below:

Sr. No.	Name of the shareholder	Number of Locked-in Shares	Locked -in Shares as a % of total number of shares { i.e., Grand Total (A)+(B)+(C)}
1	Bennett, Coleman And Company Limited		1.01

		2,325,500	
2	Infotel Telecom Infrastructure Pvt. Ltd.	1,858,275	0.80

- a. 2,325,500 Equity Shares were allotted to Bennett Coleman and Company Limited (BCCL) pursuant to resolution dated September 13, 2005 on preferential allotment basis. These shares were initially locked-in until June 12, 2008. However, in view of the preferential allotment of warrants made to BCCL on 01st June, 2009 these pre-preferential holding of 2,325,500 equity shares were locked in till 31st December, 2009 in accordance with the applicable SEBI Regulations.
- b. 1,858,275 Equity Shares allotted to Infotel Telecom Infrastructure Pvt. Ltd. on December 9, 2009, on preferential basis, are locked in till December 8, 2010 in terms of SEBI Regulations.

Statement showing details of Depository Receipts (DRs):

Sr. No.	Name of the shareholder	Number of outstanding DRs.	Number of Shares underlying DRs	Shares underlying outstanding DRs as a % of total number of shares { i.e., Grand Total (A)+(B)+(C)}
1	GDRs	22,321,265	22,321,265	9.65
2	GDRs	5,460	5,460	0.00
	Total	22,326,725	22,326,725	9.65

Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares:

Sr. No.	Name of the shareholder	Number of outstanding DRs.	Number of Shares underlying DRs	Shares underlying outstanding DRs as a % of total number of shares { i.e., Grand Total (A)+(B)+(C)}
1	Deutsche Bank Trust Company Americas	22,321,265	22,321,265	9.65
	Total	22,326,725	22,326,725	9.65

10. The present Issue being a rights issue as per Regulation 34 (c) of the SEBI Regulations, the requirement of Promoters' contribution and lock – in is not applicable.
11. Except as disclosed in the Letter of Offer, no further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Issue or Public Issue or in any other manner which will effect the equity capital of the Company, shall be made during the period commencing from the filing of Letter of Offer with the SEBI and the date on which the Equity Shares issued under this Letter of Offer are listed or application money are refunded on account of the failure of the Issue.

Presently, the Company does not have any intention to alter the equity capital structure by way of split/consolidation of the denomination of the Equity Shares or on a preferential basis or issue of Bonus or Issue or Qualified Institutional Placement or further public issue of specified securities within a period of six months from the date of opening of the Issue.
12. Our Company has not made any issue of bonus shares out of revaluation reserves.
13. Our Company does not have any ESOP/ESOS scheme as on date.

14. As disclosed under the heading 'Financial Indebtedness' on page 187, certain lenders have a right to convert their outstanding loans into equity shares in the event of default as set out in the relevant loan agreements.
15. The Board of Directors of the Company at its meeting held on July 31, 2009, approved the forfeiture of 43,948 Equity Shares of face value of Rs 10 each in respect of which the allotment / call money was due and unpaid and the Company has given effect to the forfeiture.
16. On 9th December, 2009, the Shareholders' Committee of the Board of Directors at its meeting held has issued and allotted 18,58,275 Equity Shares of the Company, on a preferential basis, to Infotel Telecom Infrastructure Private Limited at a price of Rs. 242.16 per Equity Share, being the price determined in terms of Regulation 76(1) of SEBI Regulations.

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue towards the following purposes:

- A. Repayment of existing debt;
- B. General corporate purposes; and
- C. Issue related expenses.

The Main Objects Clause of the Memorandum of Association of our Company enables us to undertake our existing activities and the activities for which the funds are being raised in the Issue.

The gross proceeds of the Issue are estimated to be Rs. 11,563.25 million. The net proceeds of the Issue, after deduction of any Issue expenses, are estimated to be approximately Rs. 11,482.61 million ("Net Proceeds")

(Rs. in million)	
Particulars	Amounts
Gross proceeds of the Issue	11,563.25
Issue related expenses	80.65
Net Proceeds	11,482.61

Brief details of the fund requirements

We intend to utilize the Net Proceeds raised from this Issue as follows:

(Rs. in million)	
Particulars	Amounts
Repayment of existing debt	8,982.61
General corporate purposes	2,500.00
Total	11,482.61

We intend to utilize the Net Proceeds of the issue to the extent of Rs. 8,982.61 to discharge some of the loans due during the period from March 1, 2010 to September 30, 2010 against the loans under the head of 'Repayment of Existing Debts'.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on the current status of our business and are subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of net proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of net proceeds.

Means of finance

The objects of the Issue i.e., repayment of debts and general corporate purposes shall be funded entirely through the Net Proceeds of the Issue only. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue, and hence regulation 4 (2) (g) of SEBI Regulations is not applicable in this case. We also confirm that no amount has been spent towards any of the purposes whose Net Proceeds are intended to be deployed as on date.

The details of the fund requirements are as follows:

A. Repayment of Existing Debts

We have currently availed term loans from various banks/financial institutions. Our total debt as on September 30, 2009 on a standalone basis was Rs. 90,845.47 million of which secured loans (including working capital loans) were Rs. 67,350.37 million and unsecured loans of Rs. 23,495.10 million.

We operate in businesses which are working capital-intensive, and over the last few years there is an increased reliance on borrowings to meet the cash flow requirements for our operations, investments in fixed assets and to repay our existing borrowings. We propose to repay some of the loans availed from banks which are falling due from March 1, 2010 to September 30, 2010 through the Net Proceeds. This repayment will help us to reduce the interest burden and thereby improve our profitability.

The loans that are proposed to be repaid out of the proceeds of the issue are as follows:

(Rs. in Million)								
Particulars	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Total
-								
<u>Secured Loans</u>								
Non-Convertible Debentures	17.40	39.00	17.40	17.30	34.40	12.80	12.80	151.10
<u>Term Loans</u>								
Rupee Loans from Banks & FIs	1,048.06	619.50	318.26	1,168.26	617.50	318.26	1,668.26	5,758.10
FCNR-B Loan from Banks	-	27.50	-	-	27.50	-	-	55.00
External Commercial Borrowings	-	47.00	115.10	-	47.00	115.10	-	324.20
Short Term Loans from Banks	4,500.00	-	-	-	-	-	1,500.00	6,000.00
<u>Unsecured Loans</u>								
Rupee Loans from Banks and Financial Institutions	450.00	200.00	200.00	5,700.00	200.00	200.00	200.00	7,150.00
Foreign Currency Loan from Banks	31.22	-	-	-	-	-	31.22	62.44
Total	6,046.68	933.00	650.76	6,885.56	926.40	646.16	3,412.28	19,500.84

The loans proposed to be repaid out of the Net Proceeds were used for the purpose for which they were originally availed.

The above mentioned details of the loans have been certified by M/s Kadam & Co. Statutory Auditors vide their certificate dated December 17, 2009. The amounts raised through the Issue would be used to repay the installments on their due date only and we do not intend to pre-pone the debt repayment.

In case of delay in receipt of issue proceeds, we would meet our debt obligations from internal accruals and/or fresh loans and the Issue Proceeds will be utilized to repay such fresh loans or other debts falling due at the respective times.

B. General Corporate Purposes

We intend to use approximately Rs.2,500.00 million from the Net Proceeds towards general corporate purposes (including but not limited to setting up/modernization/renovation of offices, meeting marketing expenses, meeting product development and/or registration expenses, repayment of loans and towards organic and/or inorganic growth opportunities). Our Board of Directors will have the flexibility in sanctioning the utilization of these proceeds for general corporate purposes, which may be towards any of the purposes mentioned above, or any other purpose(s) in the Company's interest as they deem fit.

C. Meeting Issue related expenses

The total expenses of the Issue are estimated to be approximately Rs. 80.65 million. The Issue related expenses include, among others, issue management fees, Registrar fees, printing and distribution expenses, auditors fees, legal fees, advertisement expenses, stamp duty, depository charges and listing fees to the stock exchanges. The following table provides a break up of estimated Issue expenses:

Sr. No.	Particulars	Amount (in Rs. million)	% of total expenses	% of total issue size
1	Fees of Lead Managers, Registrar to Issue, Legal Advisor etc.	48.87	60.59	0.42
2	Advertisement and marketing expenses	0.55	0.68	0.00
3	Printing, stationery, distribution, postage etc.	15.07	18.69	0.13
4	Others (including but not limited to Stock Exchange and SEBI filing fees)	16.16	20.04	0.14
	Total	80.65	100.00	0.70

Deployment of Net Proceeds towards Objects of the Issue.

We confirm that no amount has been spent as on date towards any of the purposes where the Net Proceeds are proposed to be deployed.

Interim Use of Issue Proceeds.

Pending utilization of the funds, the management of our Company, in accordance with policies established by our Board from time to time, will have flexibility in deploying the net proceeds. Our Company confirms that pending utilization of the net proceeds, it shall not use the funds for any investments in the equity markets or real estate.

Monitoring of utilization of Issue proceeds

In terms of Regulation 16 of the SEBI Regulations, the Company has appointed Punjab National Bank as the monitoring agency, to monitor the utilization of the Net Proceeds. The Company in accordance with the Listing Agreement undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. The Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations, the Listing Agreements with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. The Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such net Issue proceeds that have not been utilized, if any, of such currently unutilized net Issue proceeds.

In accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the proceeds of the Issue for the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee. In the event, the monitoring agency points out any deviation in the use of proceeds of the Issue from the objects of the Issue as stated above, or has given any other reservations about the end use of funds, the Company shall intimate the same to the Stock Exchanges without delay.

We will disclose the details of the utilisation of the net proceeds, including interim use, under a separate head in our financial statements for Financial Year 2010, specifying the purpose for which the Net proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by our statutory auditors. Further we will furnish to the stock exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Letter of Offer.

No part of the Issue Proceeds will be paid by the Company as consideration to the Promoters, the promoter Group, the Directors, and the Company's key managerial personnel or companies promoted by the Promoters, except in usual course of business.

STATEMENT OF TAX BENEFITS

The Board of Directors
Videocon Industries Limited
14 K.M. Stone,
Aurangabad-Paithan Road,
Village: Chittegaon, Taluka: Paithan,
Dist: Aurangabad 431 105,
Maharashtra, India

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement, prepared by Videocon Industries Limited [hereinafter referred to as "the Issuer" or "the company"], states the possible tax benefits available to the Issuer and its shareholders under the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Issuer or its members fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Issuer or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Issuer may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Issuer's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in proposed rights issue of equity shares of Rs. 10/- each (referred to as "the Issue").

We do not express any opinion or provide any assurance as to whether:-

- the Company is currently availing any of these benefits or will avail these benefits in future; or
- the Issuer or its members will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/ would be met.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Issuer and on the basis of the understanding of the business activities and operations of the Issuer and the interpretation of the current tax laws in force in India.

For and on behalf of
KHANDELWAL JAIN & CO.
Chartered Accountants

For and on behalf of
KADAM & CO.,
Chartered Accountants

Shivratan Agarwal
Partner
Membership No: 104180

U.S.Kadam
Partner
Membership No:31055

Place: Mumbai
Date: March 09, 2010

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

UNDER THE INCOME TAX ACT, 1961 ('ACT')

A. BENEFITS AVAILABLE TO THE COMPANY

General Tax Benefits

- Under section 10(34) of the Act, any income by way of dividends referred to in Section 1150 (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any domestic company is exempt from tax.
- Under section 10(35) of the Act, any income by way of income received in respect of the units of a Mutual Fund specified in section 10(23D) of the Act; or in respect of units from the Administrator of the specified undertaking; or in respect of units from the specified company as defined in Explanation to section 10(35) of the Act is exempt from tax.
- Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc, if such intangible assets are acquired after March 31, 1998. In case of new machinery or plant that is acquired by the company (other than ships and aircrafts), the company is entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act.
- Under section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under section 32(1) of the Act in any previous year, owing to there being no profits or gains chargeable for that previous year, or owing to the profits or gains chargeable being less than depreciation allowance, then, subject to the provisions of section 72(2), depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following previous year and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that previous year, and so on for the succeeding previous years.
- In terms of Section 115JAA (1A) of the Act, the tax credit shall be allowed for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between Minimum Alternate Tax ('MAT') paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set-off any tax payable under the normal provisions in excess of MAT payable for that relevant year. MAT credit in respect of MAT paid prior to AY 2007-08 shall be available for setoff upto 5 years succeeding the year in which the MAT credit initially arose. However, from AY 2007- 2008 onwards, MAT credit for MAT paid for AY 2006-07 or thereafter shall be available for set-off upto 7 years succeeding the year in which the MAT credit initially arose. From AY 2010-2011, MAT credit for MAT paid for AY 2006-07 or thereafter shall be available for set-off upto 10 years succeeding the year in which the MAT credit initially arose. Finance

Bill 2010 has proposed with effect from AY 2011-2012 to increase the MAT rate to 18% from 15%.

Capital Gains

- Under Section 48 of the Act, in computing the capital gains arising on sale of a capital asset, the cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset shall be deducted from the sale consideration. However, in respect of capital gains arising from transfer of long-term capital assets, the Act offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/ improvement is computed by adjusting the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.
- Under Section 10(38) of the Act, long term capital gains arising from transfer of a long term capital asset being an equity share in the company or a unit of an equity oriented fund entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, from AY 2007-2008 onwards, long term capital gains of a company shall be taken into account in computing the book profit and the tax payable thereon under section 115JB of the Act.
- Under section 112 of the Act, any long-term capital gains (other than those covered in section 10(38) above) are taxed at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit. However, long term capital gains arising from transfer of listed securities/units/zero coupon bonds can be restricted to 10% (plus applicable surcharge and education cess) if the indexation benefit is not claimed
- Under Section 111A of the Act, any short-term capital gains arising from the transfer of equity shares in any other company or units of equity oriented fund are taxed at the rate of 15% (plus applicable surcharge and education cess) provided the transaction for sale of such equity shares or units is subject to STT.
- Under Section 54EC of the Act, long term capital gains (other than those covered above) arising on transfer of long term capital assets is exempt from tax to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer in notified bonds (Presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified). Where only a part of the capital gains is so invested, the exemption is proportionately available. The minimum holding period prescribed to remain eligible for the exemption is 3 years.
- Under Section 90 & 91 of the Act, where the Tax Treaty has been signed between India and another country for the purposes of avoiding double taxation, then the taxpayer has option to be governed by the provisions of the Tax Treaty to the extent they are more beneficial. Thus, the taxpayer can avoid double taxation of the same income by using the tax treaty. Where the income is taxed by a country with which India does not have a tax treaty, then the taxpayer is entitled to get a deduction from the Indian income tax payable of the taxes paid in the other country. However, if the tax rate is higher in the other country, the credit will be restricted to the tax payable as per the Indian tax rate.

Special Tax Benefits

As per Section 35(2AB) of the Act, weighted deduction @150% is available on Research & Development expenditure (except on land and buildings) upto Assessment Year 2010-2011. Finance Bill 2010 has proposed with effect from AY 2011-2012 to increase weighted deduction u/s 35(2AB) from 150% to 200%. Section 35(2)(ia) provides for a 100% deduction for the capital expenditure on scientific research, incurred in any previous year other than on land.

These deductions/benefits are not cumulative and are available only upon compliance of conditions and procedures prescribed in the aforesaid sections read with rules.

- As per Section 42 of the Act, for the purpose of computing the profits or gains of any business consisting of the prospecting for or extraction or production of mineral oils in relation to which the Central Government has entered into an agreement with any person for the association or participation [of the Central Government or any person authorised by it in such business], and subject to the other conditions specified therein there shall be made such allowances as are specified in the agreement in relation
 - (a) to expenditure by way of infructuous or abortive exploration expenses in respect of any area surrendered prior to the beginning of commercial production by the company.
 - (b) to any expenditure after the beginning of commercial production incurred by the taxpayer (whether incurred either before or after commercial production) in respect of drilling or exploration activities or services or in respect of physical assets used for drilling or exploration.
 - (c) to depletion of mineral oil in the mining area in respect of the assessment year relevant to the previous year in which commercial production is begun and for such succeeding year or years as may be specified in the agreement.

Such allowances shall be computed and made in the manner specified in the PSC and the provisions of the Act are deemed to have been modified to such extent

- Person carrying the business of prospecting for or extraction or production of petroleum or natural gas or both in India are under an obligation to restore the site post the cessation of said operations. As per Section 33ABA of the Act, deduction is available to a tax payer carrying on a business consisting of prospecting for, or extraction or production of, petroleum or natural gas or both and in respect of which it has entered into an agreement with the Government, for amounts deposited in a Special Account maintained under a scheme approved by the Government or in a Site Restoration Account opened under a Scheme framed by the Government. The deduction is the lower of the following:
 - Amount deposited (interest credited is deemed as amount deposited); or
 - 20 percent of the profits of such business, before making any deduction under this section.

In case the funds deposited in account are not utilised for specified purposes the same would be subject to tax in the year of withdrawal (section 33ABA of the Act)

B. BENEFITS AVAILABLE TO THE SHARE HOLDERS OF THE COMPANY

General Tax Benefits

Resident Shareholders

- **Dividend income:**
Dividend (both interim and final), if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.
- **Capital Gains:**
Long Term Capital Gain (LTCG)
LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the

Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bond held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

Short Term Capital Gain (STCG)

STCG means capital gain arising from the transfer of capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per section 112 of the Act, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge and Education Cess and Secondary & Higher Education Cess). However, if such tax payable on transfer of listed securities or units or Zero coupon bonds exceed 10% of the LTCG, without indexation benefit, the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT, shall be taxable at the applicable rate of tax plus Surcharge and Education Cess and Secondary & Higher Education Cess)
- As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

As per section 71 read with section 74 of the Act, long term capital loss arising during a year is all owed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 years.

As per section 54EC of the Act, capital gains arising from the transfer of a long term capital asset (i.e. shares being long term in nature which have not been subject to Security Transaction Tax) shall be exempt from capital gains tax if such capital gains are invested

within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions special therein:

- o National Highway Authority of India constituted under Section 3 of National Highway Authority of India Act, 1988
- o Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956

If only part of the capital gains is reinvested, the exemption shall be proportionately available. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion. As per this section, the investment in the Long Term Specified Asset cannot exceed 50 lac rupees.

- As per Section 54F of the Act, LTCG arising to an Individual/Hindu Undivided Family (HUF) from transfer of shares (i.e. shares being long term in nature which have not been subject to Security Transaction Tax) shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- Profit or gains arising from transfer of a capital asset is chargeable to tax as per section 45 of the Act except where transfer of shares is covered under section 47(iii) i.e. transfer of shares by way of a gift or a will or an irrevocable trust.

Non-Resident shareholders

- **Dividend Income:**

Dividend (both interim and final), if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

- **Capital gains:**

Benefits outlined for resident shareholders above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

- **Tax Treaty Benefits:**

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident investor.

Special provisions in case of non-resident Indians in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act.

- Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand parents, were born in undivided India.

- Specified foreign exchange assets include shares of an Indian company which is acquired/purchased/subscribed by NRI in convertible foreign exchange.
- Income from investments [other than dividend exempt under section 10 (34)] and LTCG [other than gain exempt under section 10 (38)] from assets other than foreign exchange assets shall be taxable @ 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure or allowance or deductions under chapter VI-A shall be allowed from such income.
- Under section 115E of the Income Tax Act, 1961, where shares in the company are subscribed for in convertible Foreign Exchange by a 'Non Resident Indian', capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge
- Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains (not covered under section 10(38) of the Act) arising to a non resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is invested in specified assets or specified savings certificates within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- As per section 115G of the Act, in case total income of a NRI consists only of investment income/LTCG from such foreign exchange asset/specified asset and tax thereon has been deducted at source in accordance with the Act, then, it shall not be necessary for a NRI to file return of income under Section 139(1) of the Act.
- As per section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he may furnish a declaration in writing to the assessing officer, along with his return of income under section 139 of the Act for the assessment year in which he is first assessable as a resident, to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to investment income derived from the specified assets i.e. any foreign exchange asset, for that year and subsequent years until such assets are transferred or converted into money.
- As per section 115I of the Act, the NRI can opt not be governed by the provisions of chapter XII-A for any assessment year by furnishing return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of this chapter shall not apply, in which case the other provisions of the income tax act shall apply.

Foreign Institutional Investors (FIIs)

- **Dividend Income:**
Dividend (both interim and final), if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115O of the Act.

- **Capital Gains:**

As per Section 115AD of the Act, income (other than income by way of dividends referred to in Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

As per Section 115AD of the Act, capital gains arising from transfer of securities shall be taxable as follows:

- STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) as per section 111-A of the Act.
- STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
- LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). The indexation benefit shall not be available while computing the capital gains.

Benefit of exemption under Section 54EC of the Act shall be available as outlined in clauses of Resident Shareholders..

- **Tax Treaty Benefits:**

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable Double Taxation Avoidance Agreements entered into by the Government of India with the country of residence of the non-resident investor.

Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

UNDER THE WEALTH TAX ACT, 1957

Wealth Tax is applicable if the net wealth (as defined) of a company or an individual or HUF exceeds Rs. 15 Lakhs as on the valuation date (i.e. March 31 of the relevant financial year). Wealth Tax shall be charged in respect of the net wealth of every company or an individual or HUF at the rate of one percent of the amount by which net wealth exceeds Rs. 15 lakhs.

From AY 2010-2011, wealth Tax shall be charged in respect of the net wealth of every company or an individual or HUF at the rate of one percent of the amount by which net wealth exceeds Rs. 30 lakhs.

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of WT Act; hence, wealth tax is not leviable on shares held in a company.

Notes:

- All the above benefits are as per the current tax law and will be available only to the sole/first names holder in case the shares are held by joint holders.
- In respect of non-resident investors, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country of residence of the non-resident investor.

BUSINESS

OVERVIEW

We were incorporated under the Companies act, 1956 with limited liability in India on September 4, 1986. Our business comprises two core businesses, namely the manufacturing, assembly, marketing and distribution of consumer electronic products and home appliances, and oil and gas exploration and production. We manufacture and assemble and/or distribute a comprehensive range of consumer electronic products and home appliances, including:

	Consumer Electronic Products	Home Appliances
Finished Goods	Colour TVs Home Entertainment Systems PDP and LCD TVs	Refrigerators Washing Machines Air Conditioners Small Appliances
Components	Glass Shell (panels and funnels) Compressors/Motors and other components of all the above products	

We believe that we are one of the largest manufacturers of colour TVs in India. We believe we are one of the largest distributors of consumer electronic products and home appliances in India, including refrigerators, washing machines, air conditioners and home entertainment systems. We also deal in various other home appliances and electronic goods including water purifiers, microwave oven and propose to deal in mobile handsets. We are one of the largest manufacturers in India of glass shell for use in CPTs. One of our subsidiaries has an assembly line in Oman. In India, we have adopted a multi-brand marketing strategy, although we also undertake some OEM manufacturing. Our aim is to become one of the leading consumer electronics and home appliances manufacturers and distributors in the world.

We also own a 25% interest in the Ravva Joint Venture. The Ravva Joint Venture develops and operates the Ravva Oil and Gas Field located approximately 10 kilometres offshore in the Krishna Godavari basin in Andhra Pradesh in southern India. We have, through our wholly owned subsidiary and joint ventures, interests in exploration blocks in Oman, Brazil, Indonesia, Mozambique and Australia and are looking to expand our overseas oil and gas exploration and production portfolio.

Summary of the Development of the Group

- Incorporated on September 4, 1986.
- Commenced business as a leasing finance company in 1991. This business was discontinued in 1997.
- Listed on the BSE in 1993 and the NSE in 1996.
- Petrocon merged with us in June 2005 with retrospective effect from March 31, 2004. This resulted in us acquiring oil and gas business.
- Raised U.S.\$75 million in June 2005 through a public issue of 7,500,000 GDRs at U.S.\$10 per GDR. Each GDR represents one underlying share
- Raised U.S.\$94.1 million in July 2005 through a private placement of 9,410,145 GDRs at U.S.\$10 per GDR to AB Electrolux (publ.).
- Raised Rs.999.97 million in September 2005 through issue of 2,325,500 Shares at Rs.430 per share on preferential issue to Bennett, Coleman & Company Limited.
- Raised U.S.\$288.7 million in September and December 2005 through private placements of 28,650,000 and 217,200 GDRs at U.S.\$10 per GDR respectively to Thomson SA and Gallo 8 S.A.S .

- Videocon International merged with us in December 2005 with retrospective effect from December 31, 2004. This resulted in us acquiring the consumer electronic and home appliances business of Videocon International.
- On 13th December, 2005, Eagle Corporation Limited (“Eagle”) became a wholly owned subsidiary of the Company. Eagle owned CPT Manufacturing facilities acquired from Thomson i.e., Facilities at Italy, China, Poland and Mexico.
- EKL merged with us on July 21, 2006 with retrospective effect from January 1, 2005. This resulted in us acquiring EKL’s home appliances business in India.
- In 2008 the Company through one of its subsidiaries, has been granted a license for providing mobile phone services on Pan India basis.
- Eagle Corporation Limited was desubsidiarised in March 2008 consequent to dilution in equity of Eagle Corporation Limited.

For more details of our history, please see “— History and Certain Corporate Matters”

CONSUMER ELECTRONICS AND HOME APPLIANCES BUSINESS

CONSUMER ELECTRONIC PRODUCTS

We believe that we are one of the largest manufacturers of colour TVs in India and one of the largest distributors of consumer electronic products and home appliances in India. We maintain an integrated operation, whereby we together with our Promoter Group Entities manufacture, procure, distribute, market and sell products under the “Videocon” brand and under other licensed brands. We also manufacture finished goods on an OEM basis and components for third parties.

Finished goods

TVs

We are currently one of the largest CRT TV manufacturers in India. We sell CRT TVs produced at our own plants and at the plants of the Promoter Group Entities under the “Videocon” brand and other licensed brands. We also manufacture CRT TVs on an OEM basis for third parties. We offer more than 80 colour TV models ranging from 14” to 29”, of which more than 50 models are categorised as slim and true flat CRT TVs. Our colour TVs incorporate a variety of features such as picture-in-picture, surround sound and digital sensi eye. Sales of slim and true flat TVs have grown in the past few years and we believe we will see continued growth in demand for these products. New products under development include super slim CRT TVs.

LCD TV

We offer a wide range of LCD television models. Our products include features such as full HD 1080 resolution, High Definition Multimedia Interface, Picture in Picture features and unique picture quality improvement algorithm. We are also in the process of expanding our model range for meeting the changing needs of consumers, development and infusion of newer technologies in order to offer better products in the market.

Home Entertainment Systems

We currently offer a broad range of home entertainment products, including DVD/VCD players, home theatre equipment and home audio products.

Components

In addition to finished TVs, we manufacture TV components for our own models and for sale to third parties. In particular, we produce glass panels and funnels, the key components of a CRT TV.

Glass Shell (panels and funnels)

Glass panels and funnels are the key components of CRTs. We believe we are one of the largest companies to manufacture glass panels and funnels for colour TVs in India. We also sell panels and funnels internationally to Europe, South east Asia and Russia. We offer a broad range of glass panels and funnels with sizes ranging from 14" to 29". Our products include glass panels and funnels for true flat and slim CRTs.

Home appliances

We sell refrigerators, washing machines, air conditioners and a range of small domestic appliances, such as microwave ovens and water purifiers.

Brands

We have adopted a multi-brand marketing strategy in India. We have developed a diversified portfolio of well-recognised brands that are intended to appeal to a broad range of customers in India with differing socio-economic backgrounds. Heading our portfolio is the Videocon brand, which has more than 20 years of operating history and we believe is recognised as one of the most reputed and trusted brands in India. We aim to position the Videocon brand as a high-end as well as a mid-market brand, recognised for quality and value. The Videocon brand is licensed to us by Videocon India and Mr. Pradipkumar N. Dhoot

We also manufacture and sell certain other products in India under various other licensed brand names. Generally we pay our licensing partners a fixed percentage royalty for every product we sell. In consumer electronics market, Hyundai has been positioned at the high end. Sansui is positioned as a Japanese brand which offers good value.

Following the EKL Merger, we manufacture and market refrigerators, washing machines and air conditioners under the Electrolux brand. It is positioned at the high end above the Videocon brand with focus on frost-free refrigerators and high end front-load and top-load washing machines. The Kelvinator brand has been re-launched in the refrigerator category in the direct cool-segment, positioned as a mass brand below Videocon.

Videocon

Mr. Pradipkumar N. Dhoot and Videocon India, a partnership firm based in Ahmednagar (Licensors) (now: Videocon India Limited) and Videocon Industries Limited (Licensee) entered into a trademark license agreement dated December 15, 2005 under which the Licensors have granted to the Licensee and Promoter Group Entities the sole license to use the Videocon trademarks to manufacture, sell, market and distribute products in India and other countries as may be agreed to from time to time; as well as granting the Licensee a right to grant sub-licenses to subsidiaries upon written notice to the Licensor and to grant sub-licenses to third parties upon obtaining written consent from the Licensor. The agreement is to remain in force perpetually unless terminated or converted into a term license in the event of there being a change of control due to the Dhoot Family members, individually or collectively, ceasing to be the largest shareholders of the Company and its Subsidiaries in which case the license shall be converted into a term license for 5 years and the license fees shall be calculated on the then current value to be determined by recognized independent experts. Under the terms of this agreement, the Licensor is required to indemnify the Licensee against any claims that the Licensee's use of the trademark involves infringement of a third party's trademark while the Licensee is to indemnify the Licensor against any proceedings brought as a result of misuse of the trademarks by the Licensee.

Hyundai

Trend Middle East Limited, Dubai (Licensee), entered into a trademark license agreement with Hyundai Corporation, South Korea (Licensor) dated March 25, 2009, under which Hyundai appointed Trend Middle East Limited as exclusive licensee for the manufacture, marketing and

sales of Hyundai brand consumer electronics and home appliances products in India. Pursuant to the said license agreement, Videocon International (since merged with the Company) is permitted to use the Hyundai trademark for manufacturing and selling Hyundai brand consumer electronics and home appliances in India. The license is subject to various obligation of the Licensee including but not limited to commitment to minimum sales targets, approval of the manner of use of the trademark. The said license agreement expires on June 30, 2011.

Sansui

We have entered into a trademark license agreement with Sansui Sales Pte Limited (Singapore) to be effective from April 01, 2006. Under the agreement we have been granted the exclusive right to manufacture, introduce, advertise, promote and sell certain finished goods in India and Nepal. The agreement expired on March 31, 2009 and has been renewed for a further period of 8 year and is valid upto March 31, 2017. The license is subject to obligation of the Licensee to commit minimum expense budget including but not limited to promotion and advertisement, maintenance of quality, continuance of Mr. Pradipkumar N. Dhoot's participation in the ownership of the Company and the management of the license agreement being entrusted to specified senior executives of the company.

Electrolux

AB Electrolux (publ.) (Licensor) and EKL (now merged with us) (Licensee) entered into a trademark license agreement dated July 7, 2005, under which the Licensor granted to us a license to use the Electrolux trademark in India. The agreement expires on July 6, 2010. The license is subject to various obligation of the Licensee including but not limited to commitment to minimum sales and advertising targets, approval of the manner of use of the trademark, product liability insurance etc.

Kelvinator

Electrolux Home Products Inc. (Licensor) and EKL (now merged with us) (Licensee) entered into a trademark license agreement dated July 7, 2005, under which the Licensor granted to us a licence to use the Kelvinator trademark in India. The agreement remains in force until it is terminated by either party, following certain conditions set out in the agreement. The license is subject to various obligation of the Licensee including but not limited to commitment to minimum sales and advertising targets, maintenance of quality standards, approval of the manner of use of the trademark, product liability insurance.

The following table shows our brand portfolio and other brand related information:

Sr. No.	Brand Name	Licensor/Owner	Licensee	Expiry Date of License
1.	Videocon	Mr. Pradipkumar N. Dhoot Videocon India	Videocon Industries Limited	Perpetual
2.	Hyundai	Hyundai Corporation	Pursuant to the License Agreement dated March 25, 2009 between Hyundai Corporation, Korea and Trend Middle East Limited, U.A.E, Videocon International (since merged with the Company) is the permitted user.	June 30, 2011
3.	Sansui	Sansui Sales Pte. Limited	Videocon Industries Limited	March 31, 2017

4.	Electrolux	AB Electrolux (Publ)	Electrolux Kelvinator Limited (merged with Videocon Industries Limited)	July 6, 2010
5.	Kelvinator	Electrolux Home Products Inc.	Electrolux Kelvinator Limited (merged with Videocon Industries Limited)	Until terminated by either party.

The 'Videocon' Brand is shared with other Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, KAIL Limited, Applicomp (India) Limited, Millennium Appliances (India) Limited, Techno Electronics Limited, Sky Appliances Limited, Rajkumar Engineering Private Limited, Videocon Exports Private Limited, Gran Electronics Private Limited and Next Retail India Limited.

The 'Hyundai' Brand is shared with other Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, KAIL Limited, Applicomp (India) Limited, Millennium Appliances (India) Limited and Next Retail India Limited

Manufacturing

We operate three manufacturing facilities across India at Chittagaon (Aurangabad) Shahjahanpur (Rajasthan) and Bharuch (Gujarat). Through these manufacturing facilities, or by procuring the components and finished products from various manufacturers including the Promoter Group Entities, we manufacture and distribute goods in India under the "Videocon" brand as well as other licensed brands. We also manufacture finished goods on an OEM basis.

Key Components and Suppliers

Our policies require us to maintain at least two alternative suppliers for each key component and raw material. We generally source components and materials from third parties at market prices based on purchase orders. Further, we procure the manufacture of products at plants operated by both Promoter Group Entities and others.

Third Parties Manufacturing

We also manufacture products on an OEM basis at our plants as per the specifications of the OEM customers on a purchase order basis. We produce TV components such as glass shell for third parties.

Quality Control

We have established a quality control system compatible with international standards. Our Bharuch glass plant is certified to ISO9001, ISO14001 and OHSAS18001. We have received an ISO9001:2000 certification for design and manufacture of refrigerants at our Shahjahanpur plant. Besides this, our Chittagaon facility has received ISO9001:2000 certifications for air conditioning and warm air heating equipments, commercial and industrial refrigeration equipment, household audio and video equipment, special dyes and tools, die sets, jigs, fixtures and industrial moulds, colour televisions and sub-assemblies.

Distribution

We believe that we operate an extensive distribution network in India. Our products are sold and serviced through a network of dealers and authorised service centres across India and we rely on these networks of authorised dealers for marketing, sale and distribution of our products and providing after sales service. Some of them are operated by our company while the others are owned and operated by the Promoter Group Entities.

We structure our distribution network under six designated zones in India. This infrastructure comprises key warehouses in separate regions across India. Goods are generally stored in a centralised warehouse within each zone prior to being transferred to local branches, as necessary. We have around 46 branch offices throughout India, each of which is equipped with a distribution fleet and complete warehouse facilities.

Sales

We currently distribute our products to independent dealers and distributors, mainly retail stores and chain stores, located in cities and rural areas in India. The dealers and distributors are largely non-exclusive. Our dealers and distributors are paid on the basis of commission, volume discount or cash discounts. Commission is generally paid on the basis of volume of products sold. We also provide after-sales services to our customers through 25 service centres operated by the Company and around 600 after-sales service centres owned and operated by a member of the Promoter Group Entities.

We sell glass directly to CRT manufacturers in India and overseas. Our domestic glass shell customers include major CRT manufacturers in India. We station field engineering staff at customers' CRT plants so as to provide prompt customer service and to provide continuous feedback on our glass performance. We sell our CRTs in the international market to TV makers in Europe, China, and Turkey.

We export our products to overseas markets such as Middle East, Europe, Asia and Africa. For the Financial Year ended September 30, 2009, the Company had exports receipts of Rs. 5224.28 million on a standalone basis.

Some of the major competitors in our Consumer Electronics and Home Appliances business include LG Electronics India Limited, Samsung India Electronics Private Limited, Sony India, Mirc Electronics Limited

Research and Development

We maintain research and development facilities in India and Japan. Our focus tends to be on developing existing technologies and product engineering-innovation, aimed at improving production efficiency and lowering the cost of production. Where we undertake research and development on product and product technology innovation, we may seek assistance from external research agencies. Our domestic technology centre is located in Aurangabad, India.

Environmental Protection

During our production process, we cause noise pollution and discharge waste water, exhaust gas, dust and solid wastes. In order to comply with Indian laws and regulations in respect of environmental protection, we have taken internal environmental protection control and monitoring measures. We have set up an environmental protection committee at our glass manufacturing facility in Bharuch as well as a number of specialised environmental protection management divisions and environment monitoring points. We have also established an internal environmental management system.

The Company has applied the concept of Resource Productivity at its manufacturing facilities. The Company extracts the most value from resources, making the best use of renewable resources and minimizing waste produced. The Company aims at drive down of costs by reducing waste and pollutions and by creating opportunities for growth through process and product innovations.

The following are some of the measures taken and/or continued to implemented by the Company to reduce consumption of energy:

- Improvement in Power Factors.

- Use of advance technology at manufacturing plants.
- Regulating the machines, continuous maintenance of all the machinery and equipments.
- On the job and off the job training to all the employees at all levels.
- Use of energy saving lighting arrangement in shop floor and or roads inside facilities.
- Notice Boards and Informative Boards are displayed at all work station for the information and awareness of the employees.
- Use of unconventional energy sources.
- Tree Plantation at all the manufacturing units.

The Company has formed Quality Circles and Team of Experts selected from the employees who are engaged in the manufacturing activities for time and motion study of the overall manufacturing process and give suggestions on ways and means for conservation of energy and power. The Company is also proposing to conduct energy audit in the coming years.

As a result of the same, the optimal consumption of resources resulted in overall improvement in efficiency. The Company has also been able to reduce the energy cost. However, the beneficial impact of the same on the cost cannot be quantified.

Insurance

We have maintained insurance policies in respect of the fixed assets and inventories that we own or operate and that we consider would be exposed to material operational risks. The coverage of the insurance in respect of our facilities and equipment includes various risks relating to industrial accidents and acts of God. The insured amount is normally expected to cover the cost that is necessary for replacement of the plants and equipment concerned. We generally provide warranties on most of our products and such warranty terms extend for a term of one to five years. The Company has a standard fire and special perils policies for Rs. 14,000 million from The New India Assurance Company Limited for plant and machinery covering the risk of loss of Electronic Goods Manufacturing/Assembly at its Chittagaon facility and covering stock of raw materials, work-in-process, finished goods lying in the godown and goods with vendors and from The Oriental Insurance Company Ltd. for Rs. 55,000 million covering the loss of plant and machinery.

OIL AND GAS BUSINESS

Our principal oil and gas asset is our 25% participating interest in the Ravva Oil and Gas Field. Besides this, we have acquired interests in other oil blocks in different geographical regions. We typically bid for oil blocks in consortium with other players. We along with our subsidiaries/Joint Ventures have participating interest in the following oil fields.

Region	Oil Field	Participating Interest	Status
India	Ravva	25%	Producing
Mozambique	Rovuma Offshore Area 1	10%	Exploration
Oman	Block 56	25%	Exploration
Brazil*	Four Different concessions: • Espirito Santos • Campos • Sergipe • Potiguar	30% 25% 40% 20%	Exploration
East Timor	JPDA 06/103	20%	Exploration
Australia	WA-388P	14%	Exploration
Indonesia	Nunukan	12.5%	Exploration

**The oil blocks in Brazil are held by IBV Brasil Petroleo Limitada, a subsidiary of VB Brasil Petroleo Private Limitada which is a 50:50 JV between the Company and BPRL. Consequently the Company's effective share in each of the four concessions mentioned in the table above is 50% of the participating interest depicted in the above table.*

A. Ravva Oil and Gas Field

We hold our interest in the Ravva Oil and Gas Field through a 25% interest in an unincorporated joint venture originally established between the ONGC, Videocon Petroleum Limited (the name of which was subsequently changed to Petrocon India Limited), Command Petroleum (India) Pty Limited (whose name subsequently changed to Cairn India Pty Limited (CEI)) and Ravva Oil (Singapore) Pte Limited (a Marubeni affiliate) (ROS), (together referred to as the Contractor Parties) in 1994 to develop and operate the Ravva Oil and Gas Field with ONGC holding 40%, CEI holding 22.5% and ROS holding 12.5%.

We acquired our interest in the Ravva Joint Venture with retrospective effect from March 31, 2004 as a result of the Petrocon Merger.

Under the terms of the Joint Operating Agreement (“JOA”) between the Contractor Parties dated October 28, 1994, CEI is designated as the operator and is authorised to represent the other Contractor Parties before the Government of India and to enter into contracts with other parties as an agent of the Contractor Parties for the performance of the JOA. Under the JOA, the rights, obligations and responsibilities of the parties are intended to be several and each Contractor Party is required to keep the others indemnified against any claim, demand, action, liability or loan. The Production Sharing Contract (“PSC”) between the Contractor Parties and the MPNG dated October 28, 1994 provides that the MPNG is the sole owner of the petroleum underlying the PSC and until national demand as determined by MPNG is met each Contractor Party shall offer for sale its participating interest of the crude oil for consumption within India.

Additionally the Contractor Parties have entered into a crude oil sales agreement with Indian Oil Corporation Ltd (IOC) and a gas sale contract with GAIL, both Government owned giant downstream Companies. Oil is also sold to HPCL from time to time. The Ravva Oil and Gas Field is located approximately 10 kilometres offshore in the Krishna Godavari basin in the state of Andhra Pradesh in southern India, with a peak average annual oil production of around 18.25 MMBBL (between from year 1999 to 2008). Oil production is expected to remain at level of 10.00 MMBBL till 2015 and thereafter a declining phase will commence.

The Ravva Oil and Gas Field produces crude using unmanned production platforms. Ravva Crude Oil is a premium light crude with sulphur content below 0.01% and therefore is able to command a higher price than other crude. Field facilities consist of 15 production wells and six water injection wells for pressure maintenance. The oil and gas is processed onshore after being piped to the shore. The recovered and separated crude oil is piped to an offshore single point mooring and loaded into tankers for transport to a nearby refinery for sale. The gas produced is transmitted to an onshore gas processing system and is sold to GAIL.

Oil pricing

The oil price was fixed by Government for 5 years linked to the price of Arabic Light. Thereafter, the Joint Venture got an Award from an Arbitral Tribunal fixing the price at average price of Tapis + Minas Crudes (specifications of Ravva Crude approximate these better) less 60 Cents per barrel which is at a premium over the Brent crude price benchmark. Gas prices are at US\$ 3.50 per MMBTU and US\$ 4.30 per MMBTU for original and Satellite Gas respectively. The prices are under review from December 2008 and the JV has proposed a price of US\$ 6.75 per MMBTU for the period after December 2008. The resolution between the Government and the Joint Venture in this regard is still outstanding.

B. Other Oil Assets

We have participating interest in other oil and gas blocks as mentioned below.

1. Block 56 in Oman

In March 2006, we were a part of a consortium (along with GAIL, BPCL, HPCL and Oilex NL of Australia) that was awarded Block 56 in Oman for exploration and development. We, through our wholly owned subsidiary, Videocon Oman 56 Limited, own a 25% participating interest in the consortium. The block is located in the Eastern Flank of the Central Salt Producing Oil field in Oman. Oilex NL is the operator of the block. The Exploration Production Sharing Agreement ("EPSA") and Joint Operating Agreement were executed on 28th June 2006.

2. Block WA-388-P in Western Australia

The consortium comprising the Company, Oilex NL Australia, Gujarat State Petroleum Corporation Limited, HPCL and BPCL has been awarded Block WA-388-P for a term of 6 years from Government of Western Australia. Joint Operating Agreement has been signed by all joint venture parties in March 2007. The participating interest of the Company was 20%. A Farm-out agreement has been entered into by the consortium with Sasol Petroleum Australia Limited ("Sasol"). Sasol has also taken over from Oilex as operator. Post the farm-out, the participating interest of the Company stands at 14%. 3D survey of the area has been completed and the data is under processing.

3. Block JPDA 06-103 in the Timor Sea

On 15th November 2006, a consortium comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") (formerly known as Global Energy Inc. being our wholly owned subsidiary) 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 by the Timor Sea Designated Authority. This block is located in the Timor Sea between Australia and Timor-Leste. We had originally a participating interest of 25 percent in the PSC.

Oilex has farmed-out 15% of its 25% Participating Interest to Japan Energy (Oilex continues to be the Operator). Videocon JDPA and the other two JVs partners have entered into a farm-out agreement with Pan Pacific Petroleum of Australia for farming-out 5% each out of the respective 25% Participating Interest. Our Company will have a 20% participating interest in the JDPA block after the farm-out is completed.

The consortium has already completed its commitment to drill two out of four commitment wells in the first phase before January 15th, 2010.

4. Offshore Oil Blocks in Brazil

VB (Brasil) Petroleo Private Limitada. (a 50:50 Joint venture of our Company with BPRL), has acquired 100% stake in Encana Brasil Petroleo Limitada from Encana Corporation of Canada and one of its subsidiaries for a total consideration of \$283 million. Subsequently, the name of the Encana Brasil Petroleo Limitada was changed to IBV Brasil Petroleo Limitada ("IBV"). IBV owns interest in ten deep water offshore petroleum exploration blocks in four concessions in Brazil. Three of the concessions are operated by Petrobras, a Brazil National Oil Company, while the fourth concession BM-C-30 in the Campos Offshore is operated by Anadarko Corporation. On 30th Sept 2008 Anadarko has announced a pre-salt discovery of 700 million barrels original oil in place, after drilling the Wahoo exploration well. A second exploration-cum appraisal well in the same structure is under drilling and is expected to confirm the extent of the reserves in addition to the exploration of a deeper wedge prospect. On 23rd November 2009, Anadarko has announced that the Wahoo #2 (also called Wahoo North) appraisal/exploration well in the Campos Basin, offshore Brazil, has encountered more than 90 feet of high-quality net oil pay in the same pre-salt interval, as the original Wahoo discovery (announced earlier). The Wahoo # 2 is located in block BM-C-30, five

miles to the north and down-dip from the original Wahoo discovery well, which encountered more than 195 feet of net pay.

5. Area 1 Offshore Rovuma Block in Mozambique

In August 2008, our wholly owned subsidiary Videocon Mozambique Rovuma 1 Limited (formerly Videocon Energy Resources Limited) executed a participation agreement with Anadarko Mozambique Area 1 Limitada, a wholly-owned subsidiary of Anadarko Petroleum Corporation, USA. As per the participation agreement, our subsidiary has acquired a 10% participating interest in an oil block covering Area 1 “Offshore” of the Rovuma Block, Republic of Mozambique.

In February 2010, Anadarko Petroleum Corporation, USA, the Operator of exploration block announced a discovery in the exploration well, Windjammer, which is currently being drilled in the acreage and reached an intermediate casing point encountering more than 480 net feet of natural gas pay in high quality reservoir sands with a gross column of more than 1,200 feet.

6. Nunukan Block in Indonesia

In September 2009, Videocon Indonesia Nunukan Inc., our wholly owned overseas subsidiary has executed an agreement with Anadarko Indonesia Nunukan Company (“Anadarko”)- a wholly owned subsidiary of Anadarko Petroleum Corporation, USA. The closing of the transaction under the agreement was subject to waiver of first right of refusal by M/S. PT Medco E&P Nunukan (“Medco”) which has since been received. However, the closing of the transaction under the agreement is still subject to certain other conditions precedent including approval of the Designated Authority. Upon completion of the transaction, the participating interest in the Nunukan Block would be as follows: our subsidiary: 12.5%, BPRL: 12.5%, Anadarko: 35% and Medco: 40%. Anadarko is the operator.

POWER BUSINESS

One of the subsidiaries of the Company, Pipavav Energy Private Limited (“PEPL”) is implementing a 1200MW thermal power project in Gujarat, near Pipavav port, Village Bherai, Taluka Rajula, Dist. Amreli Gujarat. The project is proposed to be completed in two phases. PEPL has signed necessary Memorandum of Understanding with the Govt. of Gujarat whereby the Govt. of Gujarat has agreed to provide all required support to the project. PEPL has obtained necessary environmental clearances from Gujarat Pollution Control Board for constructing the power plant and has also obtained CRZ clearance from State Department of Environment & Forest (DOEF). Acquisition of the necessary land required for the first phase of the project has been substantially completed and PEPL has invited bids for key equipments and necessary civil work and bathymetric survey work.

TELECOMMUNICATION BUSINESS

Our subsidiary, Videocon Telecommunications Limited (“VTL”) has been granted a license to provide Unified Access Services (UAS) for twenty one (21) circles in India and has also been allotted spectrum in twenty (20) of these local service areas.

COMPETITIVE STRENGTHS

Some of the competitive strengths envisaged by us are as under:

We have one of the most extensive sales and distribution networks in India

We believe that a strong and extensive sales and distribution network is vital to our success in India. We have around 46 branch offices supported by an extensive network of dealers and

distributors, which are located in cities, towns and villages throughout India. These branch offices are supported by a logistics infrastructure which comprises key warehouses in regions across India. We cater to our customers through more than 25 company-operated after-sales service centres and around 600 after-sales service centres operated by Promoter Group Entities across India. We believe that this gives us one of the most extensive sales and distribution networks for consumer electronic products and home appliances in India.

Our products are marketed under various reputable and well-recognised brand names

We adopt a multi-brand strategy in India which we believe is more effective in acquiring a greater aggregate share of the market than a strategy which focuses on the promotion of only one key brand. Our strategy enables us to target different socio-economic market segments while also maximising manufacturing efficiency by producing products under a spectrum of brands. Most of the consumer electronic and home appliance products which we sell are distributed in India under established brand names. Our largest brand is the "Videocon" brand, under which we and some of the Promoter Group Entities have been manufacturing different products for more than 20 years. We also manufacture products under a number of internationally recognised brands for both our consumer electronic products and home appliances businesses. These brands include Sansui, Hyundai, Electrolux and Kelvinator. We rely on the sales generated by manufacturing and sales under brands which are licensed and not owned by us. For further details please refer to section titled 'Business' under the head 'Brands' beginning on page 81 of this Letter of Offer.

We believe we own the only glass panel production facility in the country and the largest glass funnel production facility in the country.

Glass shell manufacturing is now largely concentrated in India and China. We are one of the largest manufacturers of glass shells in India. We believe that we own the only glass panel and the largest glass funnel production facility in the country. We believe we will maintain a leading position in this growing market because we believe we have lower transportation costs than overseas competitors and our products are not subject to import duties; our basic raw materials i.e. sand supply is only 80 kms away from our glass plant and we believe our other costs, such as labour, power and energy are lower than those of our overseas competitors; we have established and maintained long term relationships with our customers in India.

Our glass shell business has an established customer base, domestically and internationally.

Our major glass shell customers include the main CRT manufacturers in India, as well as international CRT manufacturers. We believe that our broad customer base, including some of the key industry players, will continue to provide us with a steady demand for our products. Some of our top customer in the glass shell business are TGDC Guangdong Display Co. Limited., JCT Electronics Limited and Samtel Color Limited.

Our oil and gas business provides us with a stable income stream

Our participating interest in the Ravva Oil and Gas field generates a stable revenue stream. Under the Oil and Gas Sales Agreements, the Government of India is obliged to buy all the oil and gas which is currently produced by the Ravva Joint Venture on a take or pay basis. Oil and gas business constitutes 9.95% of our revenues and 22.64% of Earning Before Interest and Tax on a consolidated basis for the period ended September 30, 2009.

The Ravva Crude Oil is of high quality

The Ravva Oil and Gas Field yields Ravva Crude Oil, a premium light crude with a sulphur content below 0.01% and therefore is able to command a higher price than heavier crude. Ravva Crude Oil is priced with reference to Tapis and Minas crude, which is a high priced basket of oils.

We benefit from high demand and prices in the oil and gas industry

Our oil and gas business benefits from high domestic demand. Demand for energy in the Indian market has consistently increased in recent years, in line with India's economic and industrial development, and we believe that domestic demand will continue to grow in the future. In addition, global oil demand has increased and the international price for oil has risen significantly over the past decade. Without any material increase in our production costs, this has resulted in increased profits from our oil sales.

BUSINESS STRATEGIES

Become one of the world's leading consumer electronics and home appliances manufacturers

Our aim is to become one of the world's leading consumer electronics and home appliances manufacturers. In India, we will continue to pursue our multi-brand marketing strategy, combined with some OEM manufacturing to increase our market share. Overseas, we currently plan to manufacture and assemble on an OEM basis to serve major international customers.

Increase penetration and sales within the domestic market

We intend to increase our penetration in the Indian consumer electronic and home appliances market. We plan to achieve this through growth of our customer base and enlargement of our product portfolio. More widespread availability of electricity in rural areas in India means that these communities increasingly offer a first-time market for our products. In addition, greater spending power will increase both first-time sales and replacement sales. Central to this is the further development of our multi-brand strategy. We already sell under various brand names in the consumer electronic products market which enables us to target different socio-economic consumer segments.

Target high growth markets and new products

We plan to shift our focus to fast-growing market segments to include higher end products. The LCD TV market in India is poised for significant growth in the coming years. The consumer today does not prefer bulky and heavy CRT TVs with lower resolution, higher density. We aim to focus on LCD TV market. For the CRT TV business, we have identified the flat and slim segments as target markets. We plan to become a key manufacturer for these products and we believe that, as such, we will be able to benefit from the growth in these markets. In addition to traditional CRT TVs, we also aim to expand into back-end technologies for flat panel displays specially LCDs. We believe that demand for new products will increase in future years. For the domestic home appliances business, we have identified the air conditioner market as a high growth market within India and overseas. As consumers become more affluent, they are likely to increase the number of air conditioners in their homes. We also anticipate a further shift in demand towards higher value split air conditioners. At present, the penetration level in the domestic market for air conditioners in India is extremely low and we believe there is great market potential. In addition, we also look to appeal to consumers who upgrade other home appliances, for example to larger frost-free refrigerators and automatic washing machines.

Achieve greater cost control through backward integration

We will further develop our strategy of producing the key components that we use in our manufacturing of finished products. We already produce many of the motors, compressors and plastic injection mouldings (including casings) that we use in our home appliances products. We also produce some yokes and electron guns for our CRTs. There is considerable scope for further expanding our components manufacturing capability thereby enabling greater control over our production chain and overall costs.

Maintain our leading position in the glass shell industry in India and achieve greater operational integration through supplying our international facilities

While there is an ongoing re-alignment of the TV market, as LCD TVs and PDPs secure growing market share, we believe that there will continue to be sustainable demand for our CRT TVs in the markets which we are targeting - India, South East Asia, Eastern Europe, Russia, Central and South America and China. Therefore, we expect that the market demand for our glass panels and funnels will continue to grow in the foreseeable future in India and in our other targeted markets since a number of existing glass shell manufacturers are likely to withdraw from this market segment. We have established long term supplier relationships with some of the major CRT manufacturers in India. We plan to consolidate our existing glass shell customer relationships further while developing new glass shell customers. We have established production facilities close to our glass shell customers' production facilities, which we believe allows us to respond quickly to changing customer orders and enhance our existing customer relationships.

Seek measured expansion into flat panel display markets

We will seek to optimise our product mix and focus our product development efforts on high-growth areas. While our focus will remain on the CRT TV market segment, we recognise the importance of exposure to the growing PDP and LCD TV segments, which are taking increasing market share in the high-end markets. Currently, we assemble PDPs and LCD TVs for sale in India.

We believe that, at present, our niche lies in OEM product and component manufacturing and production engineering innovation. Therefore, while we will expand our operations in a measured way into the PDP and LCD TV segment, we intend to concentrate on developing back-end technology, including the process of frit-sealing, evacuation and gas filling, rather than producing screens, as well as manufacturing and assembling finished products for our OEM customers.

Develop the Ravva Oil and Gas Field further

We believe that there are additional hydrocarbon deposits within the Ravva exploration block which are currently untapped. We expect that the Ravva Joint Venture members would agree to explore the Ravva block further and develop these untapped reserves.

Identify further oil and gas blocks that are suitable for exploration and production

We aim to identify further oil and gas blocks that are suitable for exploration and have potential for production. Should such blocks become available on terms that are attractive to us we plan to bid for the rights to exploit the hydrocarbons contained within them. Recently, we have acquired participating interests in certain blocks in Oman, Mozambique, Indonesia and Australia, East Timor and Brazil. We also aim to secure exploration interest in promising Blocks being operated by friendly, large exploration companies like Petrobras, Anadarko Corporation and Cairn Energy.

TELECOM

Videocon Telecommunications Limited one of the subsidiaries of the Company, has been awarded license to provide Unified Access Services in 21 local service areas and has also been allotted spectrum in 20 of these local service areas.

POWER

One of the subsidiaries of the Company, Pipavav Energy Private Limited ("PEPL") is implementing a 1200MW thermal power project in Gujarat, near Pipavav port, Village Bherai, Taluka Rajula, Dist. Amreli Gujarat. The project is proposed to be completed in two phases. PEPL has signed necessary Memorandum of Understanding with the Govt. of Gujarat whereby the Govt. of Gujarat has agreed to provide all required support to the project. PEPL has obtained necessary

environmental clearances from Gujarat Pollution Control Board for constructing the power plant and has also obtained CRZ clearance from State Department of Environment & Forest (DOEF). Acquisition of the necessary land required for the first phase of the project has been substantially completed and PEPL has invited bids for key equipments and necessary civil work and bathymetric survey work.

INDUSTRY

The information presented in this section has been extracted from publicly available documents and reports prepared by third party consultants, which have not been prepared or independently verified by the Company, the Manager or any of their respective affiliates or advisors. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution. Certain financial and other numerical amounts specified in this section have been subject to rounding adjustments; figures shown as totals may not be the arithmetic aggregation of the figures which precede them.

CONSUMER ELECTRONICS INDUSTRY

The consumer electronics industry has registered strong growth over the past few years. The Consumer Electronics and Home Appliances industry broadly comprises of Brown Goods, White Goods and Small Domestic Appliances.

Brown Goods	Colour Televisions, LCD, TVs, PDPs, CD and DVD Players, Cam Corders ,Still Cameras, Video Game Consoles, HiFi and Home Cinema System, Telephones, Answering Machines etc.,
White Goods	Air conditioners, Refrigerators, Washing Machine, Dish Washers, Drying Cabinets Microwave Ovens, Washing Machines, Freezers etc.,
Small Domestic Appliances	Iron, Vacuum Cleaners, Water Purifiers etc.,

Colour Televisions

Colour Televisions (CTV) is one of the dominant products in the Consumer Electronics segment. With the up gradation of technology, there has been a shift from conventional TVs to Flat TVs and from Flat TVs to Slim and Ultra Slim TVs. The markets are changing rapidly from the conventional CRT technology to flat panel display televisions. With the technology changing day by day, the new trends in television industry is Flat Panel Display (FPD). Undergoing metamorphosis, FPD market is turning from low volume, high pricing and low consumer awareness to affordable pricing and desire for enhanced technology and cinematic viewing experience. It comprises of Liquid Crystal Display (LCD) TV and Plasma (PDP) TV. The high end products, particularly LCD TVs continue on their growth path

LCD is the only technology other than CRT that extends down to less than 20 inch screen size thereby making it a natural replacement to CRT TVs. Currently Plasma TV extends down to 32 inch, but the CRT market is largely below this size i.e., 29", 21", 20" and 14".

Though Plasma TV also enjoys growth, it is feeling the heat from its LCD counterpart. Smaller and more affordable LCDs have managed to penetrate the market compared to the larger and more expensive plasma displays. PDP displays are offered from 37-inch upward screen size, whereas LCD TVs are available from 20-inch upwards.

The LCD TV segment in India is poised for significant growth in the coming years. The Indian market is witnessing a consistent growth in LCD TV sales. This growth has been spurred by a major drop in prices by leading brands coupled with widespread acceptance in worldwide markets. The consumer today does not prefer bulky and heavy CRT TVs with lower resolutions. High Density, space efficient sets are in vogue. LCD TVs offer better benefits in terms of convenience of space, better aesthetics, better picture quality, easy installation, low maintenance etc. The LCD TV finds popularity with the discerning consumers and the hospitality sector while the PDP with corporate buyers, shopping malls, airport and such other places of public viewing.

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

- Emergence of nuclear families.
- Phenomenal growth of media and entertainment in India and the flurry of television channels and the rising penetration of cinemas are also the growth drivers.
- Growth of organized retail.
- Higher disposable income with greater aspirations and demographics tilted towards younger customers.
- The demand for LCD TV is expected to emerge not only from urban areas but also from semi-urban areas.
- The narrowing price gap between conventional TV and Flat TV and similarly Flat TV and LCD TVs is one of the main drivers.
- The decline in prices of Colour Televisions that is expected to trigger surge in the demand of Colour Televisions especially LCD TVs
- Electrification in rural India and increasing aspirations of people in rural India.
- Multiple TV demand from middle and high income categories and replacement of convention to Flat and Flat to LCDs.
- Ready availability of wide array of products.
- The penetration level of CRT TVs in India is lower, as compared to other countries, worldwide.
- E-Commerce offers great benefits and has also turned out to be a growth driver. Consumers are willing to purchase branded items over the internet instead of moving around from one shop to other.

Some of the leading players in the colour television segment include Videocon, MIRC Electronics (Onida), International players such as LG, Samsung and Sony.

Refrigerators

Refrigerators are one of the most standard features in Indian middle class homes. Direct cool segment remains the dominant sector. However, frost free segment is witnessing the highest growth in the category and is expected to take over direct cool sales in coming years.

There has been a qualitative change in consumer preferences wherein consumers are willing to opt for higher end products resulting in the growth of frost free sales. Also, the sale of frost free segment is getting reinforced by the replacement purchases at urban and semi-urban areas. Owing to the lack of basic infrastructural requirements like electricity and voltage, the rural penetration level is still very low. Videocon, LG, Whirlpool, Samsung, Godrej, Electrolux and Kelvinator are the leading brands in the refrigerator market.

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

- Higher disposable income available with the youth with greater aspirations bringing about a qualitative change in the preferences.
- Emergence of nuclear family and changing lifestyle trends.
- Electrification in rural areas backed by strong aspirations.
- Changing perception of refrigerator as a utility product rather than a luxury product.
- Growth of organized retail.

Air Conditioners

India will continue its sustained growth in the Air Conditioners mainly on account of strong demand from consumers and corporate buyers. However, at the moment the Indian window Air Conditioner market is experiencing strong competition from mini splits. Demand from the residential Air Conditioner segment has witnessed a shift from window ACs to split ACs.

The Air Conditioner market in India 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, malls, hotels, restaurant, travel agencies have also contributed to the growth of Air conditioner markets. Another major

contributors to Indian AC Market has been the boom in the Indian software industry i.e., IT Parks, Call centers and BPOs.

Rise in input costs especially steel, copper and aluminum continue to be an area of concern.

The leading brands in the AC market are LG, Samsung, Videocon, Onida, Voltas, Electrolux and Godrej. The growth drivers of Air conditioners are:

- Increase in disposable incomes.
- Boom in the real estate industry.
- Easy finance options.
- Low penetrations.
- Acceptance of Air Conditioners as a utility product rather than a luxury.

Washing Machines

Washing Machines are now increasingly finding a place in Indian homes. The high-end segment comprises of fully automatic and front loaders and low-end segment comprises of semi automatic and top loaders.

The fully automatic category is showing a higher growth rate, but the semi automatic continues to dominate in terms of market share. Key growth drivers for the fully automatic segment have been diminishing price differential between the high – end and low-end ranges and minimal manual intervention during the washing process. The leading brands in the washing machine market are Videocon, LG, Whirlpool, Electrolux and Samsung.

Microwave oven

The Indian Microwave oven market consists of the grill and convection segments and the solo segment. The solo segment is slowly losing its popularity in urban and semi-urban cities but still has some demand in rural areas or smaller cities, due to low prices.

The convection segment continues to register the maximum growth. The higher growth of convection category is on account of growing consumer awareness of microwave oven as a cooking device. Further, in recent times, the convection category of microwave ovens has become more affordable.

The leading brands in the micro-wave segment include Videocon, LG, Samsung and Whirlpool.

Oil and Gas Industry

India is today the 5th largest consumer of energy and imports close to 75% of its oil requirements (Source: DGH). In the past few years, country's economy has witnessed a healthy 7% to 9% growth rate. To sustain this high growth, India needs substantial quantity of crude and natural gas.

The exploration for hydrocarbons in India began in Assam in 1866, with the country's first discovery made at the Digboi oilfield in 1890. The industry received a fillip in the 1950s, when the GoI entered the oil and gas sector by establishing the Oil and Natural Gas Directorate (the predecessor to ONGC) in 1955, creating state-owned refinery companies (Indian Refineries Limited in 1958 and Indian Oil Company Limited in 1959, which were merged in 1964 to form the Indian Oil Corporation), and forming exploration and development joint ventures with existing domestic and foreign oil and gas companies (Oil India Limited with the Burma Oil Company and the Assam Oil Company, and Indo-Stanvac Petroleum Company Limited, a joint venture between the GoI and Standard Vacuum Oil Company).

The 1960s were increasingly dominated by state-owned entities and joint ventures between the GoI and private oil and gas companies. In the 1970s, the GoI implemented nationalization policies, taking over the operations of companies such as IBP, Esso, Caltex and Burmah-Shell.

Virtually all aspects of the oil and gas industry were highly regulated, including investment, exploration, production, distribution and pricing of all petroleum products sold in the market.

The first commercial offshore hydrocarbon discovery was made at Bombay High in 1974. Following the discovery of several oilfields between 1960 and 1990, domestic crude oil production rose from 3.0 million tonnes in 1965 to 34.2 million tonnes in 1990.

In the 1990s, as India's reliance on oil imports increased, the GoI embarked on a series of reforms aimed at reducing India's dependence on imports, deregulating the industry, improving efficiency and encouraging private and foreign investment. In accordance with the liberalization process and in order to introduce new technology for increasing oil production, the GoI offered 69 small and medium-sized oil and gas fields, both onshore and offshore, to the private sector in 1992 and 1993. Since 1993, the GoI has signed PSCs for 28 exploration blocks under pre-NELP rounds. Out of these 28 blocks, 11 blocks have since been relinquished or surrendered, 16 exploration blocks are under operation and 1 block has been converted to mining lease (*Source: DGH*).

In 1997, NELP was implemented. Under the first round of NELP bidding, the GoI invited bids for 48 blocks for exploration of oil and natural gas. In the subsequent five rounds of NELP, the GoI offered 25, 27, 24, 20 and 55 blocks, respectively. In the seventh and latest completed round of NELP, the GoI has offered 57 blocks, and 44 blocks were awarded (*Source: Business Standard*).

In the eighth round of NELP a total of 70 blocks have been offered. These include 24 deepwater blocks, 28 shallow water blocks, 8 onland blocks and 10 Type-S blocks. A total of 76 bids have been received for 36 blocks. A total of 62 companies comprising 10 foreign companies and 52 Indian Companies have bid on their own or as a part of consortia. (*Source: Ministry of Petroleum & Natural Gas*).

With the formulation of NELP, the ministry's objective of increasing the pace of reserve accretion appears to be achieving results with discoveries and accretion of domestic reserves. A large proportion of these discoveries can be attributed to private sector, owing largely to its ability to deploy best available technical expertise worldwide, making their finds per block ratio more favourable than PSUs. Therefore, despite aggressive bidding by PSU players, no major find has yet been announced by them (the potential of ONGC's find in Cambay and KG basins is currently under assessment).

DOMESTIC ENERGY DEMAND

The Indian economy has grown at a rapid pace over the past 5 years leading to an increase in domestic energy consumption. However, the increase in demand for petroleum products in India has lagged behind the growth in GDP. During the 5-year period ended March 31, 2009, the consumption of petroleum products has grown significantly from 107,751 thousand metric tons in fiscal 2004 to 133,599 thousand metric tons in fiscal 2009 (*Source: PPAC, August 2009*).

The following table sets forth total domestic consumption of petroleum products over the last 5 years.

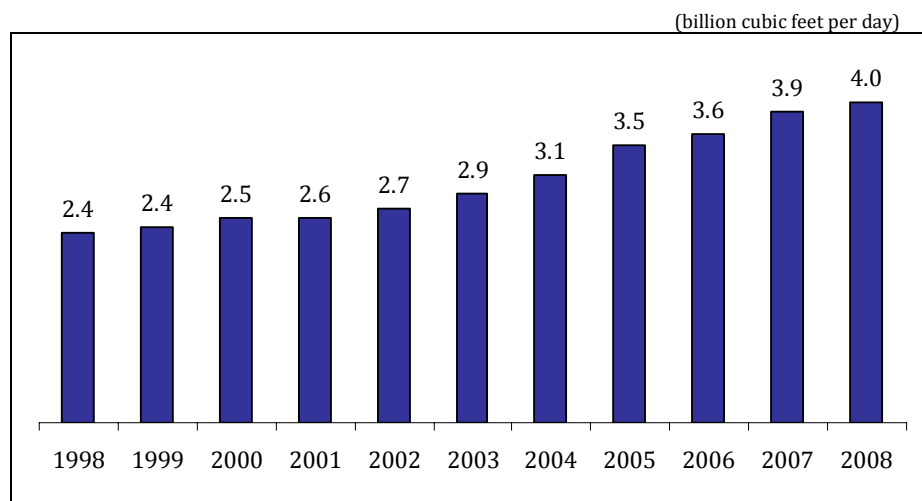
PRODUCTS	Quantity in '000 MTs					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
LPG	9,305	10,245	10,456	10,849	12,165	12,344
MS	7,897	8,251	8,647	9,286	10,332	11,243
NAPHTHA/NGL	11,868	13,993	12,194	13,886	13,294	13,911
ATF	2,484	2,813	3,299	3,983	4,543	4,423
SKO	10,230	9,395	9,541	9,505	9,365	9,303
HSD	37,074	39,650	40,191	42,896	47,669	51,725
LDO	1,619	1,477	883	720	667	552
LUBES	1,427	1,336	2,081	1,900	2,290	2,000
FO/LSHS	12,945	13,540	12,829	12,618	12,717	12,588

BITUMEN	3,373	3,339	3,508	3,832	4,506	4,747
PET COKE	2,877	3,129	4,928	5,441	5,950	6,166
OTHERS	6,652	4,467	4,658	5,834	5,449	4,597
TOTAL	107,751	111,634	113,213	120,749	128,946	133,599

Source: PPAC August 2009

Over the past 5 years, domestic natural gas consumption has grown significantly in absolute terms, from approximately 2.42 BCF per day in 1998 to 4.0 BCF per day in 2008 (*Source: BP Statistical Review of World Energy, 2009*), representing a CAGR of approximately 5.4%.

The following table shows the growth in natural gas consumption in India over the past decade

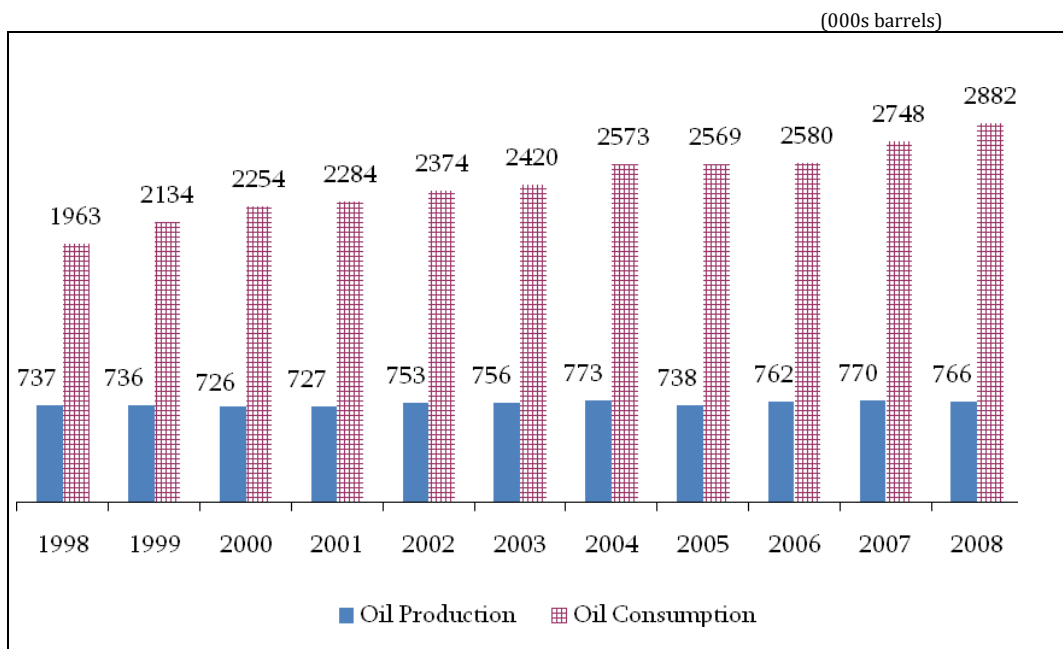


Source: BP Statistical Review of World Energy. 2009

Crude oil demand is projected to increase significantly over the next decade. Rising global crude oil prices have triggered increased domestic exploration and production activity. Gas demand is also expected to rise significantly driven by greater industrialization, increase in need for power and other allied activities such as petrochemicals, fertilizers and city wide gas distribution.

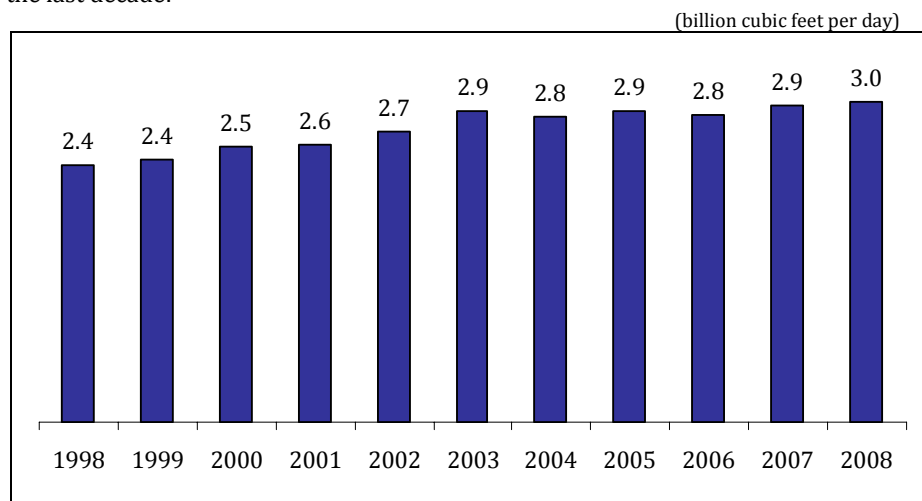
DOMESTIC OIL AND NATURAL GAS PRODUCTION

Despite an increase in exploration activities, India continues to be a net importer of crude oil and natural gas. The following chart sets forth the total daily domestic production and consumption of crude oil in India for the ten-year period ended December 31, 2008.



Source: BP Statistical Review of World Energy, 2009

India is also a growing consumer of natural gas. A gap between consumption and production of natural gas has developed up during the last three years and India is increasingly becoming a net importer. An expansion in industrial activities, growing domestic demand and an expansion of power/fertilizer and petrochemical plants have caused demand to significantly outstrip gas production. The following chart sets forth the daily production of natural gas in Billion Cubic Feet over the last decade:



Source: BP Statistical Review of World Energy, 2009

India's production of both crude oil and natural gas is dominated by ONGC and Oil India Limited. The remainder of the domestic crude oil production comes primarily from public sector/private sector joint ventures, mostly producing in offshore areas.

Significant private-sector participants in the country's crude oil production joint ventures include Reliance Industries Limited, British Gas, Cairn Energy and Petrocon (formerly Videocon).

EXPLORATION

As of April 1, 2008, India's total hydrocarbon resources, including deep-water resources, are estimated at 28,085 MMT of oil and oil equivalent gas, of which 9,270 MMT of oil and oil equivalent gas is onland or onshore and 18,815 MMT of oil and oil equivalent gas is offshore (Source: DGH – Petroleum Exploration and Production Activities, India 2007-08).

The sedimentary basins of India, onland and offshore up to the 200m isobath, have an areal extent of about 1.79 million sq. km. So far, 26 basins have been recognized and they have been divided into four categories based on their degree of prospectivity as presently known. In the deep waters beyond the 200m isobath, the sedimentary area has been estimated to be about 1.35 million sq. km. The total thus works out to 3.14 million sq. km. (Source: DGH)

Over the last twelve years, there have been significant forward steps in exploring the hydrocarbon potential of the sedimentary basins of India. The unexplored area has come down to 15% which was 50% in 1995-96. (Source: DGH)

Domestic exploration and development activity was historically highly regulated, with work being exclusively undertaken by two national oil companies, Oil India Limited and ONGC. Regulatory bottlenecks and lack of serious competition has historically impeded investment in exploration and production activities. However the recent spike in oil price and ongoing selective deregulation since early 2000, has spurred greater investments into the sector.

In the last 8 years, India's national oil companies, private and joint venture companies have made 183 significant hydrocarbon discoveries of which 60 are in NELP Blocks. During fiscal 2008, a total of 67 discoveries were made of which ONGC made 38 significant hydrocarbon discoveries, Oil India Limited made 8 significant hydrocarbon discoveries and the private and joint venture companies have made 21 significant hydrocarbon discoveries. These discoveries were made in Kutch and Mumbai Basins, western offshore, KG basin, eastern offshore, Upper Assam Shelf, Krishna-Godavari Offshore, Mahanadi-NEC Offshore, Gulf of Cambay, onland Rajasthan and Cambay Basins (Source: DGH).

Although exploration activities have increased with the entry of new participants, to a significant degree a number of large basin areas remain unexplored. The following table sets forth the basins, in terms of prospectivity.

Basin Name	Onland Area	Offshore Area	Total
Proven Commercial Productivity			
Assam-Arakan	116,000	-	116,000
Cambay	51,000	2,500	53,500
Cauvery	25,000	30,000	55,000
Krishna-Godawari Offshore	28,000	24,000	52,000
Mumbai Offshore	-	116,000	116,000
Rajasthan	126,000	-	126,000
Identified Productivity			
Basin Name	Onland Area	Offshore Area	Total
Kutch	35,000	13,000	48,000
Mahanadi-Nec	55,000	14,000	69,000
Andaman-Nicobar	6,000	41,000	47,000
Potentially Prospective			
Basin Name	Onland Area	Offshore Area	Total
Bastar	5,000	-	5,000
Bhima Kaladgi	8,500	-	8,500
Chhattisgarh	32,000	-	32,000
Cuddapah	39,000	-	39,000
Deccan Syneclise	273,000	-	273,000
Karewa	3,700	-	3,700

Narmada	17,000	-	17,000
Pranhita Godavari	15,000	-	15,000
Satpura-S.Rewa-Damodar	46,000	-	46,000
Spiti Zaskar	22,000	-	22,000

Prospective Basins

Basin Name	Onland Area	Offshore Area	Total
Bengal	57,000	32,000	89,000
Ganga Valley	186,000	-	186,000
Himalyan Foreland	30,000	-	30,000
Kerla-Konkan Lakshdweep	-	94,000	94,000
Saurashtra	52,000	28,000	80,000
Vindhyan	162,000	-	162,000

Source: DGH

HISTORY AND CERTAIN CORPORATE MATTERS

Incorporation

Our Company was originally incorporated under the Companies Act, 1956 on September 4, 1986 as Adhigam Trading Private Limited in Gujarat and consequent to a Special Resolution dated February 8, 1991, the name of the Company was changed to Videocon Leasing and Industrial Finance Private Limited with effect from February 14, 1991 and subsequently was converged into a public company on "February 14, 1991 and the word "Private" was deleted from the name.

We commenced business as a lease financing Company in 1991. The Company later entered other areas of business such as manufacturing and dealing with consumer electronics products and home appliances as well as oil and gas. To reflect the change in activities of the Company, the Company by a resolution dated November 10, 2003 changed its name to Videocon Industries Limited w.e.f. December 17, 2003.

The Company was originally incorporated in Gujarat with its registered office at Sheth L. D., Vanda Pankor Naka, Ahmedabad. The Company vide a Board Resolution dated January 24, 1990 shifted the registered office from Sheth L.D. Vanda Pankor Naka, Ahmedabad to 403, Aniket, C.G. Road, Navrangpura, Ahmedabad, Gujarat. Further, the Company's registered office was later shifted to 1st Floor, Urja House, Near Swastik Char Rasta, Navrangpura, Ahmedabad vide a resolution passed by the Board dated January 8, 1991.

Subsequently, vide an order of the Company Law Board, Western Region Bench, the registered office of the Company was shifted from Gujarat to Maharashtra at Gangapur Gin Compound, Station Road, Ahmednagar and Maharashtra with effect from October 29, 1996. The Registrar of Companies, Gujarat on October 14, 1996 approved the transfer of our registered office from the State of Gujarat to the State of Maharashtra, which was subsequently confirmed by the Registrar of Companies, Maharashtra on October 29, 1996.

The Company by a resolution dated October 21, 1999 approved the shifting of the registered office to Auto Cars Compound, Adalat Road, Aurangabad, Maharashtra.

Further, the Company by a special resolution dated 11th August, 2007 approved the shifting of the Registered Office to 14 K.M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist: Aurangabad 431 105, Maharashtra, India.

Our business presently comprises of two segments viz., Consumer Electronics Home Appliances and components; and Oil and gas. Besides this the Company through its subsidiary companies has ventured into the telecommunication services and power generation and distribution.

Main Objects of the Company:

1. To carry on in India and abroad the business to trade, manufacture, fabricate, assemble, alter, brand, convert, export, import, exchange, install, produce, purchase, sell or otherwise trade, resale, repair, renovate, produce, barter, promote, contract, subcontract, service, supply and to act as an agent, representative, collaborator, franchiser, stockist, distributors, consignor, export trading house, transporters, re-condition, display, forwarding and/or commission agent, dealer or otherwise deal in electronic/electrical consumer durables and home appliances, all kinds of electrical and electronic goods, electrical and electronic components, assemblies, instruments, equipment, systems, appliances, gadgets, conductors, capacitors, resistors, micro processors, computers and its accessories, spares, attachments, software, monitors, audio and video equipment's and their accessories, video games, tapes cassettes audio and vide tape duplicators, tele-printers, printers, photo copying machines, robots, watches, calculators, cinematograph films, recording equipments, reproducing equipments including their ramifications in cognate, technological advancements, Compressors, Glass Shells, picture tubes, house hold items, calculating machines, cellular phones, mobile phones, pagers, facsimile machines, franking machines, cameras, television and wireless sets, cold storage's, textiles, handloom and powerloom and other garments invertors, generators,

stationers, leather items, telecommunication equipments, office equipments, ferrous and non-ferrous metals including steels, industrial equipments, games and gaming solutions of all types including on line lotteries, film, tele film and sops producers, wireless equipments, printing machines, monitors, digital diaries, epx, sewing machines, and their components, cements, building materials, industrial machines.

2. To carry on the business of Exploration, Extraction, Refining and distribution/marketing of different hydro carbons like oil, gas and other oil equivalents and to carry on the business of refining all kinds of oils including of petroleum crude oil, manufacturing of refined oils, perfumed and all other types of oils, and extracting by-products thereof, and carrying on manufacturing, trading or any other transactions relating to any of these products or any of the down stream products of these products, such as natural gas, liquid petroleum gas, high diesel petroleum, bitumen, lubricants and to carry on the business and sale of any kinds of oil products including petroleum, to act as dealers and distributors thereof for any company, and distribution of any kind of oils including petroleum and to manufacture or deal in fuel oil, cutting oils, greases and any other by-products or waste from any oil.
3. To generate, accumulate, transmit, distribute, supply and trade in electricity for the purpose of light, heat, motive power and for any and all other purposes for which electrical energy can be employed and to manufacture and deal in all apparatuses and things required for or capable of being used in connection with the generation, transmission, distribution, supply, or otherwise trade in, accumulation and employment of electricity, all power that may directly or indirectly derived there from or may be incidentally hereafter discovered while generating electricity and to establish, operate and maintain generating stations, substations, transmission lines, dedicated transmission lines and distribution systems and to carry on the business of trading in electricity in any form and of general electric power supply company in all the branches and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theatres, buildings and places of both public and private and to supply energy.
4. To take on lease under licence, concession, grant, buy or otherwise acquire minerals including coal and fuel and source of minerals and fuel, including mining block or mining rights within or outside India, from any government or statutory authority or any other entity, for mining of minerals, including coal or any other substance, and to sell, distribute, trade in or deal in the said minerals in any form.
5. To carry on, manage, supervise and control in India or abroad the business of telecommunication, telecommunication infrastructure, telecommunication systems, telecommunication networks, and telecommunication services of all kinds with whatever technology whether existing or that may evolve or emerge in future, including but not limited to creating international dialing network and provide services of all sorts of telecommunications, overseas dialing, data transfer, setting up telephone exchanges, coaxial stations, telecommunications lines and cables of every form and description transmission, emission, reception through various forms, maintaining and operating all types of telecommunication services and providing data programmes and data bases for telecommunication in the Telecom Industry whether of a private or a public character or any joint venture with any government or other authority or any person in India or elsewhere and to provide and to promote & establish companies, funds, associations or partnerships or joint ventures for providing telecom networks and to run and maintain telecom services like basic/fixed line services, cellular/mobile services, paging, video-text, voice mail & data systems, private switching network services, transmission networks of all types, computer networks like local area network, wide area network, electronic mail, intelligent network, multimedia communication systems or any combination thereof and for execution of undertakings, works, projects or enterprises in the Telecom Industry whether of a private or a public character or any joint venture with any government or other authority in India or elsewhere and to make investments in shares/securities in such companies and/or to enter into joint venture / partnership with such companies carrying on the abovementioned activities.

Changes in the Memorandum of Association

Date	Nature of Amendment
December 28, 1987	Special Resolution passed for increase in Authorised Share Capital from Rs. 50,000 to Rs. 10,00,000 under Section 94 of the Companies Act, 1956.
February 8, 1991	Change of the Name of the Company from “Adhigam Trading Private Limited” To “Videocon Leasing and Industrial Finance Limited” by special resolution under Section 21 of the Companies Act, 1956.
February 08, 1991	Ordinary resolution for increase in Authorised capital from Rs.1 million to Rs.20 million.
February 08, 1991	Special Resolution passed for conversion of Company into a public company under Section 31 read with Section 44 of the Companies Act, 1956.
May 20, 1992	Consent accorded by an ordinary resolution for increase in Authorised Capital from Rs. 20 Million to Rs. 350 Million.
June 23, 1992	Special Resolution for commencement of certain businesses incorporated in the Incidental and Other Objects Clause of the Memorandum of Association by Special Resolution under Section 17 of the Companies Act, 1956.
September 23, 1993	Alteration of the Objects Clause of the Memorandum of Association by Special Resolution under Section 17 of the Companies Act.
October 29, 1996	Company's registered office shifted from Gujrat to Maharashtra
November 10, 2003	Special resolution passed vide postal ballot for alteration in the Other Objects Incidental or Ancillary to the Attainment of the Main Objects of the Memorandum and consequent change of name of Company from Videocon Leasing Industrial Finance Limited to Videocon Industries Limited.
April 13, 2005	Increase in the Authorised Capital from Rs. 350 Million to Rs. 3000 Million approved by an Ordinary Resolution under Section 94 of the Companies Act.
November 11, 2005	Special Resolution passed vide Postal Ballot for re-drafting the Main Object Clause of the Memorandum of Association of the Company so as to reflect the oil and gas and consumer electronics business of the Company under Section 17 of the Companies Act.
March 31, 2006	Ordinary Resolution for increase in the Authorised Share Capital from Rs. 3,000 Million to Rs. 6,000 Million under Section 94 of the Companies Act.
August 11, 2007	Special resolution passed vide postal ballot for alteration in the Main Object Clause of the Memorandum of Association of the Company by insertion of the object relating to business of generation and supply of power and business of mining and minerals including coal.
December 26, 2007	Special resolution passed vide postal ballot for alteration in the Main Object Clause of the Memorandum of Association of the Company by insertion of the object relating to telecommunication business.
May 21, 2009	Special resolution passed vide postal ballot for alteration in the Main Objects, i.e. clause 6 of the Objects Clause of the Memorandum of Association of the Company to incorporate therein enabling power to the Company to extend guarantees for various types of obligations, whether monetary or otherwise, on behalf of others.

Some of Key Milestones of the Company (including by erstwhile Videocon International) include:

Year	Event
1987	Commencement of production of colour & black/white televisions and washing machines
1989	Commencement of production of home entertainment systems, electric motors and air-conditioners

1991	Commencement of production of refrigerators and coolers
1995	Commencement of production of glass shells for color picture tubes
1996	Commencement of production of kitchen appliances
1996	Commencement of production of crude oil
1998	Commencement of production of compressors and compressor motors
2005	Acquisition of CPT business(es) by Eagle Corporation Limited
2005	Amalgamation of erstwhile Petrocon with the Company.
2005	Amalgamation of erstwhile Videocon International with the Company.
2005	GDR issue by the Company. These GDRs are listed on the Luxembourg Stock Exchange.
2006	FCCB Issue of US\$90 MN and US\$105 MN. These FCCBs are listed on Singapore Exchange Securities Trading Limited.
2006	Amalgamation of erstwhile EKL with the Company.
2007	The Consortium comprising of the Company was allotted production sharing contract 06-103 in the Joint Petroleum Development Area located in the Timor Sea between Australia and Timor-Leste.
2007	Signed an agreement with Encana Corporation and 749739 Alberta Limited for buying its stake in IBV Brasil Petroleo Limited.
2008	The Company through one of its subsidiaries has been granted a Letter of Intent for providing mobile phone services on Pan India basis.
2008	Desubsidiarisation of Eagle Corporation Limited consequent to dilution.
2008	Videocon Energy Resources Limited, an overseas wholly owned subsidiary of the Company executed a Participation Agreement with Anadarko Mozambique Area 1 Limitada, a Mozambique based indirectly wholly owned subsidiary of Anadarko Petroleum Corporation. USA
2009	Signed agreements for acquiring oil block in Indonesia.
2009	Allotted 1,17,65,000 warrants to Bennett, Coleman & Company Limited with an option to BCCL to subscribe to 1,17,65,000 equity shares.
2009	Forfeited 43,948 Equity Shares in respect of which the allotment/call money were due and unpaid.
2009	Allotted 18,58,275 Equity Shares on preferential basis.

HISTORY OF THE COMPANY:

We were incorporated under the Companies Act, 1956 with limited liability in India on September 4, 1986 and commenced business as a lease financing Company in 1991. Our shares were listed on BSE in 1993 and on NSE in 1996. We ceased writing new leasing and hire purchase contracts in 1997. We engaged in various ancillary businesses from 1998 to 2001, all of which have now ceased or been disposed of.

Merger of New Design Finance & Investments Private Limited, Verka Investments Private Limited, Wide Range Credit & Investments Private Limited and Banganga Investments Private Limited.

In 1997 four companies viz. New Design Finance & Investments Private Limited, Verka Investments Private Limited, Wide Range Credit & Investments Private Limited and Banganga Investments Private Limited were merged with the Company pursuant to the scheme of amalgamation which was sanctioned by the High Courts of Mumbai and Delhi vide orders dated January 21, 1999 and May 10, 1999 respectively. The merger was effective from August 24, 1999.

3,000 Equity Shares of the Company were allotted for each equity share of Banganga Investments Private Limited, 10 Equity Shares of the Company were allotted for every 19 equity shares of New Design Finance & Investments Private Limited, 21 Equity Shares of the Company were allotted for every 19 equity shares in Wide Range Credit & Investments Private Limited while 487,000 Equity Shares of the Company were allotted for every 19 equity shares of Verka Investments Private Limited.

Merger of Reasonable Electronics Private Limited

In 2003, Reasonable Electronics Private Limited (Reasonable Electronics), merged with us pursuant to a scheme of amalgamation sanctioned by the High Courts of Mumbai and New- Delhi vide their orders dated February 13, 2003 and April 29, 2003 respectively and the merger was effective from June 13, 2003. The shareholders of Reasonable Electronics were given 1,47,211 Equity Shares of the Company for each equity share held in Reasonable Electronics.

Merger of Petrocon

In 2005, our subsidiary, Petrocon, merged with us pursuant to a scheme of amalgamation approved by the High Court at Mumbai vide an order dated May 6, 2005 and the merger became effective on June 7, 2005. Pursuant to this merger, the Company acquired the interest of Petrocon in the Ravva Oil and Gas Field. The equity shareholders of Petrocon were allotted five Equity Shares of the Company for every two fully paid shares held in Petrocon.

Merger of Videocon International

In 2005, Videocon International merged with us pursuant to a scheme of amalgamation sanctioned by the High Court at Mumbai on November 25, 2005. The scheme became effective on December 7, 2005. Pursuant to this merger, the Company acquired the Consumer Electronics & Home Appliances business. The equity shareholders of Videocon International were allotted one Equity Share of the Company for every five fully paid equity share held in Videocon International. The preference shareholders of Videocon International were allotted one fully paid preference share of the Company for each preference share held in Videocon International.

Eagle Corporation Limited

On February 28, 2005, Eagle Corporation Limited (19% held by us) acquired a CPT manufacturing facility in Italy from Thomson. Subsequently, on September 30, 2005, Eagle Corporation, acquired from Thomson various other CPT manufacturing facilities. On December 13, 2005, Eagle Corporation Limited became a wholly owned subsidiary of the Company. In March 2008, the Company's holding in Eagle Corporation Limited reduced to 10% owing to further issue of capital by Eagle Corporation Limited.

Issue of GDRs

In June 2005, we issued 7,500,000 GDRs for US\$ 75mn at a price of US\$ 10 per GDR. Subsequently, in July 2005, we issued to AB Electrolux (publ) 9,410,145 GDRs at a price of US.\$ 10 per GDR.

We issued to Thomson S.A., Thomson Investment India Limited and Gallo 8 S.A.S. (together collectively "Thomson") 28,650,000 GDRs at a price of US\$ 10 per GDR on September 30, 2005 and 217,200 GDRs at a price of US\$ 10 per GDR on December 21, 2005.

Shareholders' Agreement

The Company and some Promoter Group Entities (the "said Promoter Entities") have entered into a shareholders' agreement (Shareholders' Agreement) dated September 30, 2005 with Thomson. The key terms of the Shareholders' Agreement include (i) the right to Thomson S.A. to appoint a Director (ii) a put option to Thomson to sell the Equity Shares in the Company to the said Promoter Entities at the then prevailing market price during the specified option period and (iii) a "tag-along" right to Thomson in the event of sale of majority holding by the said Promoter Entities. In terms of the Shareholder Agreement, the said Promoter Entities have the first right of refusal in certain circumstances.

Merger of EKL with the Company

On July 21, 2006, EKL merged with us. Pursuant to the scheme, the other equity shareholders of EKL were allotted 416 Equity Shares. Mr. Venugopal N. Dhoot, a major shareholder of EKL waived his entitlement to receive equity shares.

Warrant Subscription Agreement with Bennett, Coleman and Company Limited

On June 01, 2009 the Company allotted 1,17,65,000 warrants to BCCL, giving an option to subscribe to 1 Equity Share per warrant at a price of Rs. 170/- within 18 months from the date of allotment of the warrants. BCCL has made an upfront payment of Rs. 42.50 per warrant, aggregating to Rs. 500,012,500/- If the warrants are not exercised, the upfront payment shall stand forfeited. The warrants shall be locked-in for a period of 18 months and Equity Shares allotted on exercise of warrant shall be locked in for a period of 33 months from the date of allotment of warrants.

OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than three and not more than twelve Directors. We currently have eleven Directors on our Board.

The following table sets forth details regarding our Board of Directors as of the date of filing the Letter of Offer with SEBI:

Board of Directors:

Sr. No.	Name, Designation, Category, DIN, Father's Name Address, Occupation	Nationality	Age	Date of Appointment	Other Directorships (Public & Private Ltd)
1.	Mr. Venugopal N. Dhoot Chairman and Managing Director <i>Executive</i> DIN: 00092450 (s/o Mr. Nandlal Dhoot) 101, Videocon House, 1 st Floor, 90, Manav Mandir Road, Nepean Sea Road, Opp. J. M. Mehta Bus Stop, Mumbai – 400006. Occ: Industrialist	Indian	58 years	01/06/2005	1. Value Industries Limited 2. Trend Electronics Limited 3. KAIL Limited 4. Next Retail India Limited 5. Videocon Realty & Infrastructures Limited 6. Videocon International Electronics Limited 7. Bharat Hotels Limited 8. Evans Fraser & Co. (India) Limited 9. Rural Electrification Corporation Limited 10. Solitaire Appliances Private Limited 11. TekCare India Private Limited 12. Shyadhri Consumer Electronics (India) Private Limited 13. Nippon Investment & Finance Co. Private Limited 14. Waluj Components Private Limited 15. Dome-Bell Electronics India Private Limited 16. Universal Mobile Towers Private Limited 17. Bharat Broadcasting Corporation Private Limited 18. Eshwar Home Appliances Private Ltd 19. Carl Jay Optics Private Limited 20. Quadrant Enterprises Private Limited 21. Jumbo Techno Services

					Private Limited 22. Senior Consulting Private Limited 23. Videocon Power Ventures Limited 24. Videocon Energy Limited 25. Videocon Oil Ventures Limited 26. Marathwada Medical Research and Rural Development Institution 27. Associated Chamber of Commerce and Industry of India (Past President/Director)
2.	Mr. Pradeepkumar N. Dhoot* Whole Time Director Executive DIN:01635315 (s/o Mr. Nandlal Dhoot) 99, Videocon House, 1st Floor, Manav Mandir Road, Napean sea Road, Mumbai - 400 006. Occ: Industrialist	Indian	50 years	16/02/1991	1. Value Industries Limited 2. Trend Electronics Limited 3. Applicomp (India) Limited 4. Next Retail India Limited 5. Videocon Realty & Infrastructures Limited 6. Techno Electronics Limited 7. Videocon India Limited 8. Infodart Technologies India Limited 9. Videocon Semiconductor Limited 10. Videocon International Electronics Limited 11. Platinum Appliances Private Limited 12. Greenfield Appliances Private Limited 13. Sycamore Growmore Private Limited 14. Conifer Textiles Private Limited 15. International Air Charter Operations India Private Limited 16. Videocon Telecommunications Limited 17. Loyalty Management Insights Network and Exchange Private Limited 18. Universal Mobile Towers Private Limited 19. Display Devices Private Limited

					20.Datacom Telecommunications Private Limited 21.Quadrant Enterprises Private Limited 22.Unity Appliances Limited 23.Videocon Power Ventures Limited 24.Marathwada Medical Research and Rural Development Institution
3.	Mr. S. Padmanabhan* Independent (s/o. Mr. Doraiswamy Subramanian) DIN:00001207 Occ: Consultant 30, Vishrambaug Society, Senapati Bapat Marg, Pune-411016, Maharashtra.	Indian	70 Years	01/06/2005	1. Trend Electronics Limited 2. KAIL Limited 3. Force Motors Limited 4. Premier Limited 5. Rajkumar Forge Limited 6. Sanghvi Movers Limited 7. Sudarshan Chemical Industries Limited 8. Videocon Power Limited 9. Applicomp (India) Limited 10. Desai Brothers Limited 11. Videocon Energy Holdings Limited 12. Next Retail India Limited 13. Aquapharm Chemicals Private Limited 14. Goa Energy Private Limited 15. Pipavav Energy Private Limited
4.	Major General Sudhir Chintamani Nilkanth Jatar* Independent DIN: 00393605 (s/o Mr. Nilkanth Jatar) A-102, Neel Sadan, 1426, Sadashiv Peth, Pune - 411030 Occ: Consultant	Indian	77 years	01/06/2005	1. Prize Petroleum Co. Limited
5.	Mr. Satya Pal Talwar* Independent DIN: 00059681 (s/o Mr. Tek Chand	Indian	70 years	08/12/2005	1. Crompton Greaves Limited 2. Housing Development & Infrastructure Limited

	Talwar) 163, Beach Tower, Prabhadevi, Mumbai 400 025 Occ: Consultant				3. Kalpataru Power Transmission Limited 4. Reliance Communications Limited 5. A.B.Hotels Limited 6. Reliance Communications Infrastructure Limited 7. Reliance General Insurance Co. Limited 8. Reliance Infratel Limited 9. Reliance Life Insurance Co. Limited 10. Uttam Galva Steels Limited 11. GTL Infrastructure Limited 12. HDIL Investment Advisors Private Limited 13. Hotel Queen Road Private Limited
6.	Mr. Arun L. Bongirwar* Independent DIN: 00046738 (s/o Mr. Laxman Bongirwar) Flat 10A, Nyay Sagar Co- operative Hsg Soc. Opp Gurunanak Hospital, Madhusudan Kalelkar Marg, Kalanagar, Bandra (East), Mumbai 400 051. Occ: Consultant	Indian	66 years	08/12/2005	1. Wanbury Limited 2. Airports Authority of India Limited 3. JSW Infrastructure Limited
7.	Mr. Ajay Saraf Nominee - ICICI Bank Limited DIN: 00074885 (s/o Mr. Radhey Shyam Saraf) ICICI Bank Limited North Tower, 4th Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Occ: Service	Indian	39 years	07/07/2005	1. CESC Limited 2. Eveready Industries India Limited
8.	Mr. Radhey Shyam Agarwal* Independent Director DIN: 00012594	Indian	67 years	30/03/2009	1. Madras Cements Limited 2. Ramco Industries Limited

	(s/o. Mr. Dalchand Agarwal) A-102, Chaitanya Towers, Near Karur Vysya Bank, Prabhadevi, Mumbai - 400025 Occ: Consultant				3. Deccan Cements Limited 4. Ramco Systems Ltd 5. Elegant Marbles & Granite Industries Limited 6. Suryalata Spinning Mills Limited 7. Surya Lakshmi Cotton Mills Limited 8. NRC Limited 9. Unimers India Limited 10. GVK Jaipur Expressway Private Limited
9.	Ms. Birgit Gunilla Antonio Nordstrom-Nominee -AB Electrolux (publ)* DIN: 02500668 (d/o Mr. Lennart Nordstrom) 130, Cairnhill Road # 19 - 02, The Edge on Cairnhill, Singapore - 229717. Occ: Service	Swedish	51 years	23/01/2009	NIL
10.	Mr. Karun Chandra Srivastava* Independent Director DIN: 00314951 (s/o Mr. Aditya Prasad Srivastava) 306, Shalaka, Maharshi Karve Marg, Mumbai-400021.	Indian	66 years	09/04/2007	1. Grauer & Weil (India) Limited 2. Nu Power Renewables Limited 3. D B Realty Limited 4. Gokuldharm Real Estate Development Company Pvt. Limited
11.	Dr. Birendra Narain Singh Nominee - IDBI Limited DIN: 02387356 (s/o Mr. Ram Nagina Singh) MMB 1/163 Sector B, Sitapur Road Scheme, Jankipuram, Lucknow - 226 021, Uttar Pradesh Occ: Retired Banker	Indian	66 years	27/10/2008	NIL

*Directors liable to retire by rotation

Brief Biographies of our Directors

a) Mr. Venugopal N. Dhoot

Mr. Venugopal N. Dhoot, 58, industrialist, is an engineering graduate from Pune University. He has experience spanning over three decades in diversified fields such as consumer electronics and home appliances, oil & gas and power. He is one of the promoters of the Company. He was appointed to the office of Chairman and Managing Director for a period of 5 years with effect from September 01, 2005 and is not liable to retire by rotation. He was the President of the Associated Chambers of Commerce and Industry in India. Presently, he is President of Electronic Industries Association of Marathwada, Member Advisory committee of Pune University Information Employment and Guidance and Advisor to the Govt. of Orissa for industrial development of Orissa. He is the brother of Mr. Pradipkumar N Dhoot, the whole-time director of the Company

b) Mr. Pradipkumar N. Dhoot

Mr. Pradipkumar N. Dhoot, 50, industrialist, is a Commerce graduate with over two decades of diversified business experience in an array of fields such as consumer electronics and home appliances, and oil and gas industry. He is one of the promoters of the Company. He was appointed as the Whole-time Director for a period of 5 years with effect from November 20, 2005. He is a member of Young President Organization and Society for Information Display. He was conferred with the Man of Electronics Award by CETMA in 2005. He is the brother of Mr. Venugopal N Dhoot, the Chairman and Managing Director of the Company.

c) Mr. S. Padmanabhan

Mr. S. Padmanabhan, 70, retired IAS officer, has done his B.Sc. Physics (Hons), M. Sc. Physics, Bachelor of General Law, Diploma in Overseas Development Studies (University of Cambridge) and a Diploma in Managerial Accounting. A management consultant and advisor to various corporates, Mr. Padmanabhan, in his career, has served as Chief Executive Officer - Zilla Parishad, Collector - District (Koyna Earthquake Rehabilitation), Director of Tourism - Govt. of Maharashtra, Chief Executive Officer - Bombay Buildings Repair and Reconstruction Board, Ex-Officio Deputy Secretary (Housing) - Government of Maharashtra, Managing Director - State Industrial and Investments Corporation of Maharashtra Limited, Commissioner - Aurangabad Division.

d) Mr. Arun L. Bongirwar

Mr. Arun L. Bongirwar, 66, a retired IAS has been a Government Servant having vast experience in diversified fields. He has held important positions with the Government, viz. Chairman, Tariff Authority for Major Ports; Chairman, Jawaharlal Nehru Port Trust (Ministry of Shipping, Govt. of India), Mumbai; Chief Secretary, Govt. of Maharashtra; Additional Chief Secretary (Revenue), Govt. of Maharashtra; Principal Secretary (and later Addl Chief Secretary) to Chief Minister, Govt. of Maharashtra; Principal Secretary (Industries), Govt. of Maharashtra; Development Commissioner, Santacruz Electronic Export Processing Zone (SEEPZ), Mumbai; and Secretary to Chief Minister of Maharashtra, Govt. of Maharashtra.

e) Mr. Satya Pal Talwar

Mr. Satya Pal Talwar, 70, B. A., L.L.B. is a Certified Associate of the Indian Institute of Bankers and Member of Indian Council of Arbitration. During his career spanning above forty years in the fields of Commercial and Central Banking, especially in operational and policy formulation, he has held several positions viz. Deputy Governor of Reserve Bank of India; Chairman of RBI Services Board, Reserve Bank of

India, Advisory Board for Banking, Commercial & Financial Frauds (appointed by Central Vigilance Commissioner of Government of India) and Indian Banks Association (IBA); Chairman & Managing Director on the Board of Bank of Baroda, Union Bank of India, Oriental Bank of Commerce; and Director of SEBI, IDBI, SIDBI, Oriental Insurance Company, Agricultural Finance Corporation Limited, IDBU International Finance Limited (Hong Kong), Master Card International, Asia Pacific Regional Board, (Singapore).

f) Maj. Gen. S. C. N. Jatar

Maj. Gen. S. C. N. Jatar, 77, has qualified from Defence Service Staff College and received his Bachelors in Engineering (Civil), FIE and MICA. He is associated with ICICI Bank Limited as a Consultant and is also a Member of Indian Council of Arbitration. He has held positions viz. Chairman and Managing Director at ONGC Videsh Limited, President, Petroleum Sports Control Board; Chairman and Managing Director, Oil India Limited, amongst others.

g) Mr. Radhey Shyam Agarwal

Mr. Radhey Shyam Agarwal, 67, B. Sc., B.E. (Chemical), Diploma in Industrial Engineering, is an Independent Director on Board of the Company. He has been in IDBI as Executive Director for 3 years during his tenure of 28 years with IDBI. He holds Bachelors degree in Science and Chemical Engineering and a Diploma in Industrial Engineering.

h) Mr. Karun Chandra Srivastava

Mr. Karun Chandra Srivastava, 66, B.A., M.A., Diploma in System Mgt., Diploma in Development Admn., IAS, is a Senior Retired Civil Servant having 38 years of experience in diversified fields of governance and administration. He has held important positions with the Government of Maharashtra and Government of India viz. Municipal Commissioner, Municipal Corporation of Greater Mumbai; Chairman, Second Maharashtra Finance Commission, Govt. of Maharashtra, Administrative Staff College Campus, Mumbai; Additional Chief Secretary (Home Department), Govt. of Maharashtra, Mantralaya, Mumbai; Metropolitan Commissioner, Mumbai Metropolitan Regional Development Authority, Mumbai; Joint Development Commissioner, Small Scale Industries, Ministry of Industries, Govt. of India, New Delhi.

i) Mr. Ajay Saraf

Mr. Ajay S. Saraf, 39, is a graduate from Calcutta University and is also a qualified Chartered Accountant and Cost & Works Accountant. He has been working with ICICI Bank Limited since 2002 and holding the position of Senior General Manager. Prior to ICICI Bank Limited, he worked with American Express Bank for 10 years. He has a wide range of experience in Corporate Banking, Investment Banking and Treasury. He is a nominee of ICICI Bank Limited on the Board of the Company.

j) Dr. Birendra Narain Singh

Dr. Birendra Narain Singh, 66, M. Com, Ph.D, CAIIB, is a nominee of IDBI Limited on the Board of the Company. He carries with him over 35 years of experience in the fields of Banking and Finance.

k) Ms. Birgit Gunilla Antonio Nordstrom

Ms. Gunilla Nordstrom, 51, M.S. Industrial Engineering and Management from Linkoping University, Sweden has a career spanning over 24 years. She is the Head,

Major Appliances Asia Pacific and Executive Vice President, AB Electrolux. She has also been President of Sony Ericsson Mobile Communications (China) Co. Limited.

Nature of family relationships between the directors of the company :

Except as indicated above none of the directors are related to each other.

Shareholding of the Directors in the Company:

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as of the date of this Letter of Offer.

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding	No. of Equity Shares Post Issue**	Post-Issue Percentage Shareholding**
1.	Mr. Venugopal N Dhoot	73,289	0.03	89,575	0.03
2.	Mr. Pradipkumar N Dhoot	7,05,640*	0.31	862,448	0.31

* Including 7,00,000 shares held as nominee of Videocon India Limited

**Assuming subscription to the extent of their entitlement in the Issue

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Remuneration of Directors

A. Venugopal N. Dhoot

Pursuant to shareholders' resolution dated August 29, 2005, Venugopal N. Dhoot has been appointed as Chairman and Managing Director for five (5) years w.e.f. September 1, 2005 till August 31, 2010. As per an agreement between the Company and Venugopal N. Dhoot dated October 29, 2005, the terms and conditions of his services are as follows:

Salary	Rs. 5,00,000 per month
Commission	1% of the net profits of the Company for the Financial Year subject to the maximum as may be prescribed by the Board of Directors provided that no commission shall be paid in a year if there is absence or inadequacy of profits.
Perquisites	• Contribution to Provident Fund and Superannuation Fund • Gratuity • Furnished Residential Accommodation • Reimbursement of Medical Expenses • Personal accident insurance policy

	• Reimbursement of servant salary • Leave with full pay and encashment of unavailed leave • Reimbursement of Membership Fees for clubs • Free use of Company's Car • Telephone at residence • Reimbursement of actual travelling expenses for leave for family and himself once a year.
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However, Mr. Venugopal N Dhoot has not drawn any remuneration since appointment.

B. Pradipkumar N. Dhoot

Pursuant to shareholders' resolution dated March 31, 2006, Pradipkumar N. Dhoot has been appointed as Wholetime Director for five (5) years w.e.f. November 20, 2005 till November 19, 2010. As per an agreement between the Company and Pradipkumar N. Dhoot dated April 27, 2006, the terms and conditions of his services are as follows:

Salary	Rs. 1,25,000 per month
Commission	1% of the net profits of the Company for the Financial Year subject to the maximum as may be prescribed by the Board of Directors provided that no commission shall be paid in a year if there is absence or inadequacy of profits.
Perquisites	• Contribution to Provident Fund and Superannuation Fund • Gratuity • Furnished Residential Accommodation • Reimbursement of Medical Expenses • Personal accident insurance policy • Reimbursement of servant salary • Leave with full pay and encashment of unavailed leave • Reimbursement of Membership Fees for clubs • Free use of Company's Car • Telephone at residence • Reimbursement of actual travelling expenses for leave for family and himself once a year.

However, Mr. Pradipkumar N Dhoot has not drawn any remuneration since appointment.

Our other Directors are not entitled to any remuneration. In accordance with governance practice, we have taken the position that our Promoters will not be paid any sitting fees for attending any board meeting, unless otherwise resolved. We have not granted any loans to any Directors or Executive Officers and our Directors and Executive Officers did not have any interests in transactions effected by us which were unusual in their nature or conditions in the fiscal years and the Directors and Executive Officers do not hold any options exercisable for Shares. We have no share schemes. None of the directors of the company are entitled to benefits upon termination of employment.

Under the terms of the Shareholders' Agreement, Thomson has the right to appoint a person on the Board of Directors of Videocon. However, as of the date of the Letter of Offer, Thomson does not have its nominee on the Board of Directors of the Company.

Payment or benefit to officers of our Company

Except as stated in the Letter of Offer, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the sitting fees for attending Board Meeting.

Corporate Governance

Corporate governance is administered through our Board and the Committees of the Board. We have four committees constituted by our Board, these are: (i) Audit Committee; (ii) Remuneration Committee; (iii) Shareholders / Investor Grievance Committee; and (iv) Finance and General Affairs Committee. The Board of Directors is committed in its responsibility for all constituents including investors, regulatory authorities and employees. Our Company believes that the essence of corporate governance is transparency, accountability, investor protection, better compliance with statutory laws and regulations, value creation for shareholders / stakeholders. Our Company further believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value over a sustained period of time and at the same time protect the interest of stakeholders.

An important element of the revised Clause 49 relates to adoption of Code of Conduct for the Board of Directors and senior management. We have adopted separate codes viz. 'Code of Conduct of Board of Directors of the Company' and 'Code of Conduct for the Senior Management of the Company'. The Board of Directors, senior management *inter alia* including employees who are below the senior management level but instrumental in the critical operations / functions are also covered under the said code.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, our Company has also adopted the Code of Conduct for Prevention of Insider Trading.

We are compliant with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time.

A brief description of each the above committees of our Board is as follows:

Audit Committee

As per the requirement of Part II of Clause 49 of our Listing Agreement with the BSE and the NSE and Section 292A of the Companies Act, we have formed an Audit Committee on 30th October 2000. The Audit Committee presently comprises Mr. S. P. Talwar as Chairman, Major General S C N Jatar and Mr. Radhey Shyam Agarwal as members.

The following matters are referred to the Audit Committee:

- Overall assessment of our financial reporting process and the disclosure of our financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment of the external auditor, fixing the audit fee and also approving payment for any other services rendered by the Auditors;
- Reviewing with management the annual financial statements before submission to the Board;
- Reviewing of quarterly unaudited financial results before submission to the Auditors and the Board;
- Reviewing external and internal auditors and the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function;
- Discussion with internal auditors on any significant findings and follow-up thereon.
- Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with external auditors before the audit commences on nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- Reviewing our financial and risk management policies;

- Investigating the reasons for any substantial defaults in payments to depositors, debenture holders, shareholders and creditors;
- Financial Statements and Investments made by Subsidiaries;
- To review the functioning of whistle Blower mechanism.

Shareholders'/Investors' Grievance Committee

A sub-committee of our Board of Directors consisting of Major General S C N Jatar (Chairman of the committee), Mr. S Padmanabhan and Mr. Karun Chandra Srivastava has been constituted to administer, inter alia, transfers of shares, transmission of shares, issue and allotment of securities, the issue of duplicate share certificates and related matters.

The Board has delegated the power of registering share transfers to an agent, MCS Limited. The committee also investigates any investor grievances and monitors the performance of the registrar and transfer agent. The committee also monitors our code of conduct for the prevention of insider trading.

Remuneration Committee

We have formed a Remuneration Committee on 16th August, 2004, which presently comprises Major General S C N Jatar as Chairman and Mr. S P Talwar and Mr. Arun Bongirwar as members.

The following matters are referred to the Remuneration Committee:

- Fixing the remuneration payable to the Directors;
- Determining our remuneration policy of the Company;
- Reviewing the performance of employees and their compensation;
- Recommend to the Board retirement benefits;
- Reviewing the performance of employees against specific key result areas identified as yardsticks for measuring the performance; and
- Recommend the remuneration including the perquisite package of key management personnel.

Finance and General Affairs Committee:

We have formed Finance and General Affairs Committee on 25th February, 2008, which presently comprises Mr. Venugopal N. Dhoot as Chairman, Mr. Pradipkumar N. Dhoot and Mr. S. Padmanabhan as members.

The said 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.

Rights Issue Committee

We have constituted the Rights Issue Committee on November 2, 2009, which comprises Mr. Venugopal N. Dhoot as Chairman, and Mr. S. Padmanabhan, Major General S.C.N. Jatar and Mr. Radhey Shyam Agarwal as members.

The said committee is entrusted with various powers and authorities, from time to time to aid in speedy implementation of all the formalities in relation to completion of the Issue proposed by the Board of Directors vide its resolution dated November 02, 2009 including, but not limited to, utilisation of issue proceeds, pricing, approving the basis of allotment, offer related documents, timing of the issue, deciding the rights ratio, size of the rights issue, appointment of intermediaries, adoption of financial statements required for the offer documents and all incidental matters relating to the Issue.

Key Managerial Personnel

a) Mr. K R Kim

Mr. K R Kim, 62, CEO, is heading the Domestic and International Operations of the Consumer Electronics & Home Appliances Division. A Law graduate from Seoul National University, he is the former MD of LG Electronics India Limited.

He is the recipient of the 'Super Achiever' Award from CETMA (Consumer Electronics and TV Manufacturers Association) for his role in advancing maturity of India's Electronics and Durable goods market. He has also been awarded for Excellence in Corporate Leadership and Entrepreneurial Spirit by CNBC – TV 18.

b) Mr. Jyoti Shekhar

Mr. Jyoti Shekhar, 45, Vice President – Corporate Human Resources, an MBA with specialization in Marketing & HR, joined as a Management Trainee in 1986. He has headed HR, Customer Service, Sales, Marketing & Administration functions with Videocon Group. He has won several accolades like CETMA (Consumer Electronics and Television Manufacturers' Association) for "Best HR innovations" in the year 2004-05 and Best Recruiter Award from RASBIC in 2005. He was also nominated for World HRD Congress for Best HR Leader award in 2008-09.

Changes in Key Managerial Personnel during the last three years

Mr. P. K. Gupta, Vice President- Finance & Accounts and Mr. Amit Gupta, Vice President-Sales & Administration have resigned from the company with effect from January 31, 2010. Other than the above, there has been no change in the Key Managerial Personnel of our Company over the past three years

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AUDITORS' REPORT

To
The Members of
VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VIDEOCON INDUSTRIES LIMITED**, as at 30th September, 2009, 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 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. Attention is invited to Note No. B-9 of Schedule 15 regarding incorporation of the Company's share in the operations of the joint ventures based on the statements received from the respective Operators. The Company has received the audited financial statements for the period upto 31st March, 2009 and un-audited financial statements for the period 1st April, 2009 to 30th September, 2009, in respect of the Joint Venture Ravva Oil & Gas Field and un-audited statements upto 30th September, 2009 in respect of other joint ventures on which we have placed reliance. We have also placed reliance on technical / commercial evaluation by the management in respect of allocation of development cost to producing properties depletion of producing properties, on the basis of proved remaining reserves and liability for abandonment costs.
5. Further to our comments in the Annexure referred to in paragraph 3 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 the report are in agreement with the books of account and with the audited returns from the foreign branches;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) According to the information and explanations given to us and on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to explanations given to us, the said financial statements, read together with the significant accounting policies, notes thereon and paragraph 4 above, 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 30th September, 2009;
 - (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

SHIVRATAN AGARWAL
Partner
Membership No. 104180
Firm Registration No. 105049W

Place : Mumbai
Date : 15th February, 2010

For **KADAM & CO.**
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055
Firm Registration No. 104524W

ANNEXURE REFERRED TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VIDEOCON INDUSTRIES LIMITED on the financial statements for the year ended 30th September, 2009.

- (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 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 controls systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the 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 Lakh, 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 30th September, 2009 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 Sale-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	Amount (Rs. in Million)	Forum where dispute is pending
1. Customs Act, 1962	Customs Duty	123.32 18.31 0.94 0.57 12.13	CESTAT Asst. Commissioner Commissioner (Appeal) Addl. Commissioner Supreme Court
	Customs Penalty	23.96	Commissioner
2. Central Excise Act, 1944	Excise Penalty	9.34 8.20	Commissioner (Appeals) CESTAT
	Service Tax and Education Cess	0.60 15.99 0.28 3.33 2.25	Asst. Commissioner Addl. Commissioner Deputy Commissioner CESTAT Joint Commissioner
	Excise Duty	0.86 9.71 77.48 44.54 8.56 0.20 3.82	Addl. Commissioner Asst. Commissioner CESTAT Commissioner Commissioner (Appeal) Dy. Commissioner High Court
3. Central Sales Tax Act, 1956 and Sales Tax Acts of various States	Sales Tax	1.31 75.58 1.50 17.56 2.52	Joint Commissioner (Appeal) Dy. Commissioner (Appeals) High Court Tribunal Sr. Asst. Commissioner
4. Income Tax Act, 1961	Income Tax	161.59 82.00 90.59 15.20	Dy. Commissioner Joint Commissioner Asst. Commissioner Appellate Tribunal

- (x) There are no accumulated losses as at 30th September, 2009. 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 a financial institution, bank 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

SHIVRATAN AGARWAL

Partner

Membership No. 104180

Firm Registration No. 105049W

Place : Mumbai

Date : 15th February, 2010

For KADAM & CO.

Chartered Accountants

U. S. KADAM

Partner

Membership No. 31055

Firm Registration No. 104524W

BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

Particulars	Schedule No.	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	2,754.16	2,753.11
b) Reserves & Surplus	2	69,296.25	65,384.86
2. Share Application Money Pending Allotment / Warrant Subscription		950.01	-
3. Deferred Tax Liability (Net)		5,123.38	4,244.30
4. Loan Funds			
a) Secured Loans	3	67,350.37	44,012.54
b) Unsecured Loans	4	23,495.10	36,043.40
TOTAL		<u>168,969.27</u>	<u>152,438.21</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		103,191.05	102,373.03
b) Less : Depreciation, Amortisation and Impairment		<u>42,988.32</u>	<u>43,106.32</u>
c) Net Block		60,202.73	59,266.71
2. Investments	6	30,648.99	26,955.88
3. Current Assets, Loans and Advances	7		
a) Inventories		17,634.93	15,688.64
b) Sundry Debtors		17,081.13	15,828.89
c) Cash and Bank Balances		4,985.06	3,882.84
d) Other Current Assets		320.43	185.74
e) Loans and Advances		<u>47,935.04</u>	<u>39,932.46</u>
		<u>87,956.59</u>	<u>75,518.57</u>
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		8,537.12	7,783.24
b) Provisions		<u>1,301.92</u>	<u>1,519.71</u>
		<u>9,839.04</u>	<u>9,302.95</u>
Net Current Assets		78,117.55	66,215.62
Significant Accounting Policies and Notes to Accounts	15		
TOTAL		<u>168,969.27</u>	<u>152,438.21</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009

Particulars	Schedule No.	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
I. INCOME			
Sales / Income from Operations		93,812.69	101,051.28
Less : Excise Duty		2,182.28	3,514.74
Net Sales		91,630.41	97,536.54
Other Income	9	340.15	288.22
TOTAL		91,970.56	97,824.76
II. EXPENDITURE			
Cost of Goods Consumed/Sold	10	56,143.96	52,910.47
Production and Exploration Expenses – Oil and Gas	11	7,206.86	12,379.60
Salaries, Wages and Employees' Benefits	12	1,264.23	1,158.18
Manufacturing and Other Expenses	13	9,436.94	7,815.63
Interest and Finance Charges	14	6,363.61	4,011.03
Depreciation, Amortisation and Impairment	5	5,771.52	7,137.22
Less : Transferred from Revaluation Reserve		-	535.15
TOTAL		86,187.12	84,876.98
III. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		5,783.44	12,947.78
Less : Exceptional Items		-	1,278.10
Provision for Taxation			
Current Tax		881.20	1,350.00
Deferred Tax		879.09	1,753.80
Fringe Benefit Tax		16.53	22.93
IV. PROFIT FOR THE YEAR		4,006.62	8,542.95
Add : Excess provision for Income Tax for earlier years written back		736.82	7.32
Less : Short provision of Fringe Benefit Tax for earlier years		-	0.17
Balance brought forward		20,619.94	14,516.42
V. BALANCE AVAILABLE FOR APPROPRIATION		25,363.38	23,066.52
VI. APPROPRIATIONS			
Proposed Dividend – Equity		462.53	229.45
Proposed Dividend – Preference		36.81	36.81
Corporate Tax on Proposed Dividend		84.86	45.25
Dividend and Dividend Tax Paid for Earlier Period		-	0.07
Transfer to Debenture/Bonds Redemption Reserve		1,340.74	135.00
Transfer to General Reserve		1,000.00	2,000.00
Balance Carried to Balance Sheet		22,438.44	20,619.94
TOTAL		25,363.38	23,066.52
Basic Earnings per Share		Rs. 20.49	Rs. 37.44
Diluted Earnings per Share		Rs. 19.47	Rs. 36.64
(Nominal value per Share Rs. 10/-)			
(Refer Note No. B-12 of Schedule No. 15)			

Significant Accounting Policies and Notes to Accounts

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CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009

Particulars	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	5,783.44	12,947.78
a) Depreciation, Amortisation and Impairment	5,771.52	6,602.07
b) Interest and Finance Charges	6,363.61	4,011.03
c) Provision for Leave Encashment	4.72	2.19
d) Provision for Warranty	217.62	20.46
e) Provision for Gratuity	17.90	4.33
f) Provision for Exchange Rate Fluctuation	-	(1,023.91)
g) Diminution/(Written back) in value of Investments	(53.15)	640.16
h) (Profit)/Loss on Sale of Fixed Asset	99.60	(66.37)
i) Provision for Doubtful Debts	39.68	38.99
j) Interest Received	(264.74)	(600.44)
k) (Income)/Loss from Investments and Securities Division	4.76	(116.65)
l) Exceptional Items	-	(1,278.10)
Cash flow from Operating Activities before Working Capital changes	17,984.96	21,181.54
Adjustments:		
a) Inventories	(1,946.29)	(1,752.20)
b) Sundry Debtors	(1,291.92)	(2,725.34)
c) Other Current Assets	(134.70)	41.32
d) Loans and Advances	(7,957.85)	(27,418.24)
e) Current Liabilities	756.21	(153.91)
Cash flow from Operating Activities	7,410.41	(10,826.84)
Less : Income Tax Paid	919.86	1,084.35
Less : Fringe Benefit Tax Paid	16.50	23.19
Net Cash flow from Operating Activities	(A) 6,474.05	(11,934.38)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	3,203.99	1,186.33
Adjustment on Account of Producing Properties	74.12	550.20
Interest Received	264.74	600.44
Income/(Loss) from Investments and Securities Division	(4.76)	116.65
(Increase) in Fixed Assets including Capital Work-in-progress	(10,080.15)	(13,623.72)
(Increase) in Producing Properties	(5.10)	(1,255.67)
(Purchase)/Sale of Investments (Net)	16,708.89	(6,518.24)
(Increase)/Decrease in Investments in Subsidiaries (Net)	(20,348.85)	(152.83)
Net Cash flow from Investing Activities	(B) (10,187.12)	(19,096.84)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	1.05	83.57
Share Application/Warrants Subscription Money Received	950.01	-
Securities Premium Received	11.90	3,770.85
Forfeited Shares	2.72	-
Increase/(Decrease) in Secured Term Loans from Banks	22,389.12	12,492.00
Increase/(Decrease) in Working Capital Loan from Banks	1,702.45	(806.49)
Increase/(Decrease) in Unsecured Loans	(12,810.77)	16,587.05
Redemption of Secured Non Convertible Debentures	(753.74)	(1,107.96)
Payment of Dividend	(268.59)	(842.21)
Corporate Tax on Dividend	(45.25)	(142.80)
Interest and Finance Charges Paid	(6,363.61)	(4,011.03)
Net Cash flow from Financing Activities	(C) 4,815.29	26,022.98
Net Change in Cash and Cash Equivalents (A + B + C)	1,102.22	(5,008.24)
Opening Balance of Cash and Cash Equivalents	3,882.84	8,891.08
Closing Balance of Cash and Cash Equivalents	4,985.06	3,882.84

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
500,000,000 (Previous year 500,000,000) Equity Shares of Rs. 10/- each	5,000.00	5,000.00
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of Rs. 100/- each.	1,000.00	1,000.00
	<u>6,000.00</u>	<u>6,000.00</u>
Issued, Subscribed and Paid-up :		
Equity Shares :		
229,406,816 (Previous year 229,450,764) Equity Shares of Rs. 10/- each fully paid up.	2,294.07	2,294.51
Of the above :		
a) 95,078 (Previous year 95,078) Equity Shares of Rs.10/- each have been issued on conversion of 20% Unsecured Optionally Convertible Debentures.		
b) 156,394,378 (Previous year 156,438,326) Equity Shares of Rs.10/- each were allotted pursuant to amalgamations without payments being received in cash.		
c) 45,777,345 (Previous year 45,777,345) Equity Shares of Rs.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).		
d) 8,464,515 (Previous year 8,464,515) Equity Shares of Rs.10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds of US\$ 1000 each (inclusive of premium).		
Less : Calls in Arrears - by others	-	1.49
	(A) <u>2,294.07</u>	<u>2,293.02</u>
Preference Shares:		
a) 4,523,990 (Previous year 4,523,990) 8% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up, redeemable at par in 3 equal installments on 1st October, 2011, 1st October, 2012 and 1st October, 2013.	452.40	452.40
b) 76,870 (Previous year 76,870) 8% Cumulative Redeemable Preference Shares of Rs.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) <u>460.09</u>	<u>460.09</u>
	TOTAL (A + B) <u>2,754.16</u>	<u>2,753.11</u>
SCHEDULE 2: RESERVES & SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	-	535.15
Less : Transferred to Profit and Loss Account	-	535.15
	(A) <u>-</u>	<u>-</u>
Capital Redemption Reserve		
As per last Balance Sheet	537.50	537.50
	(B) <u>537.50</u>	<u>537.50</u>
Capital Subsidy		
As per last Balance Sheet	5.50	5.50
	(C) <u>5.50</u>	<u>5.50</u>
Securities Premium Account		
As per last Balance Sheet	29,088.31	25,523.96
Add : Addition on conversion of FCCBs	-	3,770.85
Less : Premium Payable on Redemption of Convertible Bonds	262.47	206.50
Less : Reversal of Premium on Shares Forfeited	5.00	-
	<u>28,820.84</u>	<u>29,088.31</u>
Less : Call and/or allotment money in arrears - by others	-	16.90
	(D) <u>28,820.84</u>	<u>29,071.41</u>

SCHEDULES TO BALANCE SHEET (Continued)

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
Debenture/Bonds Redemption Reserve		
As per last Balance Sheet	1,947.50	1,812.50
Add : Transferred from Profit and Loss Account	1,340.74	135.00
(E)	3,288.24	1,947.50
Capital Reserve		
As per last Balance Sheet	1.53	1.53
Add : On forfeiture of shares	2.72	-
(F)	4.25	1.53
General Reserve		
As per last Balance Sheet	13,201.48	11,198.61
Add : On account of transitional provisions under Accounting Standard 15	-	2.87
Add : Transferred from Profit and Loss Account	1,000.00	2,000.00
(G)	14,201.48	13,201.48
Profit and Loss Account		
As per Account annexed	22,438.44	20,619.94
(H)	22,438.44	20,619.94
TOTAL (A to H)	69,296.25	65,384.86
SCHEDULE 3: SECURED LOANS		
A. Non-Convertible Debentures	494.54	1,248.28
B. Term Loans		
i) Rupee Loans from Banks and Financial Institutions	58,789.97	36,021.98
ii) FCNR-B Loan from Banks	363.67	389.63
C. External Commercial Borrowings	4,076.33	4,448.08
D. Corporate Loan from Banks	-	1.97
E. Vehicle Loans from Banks	41.66	20.85
F. Working Capital Loans From Banks	3,584.20	1,881.75
TOTAL	67,350.37	44,012.54

A. Non-Convertible Debentures

Out of the Non-Convertible Debentures, those to the extent of :

- i) Rs. 195.18 million (Previous year Rs. 404.45 million) are secured by 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 charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture, to the extent necessary.
- ii) Rs.194.36 million (Previous year Rs. 302.33 million) 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.
- iii) Rs.105.00 million (Previous year Rs. 480.00 million) are secured by unconditional and irrevocable guarantee given by IDBI (for principal and interest). The said guarantee assistance, provided by IDBI, is secured by a first charge in favour of the guarantor, of all the immovable properties, both present & future, and a first charge by way of hypothecation of all the movables, present & future, ranking *pari-passu* with existing charge holders, subject to charges created / to be created in favour of the Bankers on the specified current assets for securing borrowings for working capital loans. These debentures are also secured by personal guarantee of Mr. Venugopal N. Dhoot.

The Debentures referred to above are redeemable at par, in one or more installments on various dates with the earliest redemption being on 15th October, 2009 and last date being 1st January, 2012. These debentures are redeemable as follows: Rs. 364.97 million in financial year 2009-10, Rs. 86.38 million in financial year 2010-11 and Rs. 43.19 million in financial year 2011-12.

B. Term Loans

The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all 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

SCHEDULES TO BALANCE SHEET (Continued)

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 Trustee.

C. External Commercial Borrowings

External Commercial Borrowings are secured by a first charge ranking *pari passu* 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

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

Working capital loans from banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and all other current assets of the Company and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
SCHEDULE 4: UNSECURED LOANS		
A. From Banks and Financial Institutions		
i) Rupee Loan	17,267.00	30,093.70
ii) Foreign Currency Loan	62.43	155.83
B. Foreign Currency Convertible Bonds	5,257.59	5,132.85
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	824.59	562.12
D. Sales Tax Deferral	83.49	98.90
TOTAL	23,495.10	36,043.40

Note:

The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, Rs. 62.23 million is repayable in four equal annual installments commencing from 30th May, 2010, Rs. 8.78 million is repayable in twelve monthly installments commencing from 20th October, 2009 and Rs. 12.48 million in twelve monthly installments commencing from 20th October, 2010.

SCHEDULES TO BALANCE SHEET (Continued)

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
	As at 30.09.2008	Additions During the Year	Deduction During the Year	As at 30.09.2009	Upto 30.09.2008	For the Year	Deduction/ Adjustment	Impairment	Upto 30.09.2009	As at 30.09.2009	As at 30.09.2008
TANGIBLE ASSETS											
Freehold Land	144.16	0.72	-	144.88	-	-	-	-	-	144.88	144.16
Leasehold Land	48.05	-	-	48.05	8.45	0.77	-	-	9.22	38.83	39.60
Building	6,435.77	3.73	35.09	6,404.41	1,669.93	187.19	2.86	-	1,854.26	4,550.15	4,765.84
Leasehold Improvements	39.33	-	-	39.33	38.75	0.40	-	-	39.15	0.18	0.58
Plant and Machinery *	78,676.24	9,627.56	8,660.18	79,643.62	35,385.42	4,714.10	5,418.86	449.45	35,130.11	44,513.51	43,290.82
Furnace	1,995.27	-	-	1,995.27	1,676.53	126.77	-	-	1,803.30	191.97	318.74
Electrical Installation	153.10	1.76	4.02	150.84	80.48	8.31	0.79	-	88.00	62.84	72.62
Office Equipments	289.91	12.31	1.03	301.19	177.05	9.67	0.57	-	186.15	115.04	112.86
Computer Systems	421.17	14.44	213.39	222.22	329.13	33.73	202.10	-	160.76	61.46	92.04
Furniture and Fixtures	168.46	39.02	9.87	197.61	105.47	16.77	3.38	-	118.86	78.75	62.99
Vehicles	685.52	61.77	27.28	720.01	347.30	56.71	18.71	-	385.30	334.71	338.22
LEASED ASSETS											
Computer Systems	6.27	-	6.27	-	6.27	-	6.27	-	-	-	-
INTANGIBLE ASSETS											
Goodwill (on amalgamation)	235.98	-	235.98	-	235.98	-	235.98	-	-	-	-
Computer Software	178.59	3.51	-	182.10	82.78	35.02	-	-	117.80	64.30	95.81
SUB-TOTAL	89,477.82	9,764.82	9,193.11	90,049.53	40,143.54	5,189.44	5,889.52	449.45	39,892.91	50,156.62	49,334.28
Producing Properties	3,780.48	5.10	74.12**	3,711.46	2,962.78	132.63	-	-	3,095.41	616.05	817.70
Capital Work-in-Progress	9,114.73	-	-	9,430.06	-	-	-	-	-	9,430.06	9,114.73
TOTAL	102,373.03	9,769.92	9,267.23	103,191.05	43,106.32	5,322.07	5,889.52	449.45	42,988.32	60,202.73	59,266.71
As at 30th September, 2008	80,831.63	9,988.19	1,342.00	89,477.82	33,766.67	5,600.01	222.04	998.90	40,143.54	49,334.28	
Producing Properties	2,524.82	1,255.67	-	3,780.48	1,874.27	538.31	(550.20)	-	2,962.78	817.70	
Capital Work-in-Progress	5,479.20	-	-	9,114.73	-	-	-	-	-	9,114.73	
Total as at 30th September, 2008	88,835.65	11,243.86	1,342.00	102,373.03	35,640.94	6,138.32	(328.16)	998.90	43,106.32	59,266.71	-

*Gross Block of Plant and Machinery includes the amount added on revaluation on 01.04.1998 and 01.10.2002.

**Adjustment on account of drilling costs reversed by the Operator

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 30th Sept., 2009		As at 30th Sept., 2008	
		Nos.	Rs. in Million	Nos.	Rs. in Million
SCHEDULE 6: INVESTMENTS					
LONG TERM INVESTMENTS					
QUOTED					
IN EQUITY SHARES (Fully Paid up) - TRADE					
Trend Electronics Ltd.	10	1,408,800	25.41	1,408,800	25.41
Value Industries Ltd.	10	1,811,748	38.14	1,811,748	31.07
Samtel Electronics Devices Ltd.	10	82,000	1.49	82,000	0.89
			65.04		57.37
IN EQUITY SHARES (Fully Paid up) - OTHERS					
AIA Engineering Ltd.	2	-	-	1,000	1.35
Allahabad Bank	10	-	-	153,000	7.10
Alok industries Ltd.	10	-	-	2,500	0.07
Anant Raj Industries Ltd.	10	-	-	5,000	0.57
Asian Electronics Ltd.	5	40,000	1.92	42,000	1.11
Asian Granito India Ltd.	10	-	-	100,000	3.09
Assam Company Ltd.	1	10,000	0.21	10,000	0.25
BF Utilities Ltd.	5	-	-	36,985	46.84
Cairn India Ltd.	10	-	-	6,372,976	1,019.68
Central Bank of India	10	-	-	120,284	5.88
Chennai Petroleum Corporation Ltd.	10	-	-	20,000	4.25
City Union Bank Ltd.	1	-	-	2,000	0.05
Development Credit Bank Ltd.	10	-	-	3,000	0.11
Deccan Cements Ltd.	10	-	-	189,400	17.99
Dhanalakshmi Bank Ltd.	10	-	-	2,000	0.13
Dhoot Industrial Finance Ltd.	10	4,800	0.05	4,800	0.06
Edelweiss Capital Ltd.	5	-	-	7,757	3.22
EIH Ltd.	2	-	-	8,617	1.11
Essar Oil Ltd.	10	-	-	1,000	0.16
Expo Gas Containers Ltd.	4	7,600	0.05	-	-
Fame India Ltd.	10	-	-	600,000	15.00
Firstsource Solutions Ltd.	10	-	-	5,000	0.22
Gemini Communication Ltd.	5	-	-	175,000	4.25
Geojit BNP Paribas Financial Services Ltd.	1	-	-	1,500	0.05
Greaves Cotton Ltd.	10	-	-	17,346	2.48
GTL Infrastructure Ltd.	10	1,900	0.08	502,000	17.90
Gujarat Heavy Chemicals Ltd.	10	-	-	255,494	14.58
Gujarat Industries Power Company Ltd.	10	-	-	375,000	22.35
Gujarat Mineral Development Corporation Ltd.	2	-	-	500	0.07
Gujarat NRE Coke Ltd.	10	-	-	3,000	0.18
Hindalco Industries Ltd.	1	-	-	45,000	4.40
Hindustan Adhesives Ltd.	10	13,900	0.08	-	-
Hindustan Oil Exploration Company Ltd.	10	-	-	13,000	1.24
Hindustan Zinc Ltd.	10	-	-	500	0.21
ICICI Bank Ltd.	10	-	-	9,593	5.13
I-Flex Solutions Ltd.	5	-	-	1,000	0.77
India Glycols Ltd.	10	-	-	1,000	0.16
India Steel Works Ltd.	10	1,300	0.00	-	-
Indiabulls Securities Ltd.	2	-	-	195,500	7.02
Indusind Bank Ltd.	10	-	-	75,000	4.16
IFCI Ltd.	10	41,800	2.36	341,800	12.54
Intense Technologies Ltd.	10	-	-	5,000	0.06
IOL Netcom Ltd.	10	-	-	12,500	0.91
ITC Ltd.	1	-	-	100,000	19.00
Jai Corp Ltd.	1	-	-	22,122	5.37
Jayaswal Neco Industries Ltd.	10	289,450	7.21	210,000	4.74

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 30th Sept., 2009		As at 30th Sept., 2008	
		Nos.	Rs. in Million	Nos.	Rs. in Million
SCHEDULE 6: INVESTMENTS (Continued)					
Jindal South West Holdings Ltd.	10	-	-	2,643	1.18
KPIT Cummins Infosystems Ltd.	10	-	-	40,000	1.39
Larsen & Toubro Ltd.	2	-	-	1,500	3.66
Lok Housing & Constructions Ltd.	10	-	-	25	0.00
Lumax Industries Ltd.	10	7,000	1.30	20,385	2.44
Max India Ltd.	2	-	-	10	0.00
Mercator Lines Ltd.	2	-	-	50,000	5.66
Mold-Tek Technologies Ltd.	10	1,800	0.14	-	-
NTPC Ltd.	10	-	-	100,000	13.53
Neyveli Lignite Corporation Ltd.	10	-	-	2,000	0.17
Oil and Natural Gas Corporation Ltd.	10	-	-	27,500	28.47
Om Metals Infraprojects Ltd.	1	-	-	5,000	0.09
Power Grid Corporation of India Ltd.	10	-	-	100,000	8.58
Punj Lloyd Ltd.	2	-	-	57,500	16.54
Ranbaxy Laboratories Ltd.	5	-	-	1,000	0.48
Rashtriya Chemicals & Fertilizers Ltd.	10	-	-	50,000	2.49
Reliance Power Ltd.	10	-	-	28,700	4.40
Reliance Communications Ltd.	5	-	-	4,000	1.34
Reliance Infrastructure Ltd.	10	-	-	1,000	0.79
Reliance Industrial Infrastructure Ltd.	10	-	-	10,000	4.05
Reliance Industries Ltd.	10	-	-	4,000	7.79
Reliance Petroleum Ltd.	10	-	-	240,310	33.65
Sasken Communication Technologies Ltd.	10	-	-	5,000	0.58
Selan Exploration Technology Ltd.	10	-	-	990	0.20
Sesa Goa Ltd.	1	-	-	100,000	11.91
Shree Ram Urban Infrastructure Ltd.	10	-	-	85,000	7.65
Siemens Ltd.	2	3,130	0.13	3,130	0.13
Spicejet Ltd.	10	-	-	150,000	3.30
Sri Lakshmi Saraswathi Textiles (Arni) Ltd.	10	8,700	0.11	-	-
Sterling Biotech Ltd.	1	-	-	5,000	0.86
Sterling Holiday Resorts (India) Ltd.	10	-	-	100,000	2.11
Sujana Metal Products Ltd.	5	-	-	100,000	1.42
Swan Mills Ltd.	2	-	-	905,000	45.70
Tata Consultancy Services Ltd.	1	-	-	15,000	9.94
Tata Elxsi Ltd.	10	-	-	2,429	0.31
Tata Steel Ltd.	10	-	-	2,500	1.46
Twilight Litaka Pharma Ltd.	5	-	-	2,000	0.10
United Breweries (Holdings) Ltd.	10	-	-	10,000	2.27
United Phosphorus Ltd.	2	-	-	500	0.15
Wire & Wireless India Ltd.	1	-	-	10,000	0.17
Yes Bank Ltd.	10	3,775	0.69	3,775	0.46
Zandu Pharmaceutical Works Ltd.	100	-	-	10,442	159.32
			14.32		1,640.52
IN MUTUAL FUNDS UNITS					
BOI Units	10	-	-	1,000,000	10.00
			-		10.00
UNQUOTED					
1. IN EQUITY SHARES (Fully Paid up) – TRADE					
Pacific Appliances Manufacturing and Trading Ltd.	10	-	-	9,500	0.10
Akai Consumer Electronics India Ltd.	10	35,000	0.35	35,000	0.35
Applicomp (India) Ltd.	10	17,023,500	170.24	17,023,500	170.24
Eagle Corporation Ltd.	US\$ 1	1,000	0.05	1,000	0.05
Hyundai Electronics India Ltd.	10	9,500	0.10	9,500	0.10
Indian Refrigerator Co. Ltd.	10	1,990,000	19.90	1,990,000	19.90

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 30th Sept., 2009		As at 30th Sept., 2008	
		Nos.	Rs. in Million	Nos.	Rs. in Million
SCHEDULE 6: INVESTMENTS (Continued)					
Jupitor Corporation INC	US\$ 1	190	0.01	190	0.01
Kentosh Electronics India Pvt. Ltd.	10	1,720	0.02	1,720	0.02
KAIL Ltd.	10	1,521,000	111.26	1,156,000	18.27
Lexus Infotech Ltd.	10	500,000	50.00	-	-
Millennium Appliances India Ltd.	10	4,750,000	95.00	4,750,000	95.00
Next Retail India Ltd.	10	21,036,000	650.36	10,036,000	100.36
P T Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Plugin Sales Ltd.	100	1,900	0.19	1,900	0.19
Sapphire Overseas Inc.	US\$ 1	1,900	0.08	1,900	0.08
Techno Electronics Ltd.	10	20,117,647	201.18	20,117,647	201.18
TekCare India Pvt. Ltd.	10	1,900	0.02	1,900	0.02
VCIL Netherlands B.V.	Euro 1	34	0.13	34	0.13
Videocon (Cayman) Ltd.	US\$ 1	579,500	28.35	579,500	28.35
Videocon Realty and Infrastructures Ltd.	10	8,125	0.83	7,650	0.45
Yash - V - Jewels Ltd.	10	500,000	50.00	-	-
			1,379.00		635.72
2. IN EQUITY SHARES (Fully Paid up) – OTHERS					
Bolton Properties Limited	10	112,500	13.66	112,500	13.66
Deve Sugars Ltd.	10	125,000	0.13	125,000	0.13
Digital Display Devices S.p.A.	Euro 1	36,000	1.96	36,000	1.96
Ease Finance Limited	10	4,800	0.96	4,800	0.96
Evans Fraser & Co. (India) Limited	100	91,250	49.13	91,250	49.13
Geekay Exim India Ltd.	10	80,000	0.08	80,000	0.08
Goa Energy Pvt. Ltd.	10	2,600	0.03	1,000	0.01
Good Value Marketing Company Ltd.	10	25,000	0.03	25,000	0.03
Holzmann Videocon Engineers Limited	10	990,600	-	990,600	-
Kay Kay Construction Limited	10	4,500	0.90	4,500	0.90
Kores India Ltd.	10	1,170,000	1.17	1,170,000	1.17
Mold-Tek Technologies Ltd.	10	-	-	2,500	0.21
Quadrant Corporation Inc.	US\$ 1	190	0.01	-	-
Sahyadri Consumer Electronics (I) Pvt. Ltd.	10	1,900	0.02	1,900	0.02
Siris Ltd.	10	13,200	0.01	13,200	0.01
The Banaras State Bank Ltd.	100	25,000	0.03	25,000	0.03
Trinity Infratech Pvt. Ltd.	10	500,000	80.00	500,000	80.00
Videocon (Mauritius) Infrastructure Ventures Ltd.	US\$ 1	100,700	4.29	-	-
Videocon Realty Private Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (Aurangabad) Private Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (Pune) Private Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (West Bengal) 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
			152.51		148.40
3. IN EQUITY SHARES OF SUBSIDIARIES					
(Fully Paid up)					
Eagle ECorp Ltd.	US\$ 1	10,000	0.44	10,000	0.44
Godavari Consumer Electronics Appliances Pvt. Ltd.	10	10,000	0.10	10,000	0.10
Mayur Household Electronics Appliances Pvt. Ltd.	10	10,000	0.10	10,000	0.10
Middle East Appliances LLC.	RO 1	2,251,800	270.14	2,251,800	270.14
Paramount Global Ltd.	US\$ 1	12,800,000	562.12	12,800,000	562.12
Pipavav Energy Pvt. Ltd.	10	10,000	0.10	10,000	0.10
Powerking Corporation Ltd.	US\$ 1	2,711	0.12	2,711	0.12
Sky Billon Trading Ltd.	US\$ 1	1,072,000	49.61	1,072,000	49.61
Venus Corporation Ltd.	US\$ 1	2,982	0.14	2,982	0.14
Videocon (Mauritius) Infrastructure Ventures Ltd.	US\$ 1	-	-	530,000	22.58

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 30th Sept., 2009		As at 30th Sept., 2008	
		Nos.	Rs. in Million	Nos.	Rs. in Million
SCHEDULE 6: INVESTMENTS (Continued)					
Videocon Display Research Co. Ltd.	JPY 50000	1,200	22.97	1,200	22.97
Videocon Electronics (Shenzhen) Ltd. (Chinese name-Wei You Kang Electronic (Shenzhen) Co. Ltd.)	US\$ 1	135,000	6.42	30,000	1.28
Videocon Mozambique Rovuma 1 Ltd. (formerly Videocon Energy Resources Ltd.)		10,000	0.43	10,000	0.43
Videocon Energy Ventures Ltd.	US\$ 1	1,000	0.04	1,000	0.04
Videocon Energy Brazil Ltd. (formerly Videocon Global Energy Holdings Ltd.)		1,000	0.04	1,000	0.04
Videocon Global Ltd.	US\$ 1	2,500	0.12	2,500	0.12
Videocon Indonesia Nunukan Inc.	US\$ 1	1,000	0.05	-	-
Videocon International Electronics Ltd.	10	2,000,000,000	20,000.00	50,000	0.50
Videocon JPDA 06-103 Ltd. (formerly Global Energy Inc.)	US\$ 1	1,000	0.04	1,000	0.04
Videocon Telecommunications Ltd. (formerly Datacom Solutions Ltd.)	10	56,000,000	560.00	15,000,000	150.00
			21,472.99		1,080.88
4. IN JOINT VENTURES					
VB (Brasil) Petroleo Private Ltda.**	BrII	1,004,500	24.32	1,004,500	24.32
Videocon Infinity Infrastructure Private Ltd.	10	5,000	0.05	5,000	0.05
			24.37		24.37
5. IN PREFERENCE SHARES (Fully Paid up)					
Plugin Sales Ltd.	100	3,800	0.38	3,800	0.38
			0.38		0.38
IN DEBENTURES					
Redeemable Non-Convertible Debentures of Citi Corp Finance (India) Ltd.	1000000	-	-	50	50.00
Techno Electronics Ltd.	100	20,000,000	2,000.00	-	-
			2,000.00		50.00
OTHER INVESTMENTS					
A. In Shares of Co-operative Bank					
A'nagar Dist. Urban Central Co-op. Bank Ltd.		10	-	10	-
Bharati Sahakari Bank Ltd.		7,670	0.38	7,670	0.38
Bombay Mercantile Co-op. Bank Ltd.		4,166	0.04	4,166	0.04
Janta Sahakari Bank Ltd.		857	0.09	857	0.09
The Saraswat Co-operative Bank Ltd.		1,000	0.01	1,000	0.01
			0.52		0.52
B. In Shares of Co-operative Society		31	0.002	31	0.002
TOTAL A + B			0.52		0.52
SHARE APPLICATION MONEY PENDING ALLOTMENT					
Bharat Business Channel Ltd.			1,300.00		-
Eagle Corporation Ltd.			-		13,575.65
Goa Energy Pvt. Ltd.			-		300.00
Next Retail India Ltd.			-		1,000.00
Pipavav Energy Pvt. Ltd.			1,500.00		-
Sapphire Overseas Inc.			-		80.58
Sky Appliances Ltd.			-		150.00
Videocon Global Energy Holdings Ltd.			-		4.25
Videocon Global Ltd.			-		1,525.98
Videocon JPDA 06-103 Ltd. (Formerly Global Energy Inc.)			-		13.04
Videocon Realty and Infrastructures Ltd.			-		0.40
			2,800.00		16,649.89
CURRENT INVESTMENTS UNQUOTED					
IN BONDS					
Central Bank of India	100000	500	50.00	500	50.00
			50.00		50.00

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 30th Sept., 2009		As at 30th Sept., 2008	
		Nos.	Rs. in Million	Nos.	Rs. in Million
SCHEDULE 6: INVESTMENTS (Continued)					
IN UNITS OF MUTUAL FUNDS/PORTFOLIOS					
1024 ICICI Prudential Indo Asia Equity Fund Retail Dividend	10	5,000,000	45.95	5,000,000	35.75
Birla Sun Life Special Situations Fund	10	-	-	5,000,000	35.60
Canara Robeco Force Retail Growth Fund	10	1,000,000	10.00	-	
Canara Robeco Multicap-Growth	10	-	-	5,000,000	46.60
HDFC PMS Real Estate Fund	10	400,000	4.00	150,000	1.24
ING Global Real Estate Fund	10	487,805	4.52	487,805	4.27
J M Agri and Infra Fund-Dividend Plan	10	5,000,000	15.76	5,000,000	23.08
J M Contra Fund-Dividend Plan (243)	10	5,000,000	27.16	5,000,000	36.53
J M Core II Fund-Series	10	5,000,000	24.14	5,000,000	28.66
L.I.C. Mutual Fund Floating Rate Fund	10	-	-	18,945,757	252.90
L.I.C. Mutual Fund India Vision Fund	10	10,000,000	82.16	10,000,000	79.94
L.I.C. Mutual Fund Infrastructure Fund	10	5,000,000	47.04	5,000,000	37.14
L.I.C. Mutual Fund Liquid Plus Fund-Growth Plan	10	121,270,924	2,000.00	241,258,835	2,700.00
L.I.C. Mutual Fund Systematic Asset Allocation Fund-Growth	10	5,000,000	50.00	5,000,000	47.85
L.I.C. Mutual Fund Top 100 Fund	10	10,000,000	78.49	10,000,000	66.58
Mirae Asset Liquid Fund-Super Inst-Growth Option	1000	-	-	2,805,324	2,885.91
Optimix Dynamic Multi-Manager FoF Scheme-Growth	10	2,000,000	19.90	2,000,000	19.14
Peninsula Realty Fund Scheme Pref Indigo	100000	400	31.90	400	40.00
PMS Tripal AAACC Scheme			-		8.70
Principal Large Cap Fund-Growth Plan	10	28,588	0.50	28,588	0.46
Principal PNB Fixed Maturity Plan (FMP-54)	10	-	-	3,672,995	36.73
Principal PNB Long Term Equity Fund 3 year Plan Series II	10	500,000	4.77	500,000	3.50
Prinicipal PNB Long Term Equity Fund	10	200,000	1.96	200,000	1.65
Prinicipal Resurgent India Equity Fund-Growth Plan	100	25,625	2.07	25,625	1.64
Reliance Capital Asset Management			-		50.00
Reliance Infra Fund Retail Growth Plan	10	244,499	2.50	-	-
Reliance Long Term Equity Fund-Growth	10	10,000,000	100.00	10,000,000	95.42
SHINSEI Liquid Fund - Institutional Growth Plan	10	4,950,887	50.00	-	-
Sundaram BNP Paribas Energy Opportunities Fund-Dividend	10	5,000,000	42.58	5,000,000	33.42
Sundaram BNP Paribas Energy Opportunities Fund-Growth	10	5,000,000	42.58	5,000,000	33.42
UTI Infrastructure Advantage Fund Series I	10	100,000	0.91	100,000	0.72
UTI Wealth Builder Fund-Growth	10	100,000	1.00	100,000	1.00
TOTAL INVESTMENTS			2,689.86		6,607.83
			30,648.99		26,955.88
			79.36		1,707.89
			108.26		2,147.05
Aggregate Book Value of Quoted Investments			30,569.63		25,247.99
Aggregate Market Value of Quoted Investments					
Aggregate Book Value of Unquoted Investments/ Application Money					

** Out of Total Investments, 1,004,500 quotas (shares) of VB (Brasil) Petroleo Private Ltda. amounting to Rs. 24.32 million are pledged with bank as security for availment of loan.

SCHEDULES TO BALANCE SHEET (Continued)

SCHEDULE 6: INVESTMENTS (Continued)

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

Particulars	Quantity (Nos.)	Cost (Rs. in Million)
AI Champdany Industries Ltd.	130,094	2.02
Asianet Communications Ltd	1,969,150	444.33
Cairn India Ltd.	165,007	30.75
Deccan Cement Ltd.	10,600	1.22
Emami Limited	593,408	147.75
Filatex India Ltd.	100,000	1.28
Great Offshore Limited	245,000	92.69
Gulf Oil Corporation Ltd.	37,500	1.13
Hindalco Industries Ltd.	55,000	6.62
ICICI Bank Ltd.	250,000	103.37
IndBank Merchant Banking Services Ltd.	93,200	0.75
Indiabulls Securities Ltd.	4,500	0.16
JCT Electronics Ltd.	26,602	0.11
Mukand Ltd.	80,000	3.68
NHPC Ltd.	100,000	3.58
Nirlon Ltd.	320,708	6.90
Pix Transmissions Ltd.	37,500	0.86
Reliance Industries Ltd.	4,000	8.50
Sterling Holiday Resorts (India) Ltd.	47,938	0.81
United Phosphorus Ltd.	10,000	0.38
Bharti Axa Liquid Fund-Treasury Adv Fund	46,411	50.00
ICICI Prudential Inst. Liquid Plan-Super Inst Growth	34,040,208	350.00
L.I.C. Mutual Fund Liquid Plus Fund-Growth Plan	511,305,354	8,302.38
LICMF Income Plus Fund-Growth Plan	294,176,958	3,501.47
Mirae Asset Liquid Fund-Super Inst-Growth Option	71,244	75.00
Reliance Liquidity Fund-Growth Plan	111,821,801	1,500.00
Sundaram BNP Paribas Money Fund	16,005,142	300.00

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
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SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES

A. Inventories

(As taken, valued and certified by the Management)

Raw Materials including Consumables, Stores and Spares	10,953.00	9,913.95
Work in Process	794.40	765.07
Finished Goods	3,578.19	3,470.00
Material in Transit and in Bonded warehouse	2,113.43	1,337.25
Drilling and Production Materials	171.30	164.71
Crude Oil	24.61	37.66

(A) 17,634.93 15,688.64

B. Sundry Debtors (Unsecured)

Outstanding for a period exceeding six months

Considered Good	131.42	114.01
Considered Doubtful	264.79	449.95
	396.21	563.96
Less : Provision for Doubtful Debts	264.79	449.95

	131.42	114.01
Others - Considered Good	16,949.71	15,714.88

(B) 17,081.13 15,828.89

SCHEDULES TO BALANCE SHEET (Continued)

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
C. Cash and Bank Balances		
Cash on hand	7.24	12.29
Cheque/ Drafts on hand/ in Transit	457.35	423.94
Balances with Scheduled Bank		
In Current Accounts	2,689.72	1,373.10
In Fixed Deposits	1,797.09	2,035.72
In Dividend/Interest Warrant Account (Per Contra)	33.38	35.71
Balances with Non-Scheduled Bank in Current Accounts		
China Merchants Bank	0.28	2.08
(Maximum Balance Outstanding during the year Rs. 7.05 million, Previous year Rs. 7.48 million)		
(C)	4,985.06	3,882.84
D. Other Current Assets		
Interest Accrued	44.34	66.56
Insurance Claim Receivable	24.66	57.94
Other Receivable	251.43	61.24
(D)	320.43	185.74
E. Loans and Advances (Unsecured, considered good)		
Advances to Subsidiary Companies	28,481.09	19,163.38
Advances recoverable in Cash or in kind or for value to be received	18,377.04	19,751.83
Balance with Central Excise / Customs Department	652.61	643.14
Advance Income Tax (Net of Provision)	44.76	-
Advance Fringe Benefit Tax (Net of Provision)	0.07	0.10
Other Deposits	379.47	374.01
(E)	47,935.04	39,932.46
TOTAL (A to E)	87,956.59	75,518.57
SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors *		
Due to Micro, Small and Medium Enterprises	0.19	9.56
Due to others	6,105.73	4,920.91
Bank Overdraft as per books	32.15	38.36
Interest Accrued but not due	49.24	293.06
Other Liabilities	2,316.43	2,485.64
Unclaimed Dividend/Interest (Per Contra)	33.38	35.71
* Including Acceptance of Rs. 5,192.43 million (Previous year Rs. 3,190.57 million)	8,537.12	7,783.24
(A)	8,537.12	7,783.24
B. Provisions		
Provision for Income Tax (Net of Advance Tax)	-	730.72
Proposed Dividend - Equity	462.53	229.45
Proposed Dividend - Preference	36.81	36.81
Provision for Corporate Tax on Proposed Dividend	84.86	45.25
Provision for Warranty and Maintenance Expenses	618.73	401.11
Provision for Leave Encashment	36.00	31.28
Provision for Gratuity	62.99	45.09
(B)	1,301.92	1,519.71
TOTAL (A + B)	9,839.04	9,302.95

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
SCHEDULE 9: OTHER INCOME		
Interest Income (TDS Rs. 30.86 million, Previous year Rs. 133.02 million)	264.74	600.44
Income from Investments and Securities Division (TDS Rs. 69.22 million Previous year Rs. 70.03 million) (Refer Note B-11 of Schedule No.15)	48.39	(523.51)
Profit on Sale of Fixed Assets	-	66.37
Insurance Claim Received	17.83	26.14
Miscellaneous Income (TDS Rs. 0.01 million, Previous year Rs. 0.01 million)	9.19	118.78
TOTAL	340.15	288.22
SCHEDULE 10: COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	9,913.95	8,119.11
Add : Purchases	57,307.48	54,728.29
	67,221.43	62,847.40
Less : Closing Stock	10,953.00	9,913.95
(A)	56,268.43	52,933.45
B. (Increase)/Decrease in Stock		
Closing Stock:		
Finished Goods	3,602.80	3,507.66
Work in Process	794.40	765.07
	4,397.20	4,272.73
Opening Stock:		
Finished Goods	3,507.66	3,261.32
Work in Process	765.07	988.43
	4,272.73	4,249.75
(B)	(124.47)	(22.98)
TOTAL (A + B)	56,143.96	52,910.47
SCHEDULE 11: PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS		
Production Expenses	594.09	401.53
Royalty	305.95	362.63
Cess	419.04	499.54
Production Bonus	95.68	95.80
Government Share in Profit Petroleum	5,724.28	10,264.76
Exploration Expenses	28.03	711.32
Insurance Expenses	39.79	44.02
TOTAL	7,206.86	12,379.60

SCHEDULES TO PROFIT AND LOSS ACCOUNT (Continued)

	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
SCHEDULE 12: SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	1,056.19	986.53
Contribution to Provident and other Funds	117.00	89.11
Staff Welfare	91.04	82.54
TOTAL	1,264.23	1,158.18
SCHEDULE 13: MANUFACTURING AND OTHER EXPENSES		
Power, Fuel and Water	808.42	867.73
Freight and Forwarding	1,150.06	1,075.18
Rent	115.86	158.72
Rates and Taxes	73.98	69.66
Repairs to Building	26.06	31.71
Repairs to Plant and Machinery	94.98	85.13
Repairs & Maintenance-others	91.09	62.55
Insurance Expenses	89.53	68.13
Advertisement & Publicity	927.68	1,045.77
Sales Promotion Expenses	254.08	215.49
Discount and Incentive Schemes	2,317.15	2,107.60
Bank Charges	293.93	307.58
Auditors' Remuneration	11.39	10.80
Donation	134.53	91.70
(Includes Amount Paid to Bharatiya Janata Party Rs. 27.50 million, National Conference Rs. 5.00 million. (Previous year Rashtriya Janata Dal Rs. 5.00 million, Nationalist Congress Party Rs. 10.00 million, All India Congress Committee Rs. 20.00 million, Swatantra Bharat Paksha Rs. 2.50 million, Bharatiya Janata Party Rs. 25.00 million)		
Directors' Sitting Fees	1.54	1.32
Legal and Professional Charges	355.97	230.22
Royalty	85.96	69.60
Printing & Stationery	24.82	24.18
Warranty and Maintenance Expenses	851.43	606.66
Provision for Doubtful Debts	39.68	38.99
Exchange Rate Fluctuation	767.79	342.29
Loss on Sale of Fixed Assets	99.60	-
Loss due to Fire	254.14	-
Miscellaneous Expenses	567.27	304.62
TOTAL	9,436.94	7,815.63
SCHEDULE 14: INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	5,896.79	3,629.35
On Others	466.82	381.68
TOTAL	6,363.61	4,011.03

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 Standard) 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 :

- a) Fixed Assets are stated at actual cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The actual 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.
- 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 and Amortisation :

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 01.04.2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule. Depreciation on fixed assets held outside India is calculated on straight line method 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 its 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.
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 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 purchase cost of the materials/fixed assets.

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) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- d) 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. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised, as the case may be, as income or expense for the year.
- b) Foreign Currency liabilities in respect of loans availed for fixed assets and outstanding on the last day of the financial year are translated at the exchange rate prevailing on that day and any loss or gain arising out of such translation is recognised, as the case may be, as income or expense for the year.
- c) 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.

- d) 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 Employee Benefits

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

b) Post Employment Benefits

i) Provident Fund

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

The Company provides for gratuity (a defined benefit retirement plan) 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 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, deferred tax and fringe benefit tax. Provision for current income tax and fringe benefit 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) In accordance with Accounting Standard – 19 on "Accounting for Leases" issued by the Institute of Chartered Accountants of India, assets acquired under finance lease on or after 1st April, 2001, 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 comprise liabilities of uncertain timing or amount. 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.

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

B] NOTES TO ACCOUNTS:

(Rs. in Million)

	As at 30th Sept., 2009	As at 30th Sept., 2008
1. Contingent Liabilities not provided for :		
a) Letters of Guarantees	59,757.26	45,206.98
b) Letters of Credit opened	4,015.05	1,337.13
c) Customs Penalty	23.96	0.88
d) Customs Duty demands under dispute [Amount paid under protest Rs. 0.82 million (Previous year Rs. 0.40 million)]	156.09	249.49
e) Income Tax demands under dispute	349.38	349.38
f) Excise Duty and Service Tax demand under dispute [Amount paid under protest Rs. 4.21 million (Previous year Rs. 2.87 million)]	189.37	275.57
g) Sales Tax demands under dispute [Amount paid under protest Rs. 57.91 million (Previous year Rs. 23.96 million)]	156.38	326.36
h) Others	-	51.42
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 16th August, 2002 to 31st March, 2009. The amount involved relating to Ravva Block is Rs. 415.28 million (Previous year Rs. 101.55 million). The Operator is contesting the show cause notices/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Chennai 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 Ventures. Should it ultimately become payable, the Company's share as per the participating interest would be upto Rs. 103.82 million (Previous year Rs. 25.38 million).		
j) Ravva Oil & Gas Field Joint-Venture has received a demand notice for Rs. 21.53 million for delay in payment of cess for the period April 2001 to February 2004. The Ravva JV filed an appeal with Hon'ble High Court of Andhra Pradesh and has received an interim stay order against the demand. The Ravva Oil & Gas Field Joint-Venture believes that its position is likely to be upheld. However, should the liability ultimately arise, the Company's share as per the participating interest would be upto Rs. 5.38 million (Previous year Rs. 5.38 million).		
k) Disputed Income Tax demand amounting to Rs. 22.29 million in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made 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 Rs. 5.57 million (Previous year Rs. 5.57 million).		
2. a) There was a dispute regarding (i) deductibility of Oil and Natural Gas Corporation Limited Carry (ONGC Carry) while computing the Post Tax Rate of Return (PTRR) under the Ravva Production Sharing Contract (PSC); (ii) deductibility of provision of Site Restoration Costs for computation of Cost Petroleum and PTRR; (iii) deductibility of inventory purchased for computation of Cost Petroleum and PTRR; (iv) deductibility of notional Dividend Distribution Tax under the Income Tax Act, 1961 for computation of PTRR; (v) deductibility of deposits, advances and pre-payments made for the purpose of Petroleum Operations in the business of Ravva Oil & Gas Field for computation of Cost Petroleum and PTRR; and (vi) the conversion rate to be applied by the Government of India (GOI) while converting the USD amount into Indian Rupees against the invoices raised for sale of crude oil. The Dispute was referred to an International Arbitration in accordance with the provisions of the Ravva PSC. Vide the interim award dated 31st March, 2005, the Tribunal has upheld the Company's claims stated in (i) and (v) above whereas the claim of the Company stated in (ii), (iii) and (iv) above were rejected by the Tribunal. As regards claim stated at (vi) above, the Tribunal held that the payment to the Company is to be made after converting the USD amount into Indian Rupees at the State Bank of India Middle Rate i.e. the average of the buying and selling rate. Further, the Supplementary Claim of the Company for payment of interest for delayed payment against invoices raised for sale of crude oil is yet to be decided by the Arbitral Tribunal. While accepting the Interim Award, the Company computed and submitted the calculation on 31st May, 2005 to GOI indicating the amount payable by the Company after applying the said Arbitration Award at US\$ 27.02 million equivalent to Rs. 1,081.88 million, which was not accepted by GOI and it claimed that the Company needs to pay US\$ 43.72 million equivalent to Rs. 1,901.79 million and interest thereon applying the same Arbitration Award. Since the Company and the GOI were not able to agree upon the amounts due to/payable by the Company, the Company on 7th July, 2005 filed Interim Applications followed by an amendment application on 8th August, 2005 before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company. The dispute between the Company and GOI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.71 million is also covered. Pending the final decision of the Hon'ble Arbitral Tribunal, the Company has accounted for and paid the sum of US\$ 43.72 million equivalent to Rs. 1,901.79 million to GOI on ad hoc basis.		

The GOI had further filed a Petition on 10th May, 2005 before the High Court in Malaysia challenging the Arbitration Award and praying for setting aside the Partial Award dated 31st March, 2005 only in respect of ONGC Carry issue. The Company challenged

the jurisdiction of the said High Court and therefore the maintainability of such an appeal before that Court. The High Court has in this matter, 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 has filed a Notice of Appeal before the Appellate Court at Malaysia. The GOI Appeal is yet to be listed for hearing. The Company believes that its position is likely to be upheld.

- b) There is 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. Vide the interim award dated 31st March, 2005, the Tribunal has partly upheld the Company's claim. While accepting the Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI claiming the amount receivable at Rs. 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 vide its letter dated 22nd August, 2005 updated its claim claiming the total amount receivable from GOI Nominees at Rs. 124.42 million being the amount short paid by GOI nominees up to 31st July, 2005 and interest thereon also calculated up to 31st July, 2005. The Company further vide its letter dated 28th April, 2008 updated its' claim indicating the total amount receivable from GOI Nominees at Rs. 349.85 million, being the amount short paid by GOI Nominees upto 31st March, 2008 and interest thereon also calculated up to 31st March, 2008. On 25th November, 2009 the Company has further updated its claim in this respect vide its letter dated 25th November, 2009, wherein total amount receivable from GOI Nominees is computed at Rs. 498.15 million, being the amount short paid by GOI Nominees upto 31st March, 2009 and interest thereon also calculated up to 31st March, 2009. The dispute regarding 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 Dispute. 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. Both OMP 223 of 2006 and OMP 329 of 2006 are presently sub-judice before the Hon'ble Delhi High Court. The GOI nominees continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal in this regard.
- c) 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 28th March, 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 High Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide order 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 November 2009, reserved judgement in the matter. The Company believes that its' position is likely to be upheld.
- d) In respect of disputes with regard to additional profit petroleum stated in (a) above, the GOI had vide its letter dated 3rd November, 2006 raised a collective demand of Rs. 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, 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 USD 16.70 million equivalent to Rs. 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 Rs. 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.

Any further sum required to be paid or returnable in respect of dispute above at (a) to (d) in accordance with the determination of the amount by Hon'ble Arbitral Tribunal/Supreme Court/High Courts in this behalf shall be accounted for on the final outcome in this regard.

3. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) Rs. 324.16 million (Previous year Rs. 528.59 million).
4. Capital Work-in-Progress includes advances for capital assets Rs. 2,465.46 million (Previous year Rs. 3,489.92 million), Interest and other finance charges capitalised during the year Rs. 883.70 million (Previous year Rs. 544.61 million).
5. The Company had, during the year 2006, issued
 - a) 90,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 7th March, 2011 out of which 41,820 (Previous year 41,820) Bonds are outstanding.
 - i) The Bonds are convertible at the option of the bondholders at any time on and after 20th March, 2006 upto the close of business on 28th February, 2011 at a fixed exchange rate of Rs. 44.145 per 1 US\$ and at initial conversion price of Rs. 545.24 per share being at premium of 15% over the reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of Rs. 410/- as adjusted in accordance with the anti-dilution provisions.

- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 7th February, 2009 but prior to 28th February, 2011 if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
- iii) The Bonds are redeemable at maturity date i.e. on 7th March, 2011 at 116.738% of its principal amount, if not redeemed or converted earlier.
- b) 105,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 25th July, 2011 out of which 66,651 (Previous year 66,651) Bonds are outstanding.
 - i) The Bonds are convertible at the option of the bondholders at any time on or after 2nd September, 2006 until 18th July, 2011 except for certain closed periods, at a fixed exchange rate of Rs. 46.318 per 1 US\$ and at initial conversion price of Rs. 511.18 per share being at premium of 22% over reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of Rs. 410/- as adjusted in accordance with the anti-dilution provisions.
 - ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount. Redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
 - iii) The Bonds are redeemable at maturity date i.e. on 25th July, 2011 at 127.65% of its principal amount, if not redeemed or converted earlier.
- 6. The Company has issued and allotted 11,765,000 Warrants on 1st June, 2009 for a consideration of Rs. 42.50 per warrant being the warrant subscription price. Each Warrant entitles the holder to subscribe to one equity share within a period of 18 months from the date of allotment at the price of Rs. 170/- per equity share. In the event, the holder of Warrant does not exercise the option within the aforesaid period, the Warrant Subscription amount in respect of such warrants shall be forfeited and the Warrants shall lapse.
- 7. The Company has made a provision of Rs. 880.20 million (Previous year Rs. 1,349.00 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 Rs. 1.00 million (Previous year Rs. 1.00 million) towards Wealth Tax. The same are, in the opinion of the Management, adequate.
- 8. The Company has reviewed fixed assets for Impairment and has identified some of the machinery and equipments, which have been impaired. Consequently, an amount of Rs. 449.45 million (Previous year Rs. 998.90 million) has been assessed as impairment loss and has been recognized in the Profit and Loss Account. The related Deferred Tax Credit of Rs. 152.77 million (Previous year Rs. 339.52 million) has been considered in the Provision for Deferred Tax in the Profit and Loss Account. Further, during the year, the Company has discarded/dropped off certain fixed assets which were out of active use and accordingly have been eliminated from the financial statements. The resultant gain or loss has been recognised in the profit and loss account.

(Rs. in Million)		
	As at 30th Sept., 2009	As at 30th Sept., 2008
9. The major components of deferred tax liabilities/assets are as under :		
A. Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets and amortisation	5,375.75	5,142.56
	<u>5,375.75</u>	<u>5,142.56</u>
B. Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	218.72	33.65
ii) Diminution in value of investments charged in Profit and Loss Account	-	272.43
iii) Others	33.65	592.18
	<u>252.37</u>	<u>898.26</u>
Net Deferred Tax Liability	<u>5,123.38</u>	<u>4,244.30</u>

10. Joint Venture Disclosure :

- A. 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.

B. Unincorporated Joint Ventures :

- a) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through the 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 Consortium comprising the Company, Oilex Oman Ltd., GAIL India Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded the Block #56, on the Eastern Plank of the Central Salt Producing Oil Field in Oman. The Exploration Production Sharing Agreement and Joint Operating Agreement have been executed on 28th June, 2006. 2D and 3D seismic data are being reprocessed in Permian Flank and the exploration drilling in Sarha-1 well is in progress. Two of the three exploration wells have been successfully drilled. The Participating interest of the Company in the said venture is 25%. The said interest of the Company has been, subsequent to the balance sheet date, transferred to Videocon Oman 56 Limited, a wholly owned subsidiary of Videocon Energy Ventures Limited, which, in turn is a wholly owned subsidiary of the Company. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is Rs. 336.62 million (Previous year Rs. 492.18 million).
- c) The Consortium comprising the Company, Oilex Ltd., Gujarat State Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded Block WA-388-P for a term of 6 years by Government of Western Australia. Joint Operating Agreement has been signed in March 2007 and acquisition of Seismic Data is in progress. A Farm-out Agreement has been entered into with Sasol Petroleum Australia Ltd. on 12th August 2008 whereby, Sasol has acquired 30% participating interest in the Block and will become operator in place of Oilex, subject to fulfillment of all obligations under the said Agreement. In return, Sasol will carry the JV partners for certain costs in respect of Rose 3D seismic data. The participating interest of the Company after this Farm-out Agreement is 14%. The Capital Commitments of the Company for next three years based on six year work programme is Rs. 450.77 million (Previous year Rs. 61.61 million).
- d) The Company had 20% interest in EPP 27 offshore Otway Basin, South Australia through Joint Venture. Other members of the JV were Great Artesian Oil and Gas Ltd. (GOG), Oilex NL and Gujarat State Petroleum Corporation Ltd. Permit for the said concession has expired on 24th August, 2008. In March 2009, the JV partners have entered into a Good Standing Arrangement with the Government of South Australia committing to spend an amount of A\$ 5,253,061 towards acquisition and interpretation of new geophysical and geochemical data and/or drilling activities during the first three years of new permits obtained from re-released areas. The Company has already provided for it's share in the aforesaid amount, to the extent of A\$ 1.58 million i.e. Rs. 62.08 million.

C. Incorporated Jointly Controlled Entities :

- a) VB (Brasil) Petroleo Private Limitada ("VB Brasil") is a 50 : 50 joint venture company incorporated in Brazil with Bharat PetroResources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd. VB Brasil in turn holds 100% equity in IBV Brasil Petroleo Limitada (IBV) (formerly EnCana Brasil Petroleo Limitada). IBV has interests in four concessions with ten deep water offshore exploration blocks in Brazil. Petroleo Brasileiro S.A., is the operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one concession. The pre-salt exploration programme is continuing in the deep water Campos and Espirito Santos basins, with a pre-salt discovery at the Wahoo prospect, offshore Brazil in the Campos Basin. The Capital commitment of the Company for next year based on minimum work program is Rs. 3,316.76 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 and has no Capital commitments as on the Balance Sheet date.
- c) The financial interest of the Company in the jointly controlled incorporated entities based on audited/unaudited financial statement received from these Joint Venture entities are as under:

	(Rs. in Million)	
Company's share in	30th Sept., 2009	30th Sept., 2008
Assets	9,811.40	6,988.27
Liabilities	9,730.72	7,303.77
Other Income	570.52	-
Expenses	68.09	339.10
Tax	143.09	-

11. 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 & Securities division and the income/(loss) after netting of the related expenditure has been shown as "Income/(Loss) from Investments & Securities Division" under

“Other Income” which includes in respect of the long term investment dividend of Rs. 7.58 million (Previous year Rs. 9.88 million), gain on sale Rs. 597.60 million (Previous year Rs. 78.66 million) interest/premium on debentures/bonds Rs. 10.71 million (Previous year Rs. 3.18 million) and in respect of current Investments, dividend of Rs. 0.20 million (Previous year Rs. 2.56 million)

(Rs. in Million)

	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
12. Earnings Per Share:		
i) Net Profit attributable to Equity Shareholders		
Net Profit as per Profit and Loss Account	4,006.62	8,542.95
Add : Excess provision of Income Tax for earlier years written back	736.82	7.32
Less : Short provision of Fringe Benefit Tax	-	0.17
	<u>4,743.44</u>	<u>8,550.10</u>
Less : Dividend on Preference Shares including Tax on the same	43.06	43.06
Net Profit attributable to Equity Shareholders	<u>4,700.38</u>	<u>8,507.04</u>
Add : Changes (net)	266.42	246.69
Adjusted Net Profit for Diluted EPS	<u>4,966.80</u>	<u>8,753.73</u>
ii) Weighted Average number of Equity Shares for Basic EPS	229,406,816	227,224,997
Weighted Average number of Equity Shares for Diluted EPS	255,062,493	238,903,247
iii) Basic Earnings per Share	Rs. 20.49	Rs. 37.44
Diluted Earnings per Share	Rs. 19.47	Rs. 36.64
iv) Reconciliation of weighted average numbers of Equity Shares outstanding during the period		
For Basic Earnings per Share	229,406,816	227,224,997
Add : Adjustment for diluted EPS	25,655,677	11,678,250
For Diluted Earnings per Share	<u>255,062,493</u>	<u>238,903,247</u>

13. Employee Benefits:

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

I) Defined Contribution Plans :

Amount of Rs. 117.00 million (Previous year Rs. 89.11 million) is recognised as an expense and shown under the head “Salary, Wages and Employees’ Benefits” (Schedule 12) in the Profit and Loss Account.

II) Defined Benefit Plans :

(Rs. in Million)

	Gratuity		Leave Encashment	
	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008
a) The amounts recognised in the Balance Sheet as at the end of the year				
1. Present Value of Defined Benefit Obligation	106.59	79.46	36.00	31.28
2. Fair value of Plan Assets	43.60	34.37	-	-
3. Funded Status – Surplus/(Deficit)	(62.99)	(45.09)	(36.00)	(31.28)
4. Net Assets/(Liability)	(62.99)	(45.09)	(36.00)	(31.28)
b) The amounts recognised in Profit and Loss Account for the year				
1. Current Service Cost	18.01	8.71	11.16	6.68
2. Interest Cost	6.74	5.92	2.46	2.37
3. Actuarial (Gains)/Losses	17.72	4.06	2.84	5.21
4. Actual Return on Plan Assets	4.91	3.08	-	-
5. Total expenses	<u>37.56</u>	<u>15.61</u>	<u>16.46</u>	<u>14.26</u>

(Rs. in Million)

	Gratuity		Leave Encashment	
	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008
c) The changes in Obligations during the year				
1. Present value of Defined Benefit Obligation at the beginning of the year	79.46	71.92	31.28	29.09
2. Current Service Cost	18.01	8.71	11.16	6.68
3. Interest Cost	6.74	5.92	2.46	2.37
4. Actuarial (Gains)/Losses	17.72	4.06	2.84	5.21
5. Benefit Payments	15.34	11.15	11.74	12.07
6. Present value of Defined Benefit Obligation at the end of the year	106.59	79.46	36.00	31.28
d) The changes in Plan Assets during the year				
1. Plan Assets at the beginning of the year	34.37	31.16	-	-
2. Contribution by Employer	9.21	9.36	-	-
3. Actual Benefit paid	4.89	9.23	-	-
4. Plan Assets at the end of the year	43.60	34.37	-	-
5. Actual return on Plan Assets	4.91	3.08	-	-

Actuarial assumptions:

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

The above information is certified by Actuary.

14. 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.
15. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
16. During the year, the Company has forfeited and cancelled 43,948 shares (Previous year Nil) issued on amalgamation of erstwhile Videocon International Ltd., due to non receipt of allotment and/or call money from shareholders. The amount paid-up on these shares amounting to Rs. 2.72 million has been transferred to Capital Reserve.
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.

(Rs. in Million)

	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
18. Auditors' Remuneration: (Including Service Tax)		
a) Audit Fees	6.56	6.18
b) Tax Audit Fees	1.54	1.52
c) Out of Pocket Expenses	0.20	0.18
d) Other Services	3.09	2.92
	<u>11.39</u>	<u>10.80</u>

	As at 30th Sept., 2009	As at 30th Sept., 2008
19. Disclosures under Micro, Small and Medium Enterprises Development Act, 2006		
a) Principal amount remaining unpaid to any suppliers as at the end of each accounting year	0.15	0.09
b) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	0.00	0.00
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	0.01	Nil
d) The amount of interest due and payable for the period of delay in making payment	0.00	0.00
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.00	0.00
f) The amount of further interest remaining due and payable even in the succeeding years, until 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	Nil	Nil

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.

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

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 Standard are given below:

a) List of Related Parties :

i) Subsidiary Companies :

- Datacom Telecommunications Private Limited (Subsidiary of Videocon Telecommunications Limited)
- Eagle ECorp Limited
- Godavari Consumer Electronics Appliances Private Limited
- Investcon Singapore Holdings Limited [Subsidiary of Videocon (Mauritius) Infrastructure Ventures Limited] (Upto 7th January, 2009)
- Jumbo Techno Services Private Limited (Subsidiary of Videocon International Electronics Limited) (w.e.f. 22nd September, 2009)
- Mayur Household Electronics Appliances Private Limited
- Middle East Appliances LLC
- Paramount Global Limited
- Pipavav Energy Private Limited
- Powerking Corporation Limited
- Senior Consulting Private Limited (Subsidiary of Videocon International Electronics Limited (w.e.f. 18th September, 2009)
- Sky Billion Trading Limited
- Venus Corporation Limited
- Videocon Display Research Co. Limited
- Videocon Electronics (Shenzhen) Limited (Chinese Name - Wei You Kang Electronic (Shenzhen) Co. Limited)
- Videocon Energy Brazil Limited (Formerly Videocon Global Energy Holdings Limited)
- Videocon Energy Ventures Limited
- Videocon Global Limited
- Videocon Indonesia Nunukan Inc. (w.e.f. 5th August, 2009)
- Videocon International Electronics Limited
- Videocon JPDA 06-103 Limited (Formerly Global Energy Inc.)
- Videocon (Mauritius) Infrastructure Ventures Limited (Upto 7th January, 2009)
- Videocon Mozambique Rovuma 1 Limited (Formerly Videocon Energy Resources Limited)
- Videocon Oman 56 Limited (Formerly Videocon Hydrocarbon Holdings Ltd.) (Subsidiary of Videocon Energy Ventures Limited)
- Videocon Telecommunications Limited (Formerly Datacom Solutions Ltd.) (Subsidiary of Videocon International Electronics Limited)

ii) Associates and Joint Ventures :

- Ravva Oil & Gas Field Joint Venture-Participating Interest 25%
- WA-388-P Joint Venture-Participating Interest 14%
- EPP27 Joint Venture-Participating Interest 20%
- Block 56 Oman Joint Venture - Participating interest 25%
- VB (Brasil) Petroleo Private Ltda. - Joint Venture - 50%

- IBV Brasil Petroleo Limitada (Subsidiary of VB (Brasil) Petroleo Private Ltda.)
- Videocon Infinity Infrastructure Private Limited - Joint Venture - 50%
- Goa Energy Pvt. Ltd. - (Associate w.e.f. 27th October, 2008)

iii) Key Management Personnel:

- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. K. R. Kim - Chief Executive Officer
- Mr. P. K. Gupta - Vice President
- Mr. Amit Gupta - Vice President
- Mr. Shekhar Jyoti - Vice President

b) Transactions/outstanding balances with Related Parties :

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

(Rs. in Million)

Nature of Transaction	Subsidiary Companies	Associates/ Joint Venture	Key Management Personnel
Sale of Goods	4,873.31 (22,151.06)		
Purchase of Goods	1.11 (207.09)		
Interest Recovered	2,326.54 (Nil)		
Investments	20,348.85 (1,683.05)	Nil (24.37)	
Advances/Loans given	18,007.78 (17,697.06)	341.50 (0.05)	
Refund of Advances/Loans given	8,690.07 (Nil)		
Advances/Loans Received	Nil (1.29)		
Transaction with Joint Venture - Contribution towards share of expenditure		786.39 (2,167.16)	
Remuneration			52.86 (24.93)
Outstanding as at 30th September, 2009			
Trade Receivables	961.47 (4,785.26)		
Advances/Loans given	28,481.09 (19,164.67)	410.93 (0.05)	
Advances/Loans Received	Nil (1.29)		
Investments/Share Application Money	22,972.99 (2,624.14)	24.37 (24.37)	
Payable to Unincorporated Joint Venture		1.57 (3.86)	

- c) Material transactions with Related Party during the year are : Sales to Mayur Household Electronic Appliances Private Limited Rs. 3,049.01 million (Previous year Rs. 17,638.26 million), Videocon Telecommunications Limited Rs. 1,331.47 million (Previous year Rs. Nil), Middle East Appliances LLC Rs. 492.83 million (Previous year Rs. 251.28 million); Purchases from Middle East Appliances LLC Rs. 1.11 million (Previous year Rs. 9.84 million); Subscription to Shares (Investments) of Videocon International Electronics Limited Rs. 19,999.50 million (Previous year Rs. 0.50 million); interest from Videocon Telecommunications Limited Rs. 2,326.54 million (Previous year Rs. Nil); Advances/Loans given to Paramount Global Limited Rs. 5,592.70 million (Previous year Rs. 2,774.62 million), Videocon Global Limited Rs. 6,446.48 million (Previous year Rs. Nil), Powerking Corporation Limited Rs. 3,295.96 million (Previous year Rs. Nil), Venus Corporation Limited Rs. 2,205.39 million (Previous year Rs. Nil); Refund of Advances/Loans from Pipavav Energy Private Limited Rs. 1,271.70 million (Previous

year Rs. Nil), Videocon Telecommunications Limited Rs. 2,823.98 million (Previous year Rs. Nil), Godavari Consumer Electronics Appliances Private Limited Rs. 4,594.39 million (Previous year Rs. Nil); Contribution towards Share of Expenditure (Joint Venture) to Ravva Oil & Gas field Rs. 590.03 million (Previous year Rs. 1,926.66 million); Share Application Money to Pipavav Energy Private Limited Rs. 1,500.00 million (Previous year Rs. 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 Associate etc.

A) Loans and Advances in the nature of Loans:

(Rs. in Million)				
Name of the Company		As at 30th Sept., 2009	As at 30th Sept., 2008	Maximum Balance during the year
1. Paramount Global Limited	Subsidiary	9,834.93	4,242.23	9,834.93
2. Pipavav Energy Private Limited	Subsidiary	585.02	1,856.72	1,856.72
3. Sky Billion Trading Limited	Subsidiary	12.37	-	12.37
4. Videocon Global Limited	Subsidiary	6,445.19	-	6,445.19
5. Powerking Corporation Limited	Subsidiary	3,295.96	-	3,295.96
6. Venus Corporation Limited	Subsidiary	2,205.39	-	2,205.39
7. Videocon Electronic (Shenzhen) Limited	Subsidiary	23.60	-	23.60
8. Videocon Telecommunications Limited (Formerly Datacom Solutions Ltd.)	Subsidiary	5,647.34	8,471.33	9,724.53
9. Videocon JPDA 06-103 Limited (Formerly Global Energy Inc.)	Subsidiary	305.31	-	305.31
10. Videocon Energy Resources Ltd.	Subsidiary	121.18	-	121.18
11. Videocon Energy Brazil Limited (Formerly Videocon Global Energy Holdings Limited)	Subsidiary	4.80	-	4.80
12. Godavari Consumer Electronics Appliances Private Limited	Subsidiary	-	4,594.39	4,594.39

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 Ravva Oil & Gas field (Unincorporated) Joint Venture remaining reserves on proved and probable basis (as per Operator's estimates)

Particulars	Unit of measurement	As at 30th Sept., 2009	As at 30th Sept., 2008
Crude Oil	Million Metric Tonnes	1.45	1.89
Natural Gas	Million Cubic Metres	338.95	419.69

25. Hitherto, the Company was following the "successful efforts" method of accounting in respect of oil and natural gas exploration, development and producing activities. During the year the Company has changed the method of accounting for such activities from "successful efforts" method to "full cost" method.

These activities are carried out in diverse locations, using various techniques. All costs incurred at any time and at any place in a cost centre in an attempt to add commercial reserves are an essential part of the cost of any reserves added in the cost centre. As a result they are directly associated with the enterprise's reserves in that centre and all the costs should be treated as part of the cost of the mineral assets in the cost centre. The 'full cost' method of accounting, in respect of such activities, provides better matching of income and expenses, if total costs are depreciated on pro-rata basis as the reserves in large cost centres are produced. Further, oil and gas reserves are similar to long term inventory item. Under the full cost method the annual distortions of income resulting from expensing the charges for unsuccessful pre-production activities are eliminated whereas the successful efforts method of accounting assesses success or failure too early in a project and is likely to result in an understatement of assets and net income of a growing enterprise.

In view of the above and considering the characteristics of the participating interests of the Company in joint ventures for oil and gas exploration and production in large cost centres, either directly or indirectly through subsidiaries, it has been advised to the Company that the full cost method will be more appropriate, as it provides better matching of income and expenses.

Consequent to the above change, there is no material impact on the financial statements for the year. The 'Production and Exploration Expenses - Oil and Gas' are lower by Rs. 4.68 million and the net profit for the year, Reserves & Surplus and Capital Work-in-Progress are higher by the said amount.

26. 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 :

(Rs. in Million)

	Warranty and Maintenance Expenses	
	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
a) Amount at the beginning of the year	401.11	380.64
b) Additional provision made during the year	528.47	392.01
c) Amount used	310.85	371.54
d) Amount at the end of the year	618.73	401.11

	Unit	Year ended 30th Sept., 2009		Year ended 30th Sept., 2008	
		Quantity	Rs. in Million	Quantity	Rs. in Million
27. Additional Information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act,1956.					
QUANTITATIVE INFORMATION :					
I.	Production:				
	(Including Goods Manufactured through third parties and excluding goods manufactured for others on job basis)				
	a) Crude Oil	MT	449,136	529,099	
	b) Natural Gas	Cu. Mtr	157,136,861	209,294,447	
	c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	34,282,054	34,139,422	
	d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	5,831,653	5,532,776	
	e) Air Conditioners	Nos.	427,267	399,106	
II.	Stocks of Finished Goods at Close:				
	a) Crude Oil	MT	6,526	24.61	9,505
	b) Natural Gas	Cu. Mtr	-	-	-
	c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	1,635,554	1,874.56	1,490,537
	d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	341,099	1,410.28	317,209
	e) Air Conditioners	Nos.	26,173	293.35	36,568
	TOTAL			3,602.80	409.31
					3,507.66
III.	Stocks of Finished Goods at Beginning :				
	a) Crude Oil	MT	9,505	37.66	19,342
	b) Natural Gas	Cu. Mtr	-	-	-
	c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	1,490,537	1,755.63	985,691
	d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	317,209	1,305.06	238,247
	e) Air Conditioners	Nos.	36,568	409.31	515.88
	TOTAL			3,507.66	3,261.32
IV.	Sales/Services Rendered (Including Duty Drawback and Cash Compensatory support)				
	a) Crude Oil	MT	452,115	9,688.82	538,936
	b) Natural Gas	Cu. Mtr	141,657,384	936.67	190,834,898
	c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	34,137,037	52,101.60	33,634,576
					18,002.11
					1,073.89
					51,494.84

	Unit	Year ended 30th Sept., 2009		Year ended 30th Sept., 2008	
		Quantity	Rs. in Million	Quantity	Rs. in Million
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	5,807,763	23,891.31	5,453,814	23,711.97
e) Air Conditioners	Nos.	437,662	6,712.61	401,610	6,320.13
f) Other Sales and Service Income			481.67		448.34
TOTAL			93,812.69		101,051.28
V. Flared/ Consumed/ Normal Loss					
a) Natural Gas	Cu. Mtr.	15,479,477		18,459,549	
VI. Raw Material Components and Spares Consumption including for products manufactured through third parties					
a) Printed Circuit Board (All types)	Nos.	9,106,290	6,682.62	8,929,193	6,251.03
b) Active & Passive Components */**			17,043.74		16,004.20
c) Plastic and Wooden Parts	Nos.	10,200,803	23,017.17	10,053,448	21,598.00
d) Other Raw Materials **			9,524.90		9,080.22
TOTAL			56,268.43		52,933.45

* 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 & number.

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

		Year ended 30th Sept., 2009		Year ended 30th Sept., 2008	
		Percentage	Rs. in Million	Percentage	Rs. in Million
VII. Value of Imported and Indigenous Raw Materials, Components and Spares Consumed					
a) Imported		19.95	11,225.64	20.23	10,708.73
b) Indigenous		80.05	45,042.79	79.77	42,224.72
TOTAL			56,268.43		52,933.45

		Year ended 30th Sept., 2009 Rs. in Million	Year ended 30th Sept., 2008 Rs. in Million
VIII. C.I.F. Value of Imports, Expenditure and Earnings in Foreign Exchange :			
a) C.I.F. Value of Imports:			
Raw Materials		11,093.45	11,411.61
Capital Goods (including advances)		1,765.76	217.88
b) Expenditure incurred in Foreign Currency : (on payment basis)			
Cash Call paid to the Operator for the project		496.54	1,751.23
Interest & Bank Charges		436.49	478.45
Royalty		66.17	69.52
Travelling		30.40	28.15
Dividend - 1,200 shareholders holding 39,565,428 shares		39.57	139.87
(Previous year - 874 shareholders holding 39,964,109 shares)			
Others		33.63	16.91
c) Other Earnings/Receipts in Foreign Currency :			
F.O.B. Value of Exports (on receipt basis)		5,224.28	6,077.34
Interest		1.96	3.43

28. Figures in respect of previous year have been regrouped and recasted wherever necessary to make them comparable with those of current year.

29. Balance Sheet Abstract and Company's General Business Profile:**I. Registration Details**

Registration No.	103624
Balance Sheet Date	30.09.2009
State Code	11

II. Capital Raised During the year (Amounts Rs. in Thousand)

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
Share Application Money	950,013

III. Position of Mobilisation and Deployment of Funds (Amounts Rs. in Thousand)

Total Liabilities	168,969,268
Total Assets	168,969,268
Sources of Funds	
Paid-up Capital	2,754,154
Reserves and Surplus	69,296,251
Share Application Money Pending Allotment / Warrant Subscription	950,013
Deferred Tax Liability (Net)	5,123,379
Secured Loans	67,350,365
Unsecured Loans	23,495,106
Application of Funds	
Net Fixed Assets	60,202,733
Investments	30,648,993
Net Current Assets	78,117,542

IV. Performance of Company (Amounts Rs. in Thousand)

Turnover	91,970,555
Total Expenditure	86,187,121
Profit Before Tax	5,783,434
Profit After Tax	4,006,616
Earnings Per Share in Rs.	20.49
Dividend Rate %	20%

V. Generic Names of Three Principal Products of the Company

(As per monetary terms)

a) Item Code No. (ITC Code)	2709.00
Product Description	Crude Oil and Natural Gas
b) Item Code No. (ITC Code)	8528.00
Product Description	Television
c) Item Code No. (ITC Code)	8418.00
Product Description	Glass Shell Panels & Funnels for C.P.T.

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Rs.in Million)

Sr. No.	Name of the Subsidiary Company	Report- ing Cur- rency	Ex- change Rate	Capital	Re- serves	Total Assets	Total Liabili- ties	Investment (Except in the subsid- iaries)	Turn- over/ Total Income	Profit Before Tax	Provision For Tax (net of write back)	Profit After Tax	Pro- posed Divi- dend	Country
1	Datcom Telecommunications Pvt. Ltd.	INR	1.00	0.50	-	0.51	0.01	-	-	-	-	-	-	INDIA
2	Eagle ECorp Ltd.	USD	48.47	0.48	346.81	347.30	0.01	-	1,222.86	347.01	-	347.01	-	BRITISH VIRGIN ISLAND
3	Godavari Consumer Electronics Appliances Pvt.Ltd.	INR	1.00	0.10	3.54	325.70	322.06	-	1,190.75	(321.53)	99.30	(222.23)	-	INDIA
4	Jumbo Techno Services Pvt. Ltd.	INR	1.00	1,000.00	1,222.52	2,260.25	37.73	-	-	(2.93)	-	(2.93)	-	INDIA
5	Mayur Household Electronics Appliances Pvt.Ltd.	INR	1.00	0.10	11.07	511.25	500.08	-	6,712.62	(499.31)	155.61	(343.70)	-	INDIA
6	Middle East Appliances LLC	RO	126.35	398.53	(327.91)	850.53	779.91	-	955.92	(164.74)	-	(164.74)	-	SULTANATE OF OMAN
7	Paramount Global Ltd.	USD	48.47	620.42	(586.46)	15,128.06	15,094.10	184.19	972.04	(73.46)	-	(73.46)	-	HONGKONG
8	Pipavav Energy Pvt.Ltd.	INR	1.00	0.10	(0.65)	2,085.94	2,086.49	-	0.06	(0.65)	-	(0.65)	-	INDIA
9	Powerking Corporation Ltd.	USD	48.47	0.13	250.25	4,263.70	4,013.32	-	1,790.83	434.82	-	434.82	-	CAYMAN ISLAND
10	Senior Consulting Pvt. Ltd.	INR	1.00	10.00	-	1,388.82	1,378.82	-	-	-	-	-	-	INDIA
11	Sky Billion Trading Ltd.	USD	48.47	51.96	(311.67)	3,892.47	4,152.18	-	2,495.78	(63.34)	-	(63.34)	-	HONGKONG
12	Venus Corporation Ltd.	USD	48.47	0.14	85.02	3,269.47	3,184.31	-	1,478.40	424.07	-	424.07	-	CAYMAN ISLAND
13	Videocon Display Research Co. Ltd.	JPY	0.5429	32.57	(51.06)	147.31	165.80	-	459.57	(41.71)	(7.63)	(49.34)	-	JAPAN
14	Videocon Energy Brazil Ltd. (Formerly Videocon Global Energy Holdings Ltd.)	USD	48.47	0.05	(698.14)	10,297.92	10,996.01	-	42.73	(686.04)	-	(686.04)	-	BRITISH VIRGIN ISLAND
15	Videocon Energy Ventures Ltd.	USD	48.47	0.05	(0.19)	1.42	1.56	-	-	(0.18)	-	(0.18)	-	BRITISH VIRGIN ISLAND
16	Videocon Global Ltd.	USD	48.47	0.12	2,267.98	14,627.18	12,359.08	-	2,093.89	668.58	-	668.58	-	BRITISH VIRGIN ISLAND
17	Videocon Indonesia Nunukan Inc	USD	48.47	0.05	(0.37)	0.05	0.37	-	-	(0.37)	-	(0.37)	-	CAYMAN ISLAND
18	Videocon International Electronics Ltd.	INR	1.00	20,000.00	(144.48)	22,904.62	3,049.10	-	-	(143.72)	-	(143.72)	-	INDIA
19	Videocon Mozambique Rovuma 1 Ltd. (Formerly Videocon Energy Resources Ltd.)	USD	48.47	0.48	(7.17)	2,133.16	2,139.85	-	0.03	(5.19)	-	(5.19)	-	BRITISH VIRGIN ISLAND
20	Videocon Oman 56 Ltd. (Formerly Videocon Hydrocarbon Holdings Ltd.)	USD	48.47	0.05	(58.04)	1.06	59.05	-	-	(43.52)	-	(43.52)	-	BRITISH VIRGIN ISLAND
21	Videocon JPDA 06-103 Ltd. (Formerly Global Energy Inc)	USD	48.47	0.05	(305.78)	409.24	714.97	-	0.02	(0.23)	-	(0.23)	-	CAYMAN ISLAND
22	Videocon Telecommunications Ltd. (Formerly Datacom Solutions Ltd.)	INR	1.00	5,400.00	-	29,464.17	24,064.17	-	-	-	-	-	-	INDIA
23	Videocon Electronic (Shenzhen) Limited (Chinese name Wei You Kang Electronic (Shenzhen) Co. Ltd.)	CNY	7.11	6.54	(33.26)	0.00	26.72	-	0.02	(33.27)	-	(33.27)	-	CHINA

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

VIDEOCON INDUSTRIES LIMITED

We have audited the attached Consolidated Balance Sheet of Videocon Industries Limited (the Company) and its subsidiaries as at 30th September, 2009 and the 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.

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

We did not jointly audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets of Rs. 59,238.08 million as at 30th September, 2009, total revenues of Rs.17,131.08 million and cash flows amounting Rs. 8,633.29 million for the year ended on that date. These financial statements have been audited by either of us singly or by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of those respective auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 on "Consolidated Financial Statements", Accounting Standard (AS) 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests 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.

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, 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 30th September, 2009;
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations 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

For KADAM & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180
Firm Registration No. 105049W

U. S. KADAM
Partner
Membership No. 31055
Firm Registration No. 104524W

Place : Mumbai
Date : 15th February, 2010

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

Particulars	Schedule No.	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. In Million)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	2,754.16	2,753.11
b) Reserves & Surplus	2	70,137.16	66,004.40
2. Minority Interest		0.46	540.00
3. Share Application Money Pending Allotment/ Warrant Subscription		950.01	8,022.49
4. Deferred Tax Liability (Net)		5,123.42	4,237.77
5. Loan Funds			
a) Secured Loans	3	97,097.80	77,014.12
b) Unsecured Loans	4	23,577.83	36,378.09
TOTAL		199,640.84	194,949.98
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		144,562.05	132,884.96
b) Less : Depreciation, Amortisation and Impairment		43,363.48	43,328.48
c) Net Block		101,198.57	89,556.48
2. Pre-Operative Expenditure Pending Allocation		6,433.86	1,292.32
3. Investments	6	7,876.92	24,528.42
4. Goodwill on Consolidation		130.53	103.79
5. Current Assets, Loans and Advances	7		
a) Inventories		18,001.87	16,048.24
b) Sundry Debtors		18,187.13	17,685.26
c) Cash and Bank Balances		9,358.83	16,205.40
d) Other Current Assets		405.60	240.73
e) Loans and Advances		53,554.11	42,565.98
		99,507.54	92,745.61
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		14,100.56	11,498.34
b) Provisions		1,406.11	1,778.30
		15,506.67	13,276.64
Net Current Assets		84,000.87	79,468.97
Miscellaneous Expenditure (To the extent not written off or adjusted)		0.09	-
Significant Accounting Policies and Notes to Accounts	15		
TOTAL		199,640.84	194,949.98

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009

Particulars	Schedule No.	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
I. INCOME			
Sales/Income from Operations		106,737.29	122,370.52
Less : Excise Duty		2,182.28	3,514.73
Net Sales		104,555.01	118,855.79
Other Income	9	1,029.15	952.79
TOTAL		105,584.16	119,808.58
II. EXPENDITURE			
Cost of Goods Consumed/Sold	10	66,984.14	65,590.35
Production and Exploration Expenses - Oil and Gas	11	7,206.86	12,637.99
Salaries, Wages and Employees' Benefits	12	1,749.99	4,179.59
Manufacturing and Other Expenses	13	10,192.74	11,468.71
Interest and Finance Charges	14	7,478.20	5,326.04
Depreciation, Amortisation and Impairment	5	5,887.57	8,340.06
Less : Transferred from Revaluation Reserve		-	535.15
		5,887.57	7,804.91
TOTAL		99,499.50	107,007.59
III. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		6,084.66	12,800.99
Less : Exceptional Items		-	1,278.10
Add : Share of Profit in Associate Company		-	50.80
Add : Adjustment on Disposal/Cessation of Subsidiaries/Associates		2.44	2,880.45
Provision for Taxation			
Current Tax		1,024.29	1,616.84
Deferred Tax		886.62	1,765.02
Fringe Benefit Tax		16.53	22.93
IV. PROFIT BEFORE MINORITY INTEREST		4,159.66	11,049.35
Add/(Less) : Minority Interest		0.03	(60.04)
V. PROFIT FOR THE YEAR		4,159.69	10,989.31
Add : Excess provision for Income Tax for earlier years written back		991.63	7.32
Less : Short provision for Fringe Benefit Tax for earlier years		-	0.17
Balance brought forward		20,771.97	12,222.09
VI. BALANCE AVAILABLE FOR APPROPRIATION		25,923.29	23,218.55
VII. APPROPRIATIONS			
Proposed Dividend - Equity		462.53	229.45
Proposed Dividend - Preference		36.81	36.81
Corporate Tax on Proposed Dividend		84.86	45.25
Dividend and Dividend Tax Paid for Earlier Period		-	0.07
Transfer to Debenture/Bond Redemption Reserve		1,340.74	135.00
Transfer to General Reserve		1,000.00	2,000.00
Balance Carried to Balance Sheet		22,998.35	20,771.97
TOTAL		25,923.29	23,218.55
Basic Earnings per Share		Rs. 22.27	Rs. 48.21
Diluted Earnings per Share		Rs. 21.07	Rs. 46.88
(Nominal Value per Share Rs.10/-)			
(Refer Note No. C-8 of Schedule No. 15)			
Significant Accounting Policies and Notes to Accounts	15		

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009

Particulars	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	6,084.66	12,800.99
a) Depreciation, Amortisation and Impairment	5,887.57	7,804.91
b) Interest and Finance Charges	7,478.20	5,326.04
c) Provision for Retirement Benefits and Leave Encashment	26.17	(1,086.65)
d) Provision for Warranty and Maintenance Expenses	217.62	(4.38)
e) Provision for Restructuring Cost	-	(79.89)
f) Provision for Contingencies/Other provisions	-	(72.45)
g) Provision for Exchange Rate Fluctuation	-	(1,023.91)
h) Diminution/(Written back) in value of Investments	(53.15)	640.16
i) Share of Profit in Associate company	-	50.80
j) Minority Interest for the year	0.03	(60.04)
k) Interest Received	(662.48)	(900.18)
l) (Income)/Loss from Investments and Securities Division	4.76	(116.65)
m) Exceptional Items	-	(1,278.10)
n) (Profit)/Loss on Sale of Fixed Asset	100.61	(146.36)
Cash flow from Operating Activities before Working Capital changes	19,083.99	21,854.29
Adjustments:		
a) Inventories	(1,953.63)	5,314.35
b) Sundry Debtors	(501.87)	8,410.11
c) Other Current Assets	(164.87)	(13.67)
d) Loans and Advances	(10,988.25)	(20,682.16)
e) Current Liabilities	2,604.55	(10,894.62)
Cash flow from Operating Activities	8,079.92	3,988.30
Less: Income Tax Paid	921.34	1,113.44
Less: Fringe Benefit Tax Paid	16.41	23.26
Net Cash flow from Operating Activities (A)	7,142.17	2,851.60
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets/Adjustment on account of disposal/cessation of subsidiaries (Net)	3,219.98	16,780.14
Adjustment on Account of Producing Properties	74.12	550.19
Interest Received	662.48	900.18
Adjustment on Disposal of Subsidiaries	2.44	2,880.45
Income/(Loss) from Investments and Securities Division	(4.76)	116.65
(Increase) in Fixed Assets including Capital Work-in-Progress	(20,919.27)	(38,683.14)
(Increase) in Pre-Operative Expenditure pending Allocation	(5,141.54)	(1,292.32)
(Increase) in Miscellaneous Expenditure	(0.09)	-
(Increase) in Producing Properties	(5.10)	(1,255.66)
(Increase)/Decrease in Goodwill	(26.74)	-
(Purchase)/Sale of Investments (Net)	16,704.65	(18,643.46)
Net Cash flow from Investing Activities (B)	(5,433.83)	(38,646.97)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	1.05	83.57
Increase/(Decrease) in Share Application Money	(7,072.48)	5,941.03
Increase/(Decrease) in Minority Interest	(539.54)	243.27
Securities Premium Received	11.90	3,770.85
Forfeited Shares	2.72	-
Increase/(Decrease) in Secured Term Loans from Banks	19,134.97	33,838.14
Increase/(Decrease) in Unsecured Loans	(13,062.72)	11,646.04
Increase/(Decrease) in Working Capital Loans from Banks	1,702.45	(806.51)
Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation	(186.51)	1,258.02
Increase/(Decrease) in Capital Reserve on Consolidation	-	(15,590.36)
Increase/(Decrease) in Revaluation Reserve - Associate Equity	-	(158.54)
Transfer of Deferred Tax Liabilities on disposal/cessation of subsidiary	(0.97)	(17.88)
Redemption of Secured Non Convertible Debentures	(753.74)	(1,107.96)
Payment of Dividend	(268.59)	(842.22)
Corporate Tax on Dividend	(45.25)	(142.80)
Interest and Finance Charges Paid	(7,478.20)	(5,326.04)
Net Cash flow from Financing Activities (C)	(8,554.91)	32,788.61
Net Change in Cash and Cash Equivalents (A + B + C)	(6,846.57)	(3,006.76)
Opening Balance of Cash and Cash Equivalents	16,205.40	19,212.16
Closing Balance of Cash and Cash Equivalents	9,358.83	16,205.40

SCHEDULES TO BALANCE SHEET

	As at 30th Sept, 2009 (Rs. in Million)	As at 30th Sept, 2008 (Rs. in Million)
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
500,000,000 (Previous year 500,000,000) Equity Shares of Rs. 10/- each	5,000.00	5,000.00
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of Rs. 100/- each	1,000.00	1,000.00
	<u>6,000.00</u>	<u>6,000.00</u>
Issued, Subscribed and Paid-up:		
Equity Shares :		
229,406,816 (Previous year 229,450,764) Equity Shares of Rs. 10/- each fully paid up.	2,294.07	2,294.51
Of the above :		
a) 95,078 (Previous year 95,078) Equity Shares of Rs.10/- each have been issued on conversion of Unsecured Optionally Convertible Debentures.		
b) 156,394,378 (Previous year 156,438,326) Equity Shares of Rs.10/- each were allotted pursuant to amalgamations without payments being received in cash.		
c) 45,777,345 (Previous year 45,777,345) Equity Shares of Rs.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).		
d) 8,464,515 (Previous year 8,464,515) Equity Shares of Rs.10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds of US\$ 1,000 each (inclusive of premium).		
Less : Calls in Arrears - by others	-	1.49
	(A) <u>2,294.07</u>	<u>2,293.02</u>
Preference Shares :		
a) 4,523,990 (Previous year 4,523,990) 8% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up, redeemable at par in 3 equal installments on 1st October, 2011, 1st October, 2012 and 1st October, 2013.	452.40	452.40
b) 76,870 (Previous year 76,870) 8% Cumulative Redeemable Preference Shares of Rs.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) <u>460.09</u>	<u>460.09</u>
TOTAL (A + B)	<u>2,754.16</u>	<u>2,753.11</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	-	693.69
Less : Adjustment for change in Associate's/Subsidiary's equity	-	158.54
Less : Transferred to Profit and Loss Account	-	535.15
	(A) <u>-</u>	<u>-</u>
Capital Redemption Reserve		
As per last Balance Sheet	537.50	537.50
	(B) <u>537.50</u>	<u>537.50</u>
Capital Subsidy		
As per last Balance Sheet	5.50	5.50
	(C) <u>5.50</u>	<u>5.50</u>
Securities Premium Account		
As per last Balance Sheet	29,088.31	25,523.96
Add : Addition on Conversion of FCCBs	-	3,770.85
Less : Premium payable on Redemption of Convertible Bonds	262.47	206.50
Less : Reversal of Premium on Shares Forfeited	5.00	-
	<u>28,820.84</u>	<u>29,088.31</u>
Less : Call and/or allotment money in arrears - by others	-	16.90

SCHEDULES TO BALANCE SHEET (Continued)

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
Debenture/Bonds Redemption Reserve	(D) 28,820.84	29,071.41
As per last Balance Sheet	1,947.50	1,812.50
Add : Transferred from Profit and Loss Account	1,340.74	135.00
	(E) 3,288.24	1,947.50
Legal Reserve		
As per last Balance Sheet	0.01	0.01
Add : Adjustment on Account of Foreign Currency Translation	0.00	0.00
	(F) 0.01	0.01
Capital Reserve		
As per last Balance Sheet	1.52	1.52
Add : On Forfeiture of Shares	2.72	-
	(G) 4.24	1.52
Foreign Currency Translation Reserve		
As per last Balance Sheet	467.51	(790.51)
Add/(Less) during the year	(186.51)	1,258.02
	(H) 281.00	467.51
General Reserve		
As per last Balance Sheet	13,201.48	11,198.61
Add: On account of transitional provisions under Accounting Standard 15	-	2.87
Add: Transferred from Profit and Loss Account	1,000.00	2,000.00
	(I) 14,201.48	13,201.48
Profit and Loss Account		
As per Account annexed	22,998.35	20,771.97
	(J) 22,998.35	20,771.97
TOTAL (A to J)	70,137.16	66,004.40

SCHEDULE 3 : SECURED LOANS

A. Non-Convertible Debentures	494.54	1,248.28
B. Term Loans from Banks and Financial Institutions	73,204.03	59,413.33
C. External Commercial Borrowings	4,076.33	4,448.08
D. Corporate Loan from Banks	-	1.97
E. Vehicle Loans from Banks	48.43	30.71
F. Short Term Loans from Banks	15,690.27	9,990.00
G. Working Capital Loans From Banks	3,584.20	1,881.75
TOTAL	97,097.80	77,014.12

A. Non-Convertible Debentures

Out of the Non-Convertible Debentures, those to the extent of :

- i) Rs. 195.18 million (Previous year Rs. 404.45 million) are secured by 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 charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture, to the extent necessary.
- ii) Rs.194.36 million (Previous year Rs. 302.33 million) 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.
- iii) Rs. 105.00 million (Previous year Rs. 480.00 million) are secured by unconditional and irrevocable guarantee given by IDBI (for principal and interest). The said guarantee assistance, provided by IDBI, is secured by a first charge in favour of the guarantor, of all the immovable properties, both present and future, and a first charge by way of hypothecation of all the movables, present and future, ranking *pari passu* with existing charge holders, subject to charges created / to be created in favour of the Bankers on the specified current assets for securing borrowings for working capital loans. These debentures are also secured by personal guarantee of Mr. Venugopal N. Dhoot.

The Debentures referred above are redeemable at par, in one or more installments on various dates with the earliest redemption being on 15th October, 2009 and last date being 1st January, 2012. These debentures are redeemable as follows: Rs. 364.97 million in financial year 2009-10, Rs. 86.38 million in financial year 2010-11 and Rs. 43.19 million in financial year 2011-12.

SCHEDULES TO BALANCE SHEET (Continued)

B. Term Loans

- i) The Term Loans are secured by mortgage of existing and future assets 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 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 Trustee. Further, some of the term loans availed by the foreign subsidiaries are secured by charge on the present and future assets of the respective companies, Corporate Guarantee of the Parent Company, and by charge/hypothecation of receivables of fellow subsidiaries/group companies. One of the term loans availed by the foreign subsidiary is secured by pledge of shares of that subsidiary, corporate guarantee of the parent company and pledge of shares of a joint venture company held by the parent company.
- ii) Term loans availed by foreign subsidiaries are secured by way of charge on the balances in the earmarked accounts held by the borrower subsidiaries as well as fellow subsidiaries/group companies. An amount of Rs. 1,637.52 million (Previous year Rs. 9,535.99 million) held by the borrower subsidiaries and fellow subsidiaries/group companies in such earmarked accounts has been shown under the head "Balances with Banks – In Earmarked Accounts" in Schedule 7.

C. External Commercial Borrowings

External Commercial Borrowings are secured by a first charge ranking *pari passu* 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

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

E. Short Term Loan From Banks

The above loan is secured by Negative Lien on the Telecom License and Pledge/Non Disposal undertaking of shares of the Company (Videocon Telecommunications Limited) held by Parent Company and personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.

F. Working Capital Loans From Banks

Working capital loans from banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and all other current assets of the Company and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
SCHEDULE 4 : UNSECURED LOANS		
A. From Banks and Financial Institutions	17,386.16	30,507.81
B. Foreign Currency Convertible Bonds	5,257.59	5,132.85
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	824.59	562.13
D. From Others	26.00	76.40
E. Sales Tax Deferral	83.49	98.90
	<u>23,577.83</u>	<u>36,378.09</u>

Note :

The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, Rs. 62.23 million is repayable in four equal annual installments commencing from 30th May, 2010, Rs. 8.78 million is repayable in twelve monthly installments commencing from 20th October, 2009 and Rs. 12.48 million in twelve monthly installments commencing from 20th October, 2010.

SCHEDULES TO BALANCE SHEET (Continued)

SCHEDULE 5 : FIXED ASSETS

(Rs. in Million)

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTISATION / IMPAIRMENT							NET BLOCK		
	As at 30th Sept., 2008	Addition on Amalgamation/ Acquisition	Additions During the Year	Deduction During the Year	Currency Translation Adjustment	As at 30th Sept., 2009	Upto 30th Sept., 2008	Addition on Amalgamation/ Acquisition	For the Year	Deduction/ Adjustment	Impairment	Currency Translation Adjustment	Upto 30th Sept., 2009	As at 30th Sept., 2009	As at 30th Sept., 2008
TANGIBLE ASSETS															
Freehold Land	310.34	-	100.59	0.96	-	409.97	-	-	-	-	-	-	-	409.97	310.34
Leasehold Land	64.99	-	-	20.67	3.73	48.05	12.92	-	0.78	5.46	-	0.99	9.23	38.82	52.07
Building	6,562.71	-	3.73	35.57	3.46	6,534.33	1,678.60	-	192.55	2.99	-	0.29	1,868.45	4,665.88	4,884.11
Leasehold Improvements	39.32	-	-	-	-	39.32	38.76	-	0.40	-	-	-	39.16	0.16	0.56
Plant and Machinery *	79,193.72	-	9,633.28	8,660.18	37.29	80,204.11	35,557.46	-	4,805.29	5,418.86	449.45	18.10	35,411.44	44,792.67	43,636.26
Furnace	1,995.27	-	-	-	-	1,995.27	1,676.53	-	126.77	-	-	-	1,803.30	191.97	318.74
Electrical Installation	153.10	-	1.76	4.02	-	150.84	80.48	-	8.31	0.79	-	-	88.00	62.84	72.62
Office Equipments	293.25	-	13.67	1.09	-	305.83	177.50	-	10.59	0.57	-	-	187.52	118.31	115.75
Computers Systems	443.19	-	31.80	213.88	0.21	261.32	332.08	-	44.79	202.17	-	0.14	174.84	86.48	111.11
Furniture and Fixtures	182.40	-	50.48	9.87	0.47	223.48	111.86	-	21.03	3.38	-	0.20	129.71	93.77	70.54
Vehicles	703.50	-	63.79	27.28	0.46	740.47	350.91	-	61.06	18.71	-	0.33	393.59	346.88	352.59
Others	20.01	-	1.64	-	4.39	26.04	13.91	-	4.39	-	-	3.35	21.65	4.39	6.10
LEASED ASSETS															
Computer Systems	6.27	-	-	6.27	-	-	6.27	-	-	6.27	-	-	-	-	-
INTANGIBLE ASSETS															
Goodwill (on amalgamation)	235.98	-	-	235.98	-	-	235.98	-	-	235.98	-	-	-	-	-
Computer Software	205.20	-	9.67	-	5.03	219.90	92.40	-	46.09	-	-	2.59	141.08	78.82	112.80
Others	418.11	-	0.06	-	36.45	454.62	0.04	-	0.05	-	-	0.01	0.10	454.52	418.07
Sub Total	90,827.36	-	9,910.47	9,215.77	91.49	91,613.55	40,365.70	-	5,322.10	5,895.18	449.45	26.00	40,268.07	51,345.48	50,461.66
Producing Properties	3,780.48	-	5.10	74.12**	-	3,711.46	2,962.78	-	132.63	-	-	-	3,095.41	616.05	817.70
Capital Work-in-Progress	38,277.12	-	-	-	135.35	49,237.04	-	-	-	-	-	-	-	49,237.04	38,277.12
TOTAL	132,884.96	-	9,915.57	9,289.89	226.84	144,562.05	43,328.48	-	5,454.73	5,895.18	449.45	26.00	43,363.48	101,198.57	89,556.48
As at 30th September, 2008	118,502.43	426.82	11,816.79	40,031.77	113.09	90,827.36	55,823.92	3.15	6,921.68	23,397.99	998.90	16.04	40,365.70	50,461.66	
Producing Properties	2,524.82	-	1,255.66	-	-	3,780.48	1,874.27	-	538.32	(550.19)	-	-	2,962.78	817.70	
Capital Work-in-Progress	11,812.65	-	-	-	-	38,277.12	-	-	-	-	-	-	-	38,277.12	
Total as at 30th September, 2008	132,839.90	426.82	13,072.45	40,031.77	113.09	132,884.96	57,698.19	3.15	7,460.00	22,847.80	998.90	16.04	43,328.48	89,556.48	

*Gross Block of Plant and Machinery includes the amount added on revaluation on 01.04.1998 and 01.10.2002.

** Adjustment on account of drilling costs reversed by the Operator

Note : Out of the Depreciation for the year, amount of Rs. 16.61 million is transferred to Pre-Operative Expenditure pending Allocation.

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENTS		
QUOTED		
1. In Equity Shares (Fully Paid up) - Trade	65.04	57.37
2. In Equity Shares (Fully Paid up) - Others	14.32	1,640.52
3. In Mutual Funds Units	-	10.00
UNQUOTED		
1. In Equity Shares (Fully Paid up) - Trade	1,379.00	635.72
2. In Equity Shares (Fully Paid up) - Others	377.80	369.40
3. In Joint Ventures	-	0.05
4. In Preference Shares (Fully Paid up)	0.38	0.38
5. In Debentures	2,000.00	50.00
6. In Other Investments	0.52	0.52
SHARE APPLICATION MONEY PENDING ALLOTMENT	1,300.00	15,106.63
CURRENT INVESTMENTS		
UNQUOTED		
1. In Bonds	50.00	50.00
2. In Units of Mutual Funds/Portfolios	2,689.86	6,607.83
TOTAL INVESTMENTS	7,876.92	24,528.42
Aggregate Book Value of Quoted Investments	79.36	1,707.89
Aggregate Market Value of Quoted Investments	108.26	2,147.05
Aggregate Book Value of Unquoted Investments/Application Money	7,797.56	22,820.53
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES		
A. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	11,129.45	10,201.57
Work in Process	794.40	765.07
Finished Goods	3,644.92	3,526.21
Material in Transit and in Bonded warehouse	2,117.33	1,353.02
Drilling and Production Materials	291.16	164.71
Crude Oil	24.61	37.66
(A)	<u>18,001.87</u>	<u>16,048.24</u>
B. Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	248.05	165.34
Considered Doubtful	264.79	449.95
	<u>512.84</u>	<u>615.29</u>
Less : Provision for Doubtful Debts	264.79	449.95
	<u>248.05</u>	<u>165.34</u>
Others - Considered Good	17,939.08	17,519.92
(B)	<u>18,187.13</u>	<u>17,685.26</u>

SCHEDULES TO BALANCE SHEET (Continued)

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
C. Cash and Bank Balances		
Cash on hand	8.30	13.16
Cheque/Drafts on hand /in Transit	469.51	423.94
Balances with Bank		
In Current Accounts	3,808.32	1,809.52
In Fixed Deposits	3,401.80	4,387.08
In Earmarked Accounts (Refer Note No. B (ii) in Schedule 3)	1,637.52	9,535.99
In Dividend/Interest Warrant Account (Per Contra)	33.38	35.71
(C)	<u>9,358.83</u>	<u>16,205.40</u>
D. Other Current Assets		
Interest Accrued	126.63	117.44
Insurance Claim Receivable	24.66	57.94
Other Receivable	254.31	65.35
(D)	<u>405.60</u>	<u>240.73</u>
E. Loans and Advances (Unsecured, considered good)		
Advances recoverable in Cash or in kind or for value to be received	52,434.94	41,460.29
Balance with Central Excise/Customs Department	652.61	643.14
Advance Fringe Benefit Tax (Net of Provision)	0.07	0.19
Other Deposits	466.49	462.36
(E)	<u>53,554.11</u>	<u>42,565.98</u>
TOTAL (A to E)	<u>99,507.54</u>	<u>92,745.61</u>
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises.	0.19	9.55
Due to others	9,772.67	5,618.42
Bank Overdraft as per books	109.44	180.56
Interest Accrued but not due	71.34	448.93
Other Liabilities	4,113.54	5,205.17
Unclaimed Dividend/Interest (Per Contra)	33.38	35.71
(A)	<u>14,100.56</u>	<u>11,498.34</u>
B. Provisions		
Provision for Income Tax (Net of Advance Tax)	86.53	975.20
Proposed Dividend - Equity	462.53	229.45
Proposed Dividend - Preference	36.81	36.81
Provision for Corporate Tax on Proposed Dividend	84.86	45.25
Provision for Warranty and Maintenance Expenses	618.73	401.11
Provision for Retirement Benefits and Leave Encashment	116.65	90.48
(B)	<u>1,406.11</u>	<u>1,778.30</u>
TOTAL (A + B)	<u>15,506.67</u>	<u>13,276.64</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
SCHEDULE 9 : OTHER INCOME		
Service Charges Received	-	24.39
Interest Income (TDS Rs. 66.88 million, Previous year Rs. 133.02 million)	662.48	900.18
Income from Investments and Securities Division (TDS Rs. 69.22 million, Previous year Rs. 70.03 million)	48.39	(523.51)
Profit on Sale of Fixed Assets	-	146.36
Insurance Claim Received	17.83	26.13
Miscellaneous Income (TDS Rs. 0.01 million, Previous year Rs. 0.01 million)	300.45	379.24
TOTAL	1,029.15	952.79
SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	10,201.57	12,830.07
Add : Purchases	68,047.01	69,111.35
Less : Adjustment on account of disposal/cessation of Subsidiaries	-	8,587.32
	78,248.58	73,354.10
Less : Closing Stock	11,129.45	10,201.57
(A)	67,119.13	63,152.53
B. (Increase)/Decrease in Stock		
Closing Stock :		
Finished Goods	3,669.53	3,563.87
Work in Process	794.40	765.07
	4,463.93	4,328.94
Opening Stock :		
Finished Goods	3,563.87	4,997.21
Work in Process	765.07	1,769.55
	4,328.94	6,766.76
(B)	(134.99)	2,437.82
TOTAL (A + B)	66,984.14	65,590.35
SCHEDULE 11 : PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS		
Production Expenses	594.09	401.53
Royalty	305.95	362.64
Cess	419.04	499.54
Production Bonus	95.68	95.80
Government Share in Profit Petroleum	5,724.28	10,264.76
Exploration Expenses	28.03	969.71
Insurance Expenses	39.79	44.01
TOTAL	7,206.86	12,637.99

SCHEDULES TO PROFIT AND LOSS ACCOUNT (Continued)

	Year ended on 30th Sept., 2009 (Rs. in Million)	Year ended on 30th Sept., 2008 (Rs. in Million)
SCHEDULE 12 : SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	1,523.22	3,518.29
Contribution to Provident and other Funds	117.79	537.50
Staff Welfare	108.98	123.80
TOTAL	1,749.99	4,179.59
SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES		
Rent, Rates & Taxes	244.52	473.64
Power, Fuel & Water	810.63	1,598.22
Repairs to Building	26.06	31.88
Repairs to Plant and Machinery	95.70	85.13
Repairs & Maintenance-others	100.50	171.53
Bank Charges	297.46	349.53
Directors' Sitting Fees	1.54	1.32
Royalty	85.96	90.41
Printing & Stationery	25.90	25.10
Freight & Forwarding	1,155.98	1,405.56
Advertisement and Publicity	928.36	1,101.64
Sales Promotion Expenses	260.27	233.00
Discount and Incentive Schemes	2,485.67	2,173.29
Legal & Professional Charges	467.55	406.94
Donation	134.53	91.91
Insurance Expenses	190.01	234.02
Auditors' Remuneration	14.49	24.59
Provision for Doubtful Debts	319.17	71.00
Warranty and Maintenance Expenses	851.43	608.76
Miscellaneous Expenditure written off	-	0.03
Product Development	8.59	14.23
Exchange Rate Fluctuation	206.37	1,080.04
Loss on Sale of Fixed Assets	100.61	-
Loss due to fire	254.14	-
Miscellaneous Expenses	1,127.30	1,196.94
TOTAL	10,192.74	11,468.71
SCHEDULE 14 : INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	6,799.61	4,474.06
On Others	678.59	851.98
TOTAL	7,478.20	5,326.04

SCHEDULE 15 : 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 collectively referred to as "the Group".
- b) The financial statements of the subsidiary companies used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of the Company i.e. 30th September, 2009.
- c) The CFS have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" (AS 21), Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" (AS 27) and Accounting Standard 23 "Accounting for investments in Associates in Consolidated Financial Statements" (AS 23) 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 rates 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 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 financial statement 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.
- 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 Statement of 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 Subsidiary consists of (a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made and (b) The minorities share of movements in equity since the date the Parent subsidiary relationship came into existence.
- viii) Investments in entities 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 investor'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 Standard) 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.

3. Fixed Assets :

- a) Fixed Assets are stated at actual cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The actual 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.
- 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. 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.

5. 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.

6. 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.

7. 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 and; b) on office buildings acquired after 01.04.2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule. Depreciation on fixed assets held outside India is calculated on straight line method 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.

- 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. Leasehold land is amortised on straight line method over the period of lease.

8. 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 its 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.

9. Pre-Operative Expenditure/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.

10. 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.

11. 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.

12. 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.

13. Excise and Customs Duty

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

14. CENVAT/ Value Added Tax

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

15. 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) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- d) Dividend on investments is recognised when the right to receive is established.

16. Foreign Currency Transactions :

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

- d) 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.

17. Translation of the financial statements of foreign branch which are integral foreign operations :

- 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.

18. Employee Benefits :

a) Short Term Employee Benefits :

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

b) Post Employment Benefits :

In India :

- i) Provident Fund

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

The Company provides for gratuity (a defined benefit retirement plan) 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 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.

In foreign subsidiaries :

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

19. Taxation :

Income tax comprises of Current Tax, Deferred Tax and Fringe Benefit Tax.

a) Current Tax :

Provision for Current Tax and Fringe Benefit Tax is calculated on the basis of the provisions of local laws of respective entity.

b) Deferred Tax :

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

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) In accordance with Accounting Standard - 19 on "Accounting for Leases" issued by The Institute of Chartered Accountants of India, assets acquired under finance lease on or after 1st April, 2001, 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 notes to accounts.

26. Provision, Contingent Liabilities and Contingent Assets :

Provisions comprise liabilities of uncertain timing or amount. 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.

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

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 30th September, 2009 are as under:

Name of the subsidiary	Country of Incorporation	Percentage of Holding As at	
		30th Sept., 2009	30th Sept., 2008
Paramount Global Limited	Hong Kong	100%	100%
Middle East Appliances LLC	Sultanate of Oman	100%	100%
Videocon JPDA 06-103 Limited (Formerly Global Energy Inc)	Cayman Islands	100%	100%
Videocon Display Research Co. Limited	Japan	100%	100%
Sky Billion Trading Limited	Hong Kong	100%	100%
Videocon Global Limited	British Virgin Islands	100%	100%
Venus Corporation Limited	Cayman Islands	100%	100%
Powerking Corporation Limited	Cayman Islands	100%	100%
Mayur Household Electronics Appliances Pvt. Ltd.	India	100%	100%
Godavari Consumer Electronics Appliances Pvt. Ltd.	India	100%	100%
Videocon Energy Brazil Limited (Formerly Videocon Global Energy Holdings Ltd.)	British Virgin Islands	100%	100%
Videocon Mozambique Rovuma 1 Limited (Formerly Videocon Energy Resources Ltd.)	British Virgin Islands	100%	100%
Videocon Electronic (Shenzhen) Limited (Chinese name-Wei You Kang Electronic (Shenzhen) Ltd.)	China	100%	100%
Videocon International Electronics Limited	India	100%	100%
Eagle ECorp Limited	British Virgin Islands	100%	100%
Videocon Energy Ventures Limited	British Virgin Islands	100%	100%
Pipavav Energy Private Limited	India	100%	100%
Videocon Oman 56 Limited * (Formerly Videocon Hydrocarbon Holdings Ltd.)	British Virgin Islands	100%	100%
Videocon Telecommunications Limited ** (Formerly Datacom Solutions Ltd.)	India	# 99.9%	64%
Datacom Telecommunications Pvt. Ltd. ***	India	99.9%	63.9%
Videocon Indonesia Nunukan Inc.(w.e.f. 5th August 2009)	Cayman Islands	100%	-
Senior Consulting Pvt. Ltd.** (w.e.f. 18th September, 2009)	India	90%	-
Jumbo Techno Services Pvt. Ltd.** (w.e.f. 22nd September, 2009)	India	## 99%	-
Videocon (Mauritius) Infrastructure Ventures Limited (upto 7th January, 2009)	Mauritius	19%	100%
Investcon Singapore Holdings Limited - (Subsidiary of Videocon (Mauritius) Infrastructure Ventures Limited) (upto 7th January, 2009)	Singapore	-	100%

* Subsidiary of Videocon Energy Ventures Limited

** Subsidiary of Videocon International Electronics Limited

*** Subsidiary of Videocon Telecommunications Limited (formerly Datacom Solutions Ltd.)

Including shares held through Senior Consulting Pvt. Ltd. and Jumbo Techno Services Pvt. Ltd.

Including shares held through Senior Consulting Pvt. Ltd.

Name of the Associate/Joint Venture	Country of Incorporation	Percentage of Holding As at	
		30th Sept., 2009	30th Sept., 2008
VB (Brasil) Petroleo Private Ltda.	Brazil	50%	50%
Videocon Infinity Infrastructure Private Limited	India	50%	50%
Goa Energy Private Limited	India	26%	10%

The Company holds 2,600 share 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.

C) NOTES TO ACCOUNTS:

	As at 30th Sept., 2009 (Rs. in Million)	As at 30th Sept., 2008 (Rs. in Million)
1. Contingent Liabilities not provided for :		
a) Letters of Guarantees	30,301.93	19,043.17
b) Letters of Credit opened	4,998.77	1,375.81
c) Customs Penalty	23.96	0.88
d) Customs Duty demands under dispute [Amount paid under protest Rs. 0.82 million (Previous year Rs. 0.40 million)]	156.09	249.49
e) Income Tax demands under dispute	349.38	349.38
f) Excise Duty and Service Tax demand under dispute [Amount paid under protest Rs. 4.21 million (Previous year Rs. 2.87 million)]	189.37	275.57
g) Sales Tax demands under dispute [Amount paid under protest Rs. 57.91 million (Previous year Rs. 23.96 million)]	156.38	326.36
h) Others	-	51.42
i) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil and Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period 16th August, 2002 to 31st March, 2009. The amount involved relating to Ravva Block is Rs. 415.28 million (Previous year Rs. 101.55 million). The Operator is contesting the show cause notices/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Chennai 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 Ventures. Should it ultimately become payable, the Company's share as per the participating interest would be upto Rs. 103.82 million (Previous year Rs. 25.38 million).		
j) Ravva Oil and Gas Field Joint-Venture has received a demand notice for Rs. 21.53 million for delay in payment of cess for the period April 2001 to February 2004. The Ravva JV filed an appeal with Hon'ble High Court of Andhra Pradesh and has received an interim stay order against the demand. The Ravva Oil and Gas Field Joint-Venture believes that its position is likely to be upheld. However, should the liability ultimately arise, the Company's share as per the participating interest would be upto Rs. 5.38 million (Previous year Rs. 5.38 million).		
k) Disputed Income Tax demand amounting to Rs. 22.29 million in respect of certain payments made by Ravva Oil and Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made 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 Rs. 5.57 million (Previous year Rs. 5.57 million).		
2. a) There was a dispute regarding (i) deductibility of Oil and Natural Gas Corporation Limited Carry (ONGC Carry) while computing the Post Tax Rate of Return (PTRR) under the Ravva Production Sharing Contract (PSC); (ii) deductibility of provision of Site Restoration Costs for computation of Cost Petroleum and PTRR; (iii) deductibility of inventory purchased for computation of Cost Petroleum and PTRR; (iv) deductibility of notional Dividend Distribution Tax under the Income Tax Act, 1961 for computation of PTRR; (v) deductibility of deposits, advances and pre-payments made for the purpose of Petroleum Operations in the business of Ravva Oil and Gas Field for computation of Cost Petroleum and PTRR; and (vi) the conversion rate to be applied by the Government of India (GOI) while converting the USD amount into Indian Rupees against the invoices raised for sale of crude oil. The Dispute was referred to an International Arbitration in accordance with the provisions of the Ravva PSC. Vide the interim award dated 31st March, 2005, the Tribunal has upheld the Company's claims stated in (i) and (v) above whereas the claim of the Company stated in (ii), (iii) and (iv) above were rejected by the Tribunal. As regards claim stated at (vi) above, the Tribunal held that the payment to the Company is to be made after converting the USD amount into Indian Rupees at the State Bank of India Middle Rate i.e. the average of the buying and selling rate. Further, the Supplementary Claim of the Company for payment of interest for delayed payment against invoices raised for sale of crude oil is yet to be decided by the Arbitral Tribunal. While accepting the Interim Award, the Company computed and submitted the calculation on 31st May, 2005 to GOI indicating the amount payable by the Company after applying the said Arbitration Award at US\$ 27.02 million equivalent to Rs. 1,081.88 million, which was not accepted by GOI and it claimed that the Company needs to pay US\$ 43.72 million equivalent to Rs. 1,901.79 million and interest thereon applying the same Arbitration Award. Since the Company and the GOI were not able to agree upon the amounts due to /payable by the Company, the Company on 7th July, 2005 filed Interim Applications followed by an amendment application on 8th August, 2005 before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company. The dispute between the Company and GOI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.71		

million is also covered. Pending the final decision of the Hon'ble Arbitral Tribunal, the Company has accounted for and paid the sum of US\$ 43.72 million equivalent to Rs. 1,901.79 million to GOI on ad hoc basis.

The GOI had further filed a Petition on 10th May, 2005 before the High Court in Malaysia challenging the Arbitration Award and praying for setting aside the Partial Award dated 31st March, 2005 only in respect of ONGC Carry issue. The Company challenged the jurisdiction of the said High Court and therefore the maintainability of such an appeal before that Court. The High Court has in this matter, 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 has filed a Notice of Appeal before the Appellate Court at Malaysia. The GOI Appeal is yet to be listed for hearing. The Company believes that its position is likely to be upheld.

- b) There is 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. Vide the interim award dated 31st March, 2005, the Tribunal has partly upheld the Company's claim. While accepting the Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI claiming the amount receivable at Rs. 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 vide its letter dated 22nd August, 2005 updated its claim claiming the total amount receivable from GOI Nominees at Rs. 124.42 million being the amount short paid by GOI nominees up to 31st July, 2005 and interest thereon also calculated up to 31st July, 2005. The Company further vide its letter dated 28th April 2008 updated its claim indicating the total amount receivable from GOI Nominees at Rs. 349.85 million, being the amount short paid by GOI Nominees upto 31st March 2008 and interest thereon also calculated up to 31st March, 2008. On 25th November, 2009 the Company has further updated its claim in this respect vide its letter dated 25th November, 2009, wherein total amount receivable from GOI Nominees is computed at Rs. 498.15 million, being the amount short paid by GOI Nominees upto 31st March, 2009 and interest thereon also calculated up to 31st March, 2009. The dispute regarding 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 Dispute. 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. Both OMP 223 of 2006 and OMP 329 of 2006 are presently sub-judice before the Hon'ble Delhi High Court. The GOI nominees continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal in this regard.
- c) 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 28th March, 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 High Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide order 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 November, 2009, reserved judgement in the matter. The Company believes that its position is likely to be upheld.
- d) In respect of disputes with regard to additional profit petroleum stated in (a) above, the GOI had vide its letter dated 3rd November, 2006 raised a collective demand of Rs. 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, 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 USD 16.70 million equivalent to Rs. 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 Rs. 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.

Any further sum required to be paid or returnable in respect of dispute above at (a) to (d) in accordance with the determination of the amount by Hon'ble Arbitral Tribunal/Supreme Court/High Courts in this behalf shall be accounted for on the final outcome in this regard.

- 3. The Company has reviewed the fixed assets for Impairment and has identified some of the machinery and equipments, which have been impaired. Consequently, in case of Parent Company an amount of Rs. 449.45 million (Previous year Rs. 998.90 million) has been assessed as impairment loss and has been recognized in the Profit and Loss Account. The related Deferred Tax Credit of Rs. 152.76 million (Previous year Rs. 339.52 million) has been considered in the Provision for Deferred Tax in the Profit and Loss Account. Further, during the year, the Company has discarded/disposed off certain fixed assets which were out of active use and accordingly have been eliminated from the financial statements. The resultant gain or loss has been recognised in the profit and loss account.
- 4. The Parent Company had, during the year 2006, issued
 - a) 90,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 7th March, 2011 out of which 41,820 (Previous year 41,820) Bonds are outstanding.

- i) The Bonds are convertible at the option of the bondholders at any time on and after 20th March 2006 upto the close of business on 28th February 2011 at a fixed exchange rate of Rs.44.145 per 1 US\$ and at initial conversion price of Rs. 545.24 per share being at premium of 15% over the reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of Rs. 410/- as adjusted in accordance with the anti-dilution provisions.
 - ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 7th February, 2009 but prior to 28th February, 2011 if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
 - iii) The Bonds are redeemable at maturity date i.e. on 7th March, 2011 at 116.738% of its principal amount, if not redeemed or converted earlier.
- b) 105,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 25th July, 2011 out of which 66,651 (Previous year 66,651) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on or after 2nd September, 2006 until 18th July, 2011 except for certain closed periods, at a fixed exchange rate of Rs. 46.318 per 1 US\$ and at initial conversion price of Rs. 511.18 per share being at premium of 22% over reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of Rs. 410/- as adjusted in accordance with the anti-dilution provisions.
 - ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount. Redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
 - iii) The Bonds are redeemable at maturity date i.e. on 25th July, 2011 at 127.65% of its principal amount, if not redeemed or converted earlier.
5. The Company has issued and allotted 11,765,000 Warrants on 1st June, 2009 for a consideration of Rs. 42.50 per warrant being the warrant subscription price. Each Warrant entitles the holder to subscribe to one equity share within a period of 18 months from the date of allotment at the price of Rs. 170/- per equity share. In the event, the holder of Warrant does not exercise the option within the aforesaid period, the Warrant Subscription amount in respect of such warrants shall be forfeited and the Warrants shall lapse.

(Rs. in Million)

	As at 30th Sept., 2009	As at 30th Sept., 2008
6. The major components of deferred tax liabilities/assets are as under :		
a) Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets and amortisation	5,375.79	5,142.70
	<u>5,375.79</u>	<u>5,142.70</u>
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	218.72	33.65
ii) Diminution in value of investments charged in Profit and Loss Account	-	272.43
iii) Other	33.65	598.85
	<u>252.37</u>	<u>904.93</u>
Net Deferred Tax Liability	<u>5,123.42</u>	<u>4,237.77</u>

7. Joint Venture Disclosure:

- A. 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-6 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.

B. Unincorporated Joint Ventures

- a) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through the 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 Consortium comprising the Company, Oilex Oman Ltd., GAIL India Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded the Block #56, on the Eastern Plank of the Central Salt Producing Oil Field in Oman. The Exploration Production Sharing Agreement and Joint Operating Agreement have been executed on 28th June, 2006. 2D and 3D seismic data are being reprocessed in Permian Flank and the exploration drilling in Sarha-1 well is in progress. Two of the Three exploration wells have been successfully drilled. The Participating interest of the Company in the said venture is 25%. The said interest of the Company has been, subsequent to the balance sheet date, transferred to Videocon Oman 56 Limited, a wholly owned subsidiary of Videocon Energy Ventures Limited, which, in turn is a wholly owned subsidiary of the Company. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is Rs. 336.62 million (Previous year Rs. 492.18 million).
- c) On 15th November, 2006, the consortium comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") (formerly Global Energy Inc.) one of the wholly owned subsidiaries of the Company, 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 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 and the other two JV partners have entered into a farm-out agreement with Pan Pacific Petroleum of Australia for farming-out 5% each of their Participating Interest. As such, Participating interest of Videocon JPDA will be 20% after the farm-out is completed.

The consortium is required to drill two out of the four commitment wells in the first phase. The consortium has identified two well locations at Lore and at Lolotoe. The capital commitments of Videocon JPDA, based on work programme is Rs. 733.78 million (Previous year Rs. 738.78 million).

- d) The Consortium comprising the Company, Oilex Ltd., Gujarat State Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded Block WA-388-P for a term of 6 years by Government of Western Australia. Joint Operating Agreement has been signed in March 2007 and acquisition of Seismic Data is in progress. A Farm-out Agreement has been entered into with Sasol Petroleum Australia Ltd. on 12th August, 2008 whereby, Sasol has acquired 30% participating interest in the Block and will become operator in place of Oilex, subject to fulfillment of all obligations under the said Agreement. In return, Sasol will carry the JV partners for certain costs in respect of Rose 3D seismic data. The participating interest of the Company after this farm out agreement is 14%. The Capital Commitments of the Company for next three years based on six year work programme is Rs. 450.77 million (Previous year Rs. 61.61 million).
- e) The Company had 20% interest in EPP 27 offshore Otway Basin, South Australia through Joint Venture. Other members of the JV were Great Artesian Oil and Gas Ltd. (GOG), Oilex NL and Gujarat State Petroleum Corporation Ltd. Permit for the said concession has expired on 24th August, 2008. In March, 2009, the JV partners have entered into a Good Standing Arrangement with the Government of South Australia committing to spend an amount of A\$ 5,253,061 towards acquisition and interpretation of new geophysical and geochemical data and/or drilling activities during the first three years of new permits obtained from re-released areas. The company has already provided for it's share in the aforesaid amount, to the extent of A\$ 1.58 million i.e. Rs. 62.08 million.
- f) Videocon Mozambique Rovuma 1 Limited (formerly Videocon Energy Resources 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). VMRL has made a payment of US\$ 3.669 million towards the Interim Period Costs and has obligation to fund the carried expenses and other costs not exceeding US\$ 35 million which will be paid by VMRL by way of uplift of Joint Account expenses in respect of VMRL's participating interest.

Drilling of four wells in this Block is scheduled for next one year. The capital commitment of VMRL for the next year, based upon the work programme is Rs. 1,986.58 million.
- g) 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 12.5 percent 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). Capital outlay for the transaction is estimated at US\$11.125 million, which will be incurred up to end 2010 (which includes proportionate share of VIN's obligations previously agreed between Medco and Anadarko Indonesia Nunukan Company). Other members of the consortium are Anadarko Petroleum Corporation, USA, PT Medco and BPRL Ventures Indonesia, BV (a step down wholly owned subsidiary of Bharat Petroleum Corporation Limited).

C. Incorporated Jointly Controlled Entities :

- a) VB (Brasil) Petroleo Private Limitada ("VB Brasil") is a 50 : 50 joint venture company incorporated in Brazil with Bharat PetroResources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd. VB Brasil in turn holds 100% equity in IBV Brasil Petroleo Limitada (IBV) (formerly EnCana Brasil Petroleo Limitada). IBV has interests in four concessions with ten deep water offshore exploration blocks in Brazil. Petroleo Brasileiro S.A., is the operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one concession. The pre-salt exploration programme is continuing in the deep water Campos and Espirito Santos basins, with a pre-salt discovery at the Wahoo prospect, offshore Brazil in the Campos Basin. The Capital commitment of the company for next year based on minimum work program is Rs. 3,316.76 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 and has no Capital commitments as on the Balance Sheet date.
- c) The financial interest of the Company in the jointly controlled incorporated entities based on audited/unaudited financial statement received from these Joint Venture entities are as under:

(Rs. in Million)		
Company's share in	30th Sept., 2009	30th Sept., 2008
Assets	9,811.40	6,988.27
Liabilities	9,730.72	7,303.77
Other Income	570.52	-
Expenses	68.09	339.10
Tax	143.09	-

(Rs. in Million)

(Rs. in Million)		
	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
8. Earnings Per Share :		
i) Net Profit attributable to Equity Shareholders		
Net Profit as per Profit and Loss Account	4,159.69	10,989.31
Add : Excess provision of Income Tax for earlier years written back	991.63	7.32
Less : Short provision of Fringe Benefit Tax	-	0.17
	5,151.31	10,996.46
Less : Dividend on Preference Shares including Tax on the same	43.06	43.06
Net Profit attributable to Equity Shareholders	5,108.25	10,953.40
Add : Changes (net) related to FCCBs	266.42	246.69
Adjusted Net Profit for Diluted EPS	5,374.67	11,200.09
ii) Weighted Average number of equity shares for Basic EPS	229,406,816	227,224,997
Weighted Average number of equity shares for Diluted EPS	255,062,493	238,903,247
iii) Basic Earnings per Share	Rs. 22.27	Rs. 48.21
Diluted Earnings per Share	Rs. 21.07	Rs. 46.88
iv) Reconciliation of weighted average Numbers of Equity Shares outstanding during the period		
For Basic Earnings per Share	229,406,816	227,224,997
Add : Adjustment for diluted EPS	25,655,677	11,678,250
For Diluted Earnings per Share	255,062,493	238,903,247

9. Employee Benefits :

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

I) Defined Contribution Plans :

Amount of Rs. 117.79 million is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule 12) in the Profit and Loss Account.

II) Defined Benefit Plans :

(Rs. in Million)

	Gratuity		Leave Encashment	
	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008
a) The amounts recognised in the Balance Sheet as at the end of the year				
1. Present Value of Defined Benefit Obligation	110.39	80.19	41.44	33.03
2. Fair value of Plan Assets	43.60	34.37	-	-
3. Funded Status – Surplus/(Deficit)	(66.79)	(45.82)	(41.44)	(33.03)
4. Net Assets/(Liability)	(66.79)	(45.82)	(41.44)	(33.03)
b) The amounts recognised in Profit and Loss Account for the year				
1. Current Service Cost	21.07	9.44	14.87	8.43
2. Interest Cost	6.81	5.92	2.57	2.37
3. Actuarial (Gains)/Losses	17.66	4.06	2.71	5.21
4. Actual Return on Plan Assets	4.91	3.08	-	-
5. Total Expenses	40.63	16.34	20.15	16.01
c) The changes in Obligations during the year				
1. Present value of Defined Benefit Obligation at the beginning of the year	80.20	71.92	33.03	29.09
2. Current Service Cost	21.07	9.45	14.87	8.43
3. Interest Cost	6.81	5.92	2.57	2.37
4. Actuarial (Gains)/Losses	17.66	4.06	2.71	5.21
5. Benefit Payments	15.35	11.15	11.74	12.07
6. Present value of Defined Benefit Obligation at the end of the year	110.39	80.20	41.44	33.03
d) The changes in Plan Assets during the year				
1. Plan Assets at the beginning of the year	34.37	31.16	-	-
2. Contribution by Employer	9.21	9.36	-	-
3. Actual Benefit Paid	4.89	9.23	-	-
4. Plan Assets at the end of the year	43.60	34.37	-	-
5. Actual return on Plan Assets	4.91	3.08	-	-

Actuarial assumptions :

- | | |
|----------------------------|---------------------------|
| i. Discount Rate | 8 % per annum |
| ii. Mortality | L.I.C. (1994-96) Ultimate |
| iii. Turnover Rate | 1 % per annum |
| iv. Future Salary Increase | 5 % per annum |

The above information is certified by Actuary.

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

(Rs. in Million)		
Name of the Company	Effect on Consolidated Profit/(Loss)	Net Assets As at 30th Sept., 2009
a) Acquisitions		
Videocon Indonesia Nunukan Inc.	(0.37)	(0.33)
Jumbo Techno Services Private Limited (Subsidiary of Videocon International Electronics Limited)	(2.93)	2,222.52
Senior Consulting Private Limited (Subsidiary of Videocon International Electronics Limited)	Nil	10.00
b) Disposals / Cessation		
Investcon Singapore Holdings Limited (Subsidiary of Videocon (Mauritius) Infrastructure Ventures Limited)	(0.08)	N.A
Videocon (Mauritius) Infrastructure Ventures Ltd.(upto 7th January, 2009) (ceased to be subsidiary)	0.05	N.A

11. 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.
12. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
13. Videocon Telecommunications Limited (formerly Datacom Solutions Limited), one of the subsidiaries, has been awarded license to provide Unified Access Services (Telecom License) in 21 circles in India and has been allotted spectrum in 20 circles. The subsidiary company is in the process of rolling out the services in these circles.
14. During the year, the Company has forfeited and cancelled 43,948 shares (Previous year Nil) issued on amalgamation of erstwhile Videocon International Ltd., due to non receipt of allotment and/or call money from shareholders. The amount paid-up on these shares amounting to Rs. 2.72 million has been transferred to Capital Reserve.
15. 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.

16. 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 :

i) Associate and Joint Venture :

- Ravva Oil and Gas Field (unincorporated) Joint Venture - Participating Interest 25%
- WA-388-P Joint Venture - Participating Interest 14%
- EPP27 Joint Venture - Participating Interest 20%
- Block 56 Oman Joint Venture - Participating Interest 25%
- JPDA 06-103 Joint Venture - Participating Interest 25%
- Rovuma Offshore Area 1 Block Joint Venture - Participating Interest 10%
- VB (Brasil) Petroleo Private Ltda. - Joint Venture 50%
- IBV Brasil Petroleo Limitada (Subsidiary of VB (Brasil) Petroleo Private Ltda.)
- Videocon Infinity Infrastructure Private Limited - Joint Venture 50%
- Goa Energy Pvt. Ltd. - (Associate w.e.f. 27th October, 2008)

ii) Key Management Personnel :

- Mr. Venugopal N. Dhoot - Chairman and Managing Director
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. K. R. Kim - Chief Executive Officer
- Mr. P. K. Gupta - Vice President
- Mr. Amit Gupta - Vice President
- Mr. Shekhar Jyoti - Vice President

b) Transactions/outstanding balances with Related Parties :

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

(Rs. in Million)

Nature of Transaction	Associates/ Joint Venture	Key Management Personnel
Contribution towards share of expenditure	3,696.43 (2,425.55)	
Remuneration		52.86 (49.50)
Outstanding as at 30th September, 2009		
Receivable from Unincorporated Joint Venture	0.30 (-)	
Payable to Unincorporated Joint Venture	1.57 (3.86)	
Receivable from Incorporated Joint Venture	58.67 (-)	
Payable to Incorporated Joint Venture	- (17.62)	

c) Disclosure in respect of material Related Party Transactions during the year :

Contribution towards Share of Expenditure (Joint Venture) includes Ravva Oil and Gas Field Rs. 590.03 million (Previous year Rs. 1,926.66 million), Rovuma Offshore Area 1 Block Rs. 749.39 million (Previous year Rs. Nil) and VB (Brasil) Petroleo Private Ltda. Rs. 1,889.61 million (Previous year Rs. 6.28 million).

17. Reserves :

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

Particulars	Unit of measurement	As at 30.09.2009	As at 30.09.2008
Crude Oil	Million Metric Tonnes	1.45	1.89
Natural Gas	Million Cubic Metres	338.95	419.69

18. Hitherto, the Company was following the "successful efforts" method of accounting in respect of oil and natural gas exploration, development and producing activities. During the year, the Company has changed the method of accounting for such activities from "successful efforts" method to "full cost" method.

These activities are carried out in diverse locations, using various techniques. All costs incurred at any time and at any place in a cost centre in an attempt to add commercial reserves are an essential part of the cost of any reserves added in the cost centre. As a result, they are directly associated with the enterprise's reserves in that centre and all the costs should be treated as part of the cost of the mineral assets in the cost centre. The 'full cost' method of accounting, in respect of such activities, provides better matching of income and expenses, if total costs are depreciated on pro-rata basis as the reserves in large cost centres are produced. Further, oil and gas reserves are similar to long term inventory item. Under the full cost method, the annual distortions of income resulting from expensing the charges for unsuccessful pre-production activities are eliminated whereas the successful efforts method of accounting assesses success or failure too early in a project and is likely to result in an understatement of assets and net income of a growing enterprise.

In view of the above and considering the characteristics of the participating interests of the Company in joint ventures for oil and gas exploration and production in large cost centres, either directly or indirectly through subsidiaries, it has been advised to the Company that the full cost method will be more appropriate, as it provides better matching of income and expenses.

Consequent to the above change, the 'Production and Exploration Expenses – Oil and Gas' are lower by Rs. 2,429.43 million and the Net Profit for the year, Reserves & Surplus and Capital Work-in-Progress are higher by the said amount.

19. 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 :

(Rs. in Million)		
	Warranty and Maintenance Expenses	
	Year Ended 30th Sept., 2009	Year Ended 30th Sept., 2008
a) Amount at the beginning of the year	401.11	405.49
b) Additional provision made during the year	528.47	392.01
c) Amount used	310.85	396.39
d) Amount at the end of the year	618.73	401.11

20. Operating Lease

- i) Future obligation of the Company for assets taken on all leases entered into before 1st April, 2001 is Rs. Nil.
- ii) Subsequent to 1st April, 2001 the Company has entered into operating lease agreements for Cars, Buildings and Equipments. The lease rentals charged during the year are Rs. 42.98 million (Previous year Rs.20.40 million).
- iii) 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:

(Rs. in Million)		
Minimum Lease Payments	As at	As at
	30th Sept., 2009	30th Sept., 2008
Not later than 1 year	9.21	14.87
Later than 1 year and not later than 5 years	0.45	0.46
More than 5 years	-	-
Total	9.66	15.33

21. Segment Information :

- i) The Company and its subsidiaries have identified three reportable segments viz. Consumer Electronics and Home Appliances, Crude Oil and Natural Gas and Telecommunications. 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 :

(Rs. in Million)

Particulars	Consumer Electronics and Home Appliances		Crude Oil and Natural Gas		Telecommunications		Others		Total	
	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008
1. Segment Revenue										
- External	96,111.80	103,294.52	10,625.49	19,076.00	-	-	-	-	106,737.29	122,370.52
- Inter Segment	-	-	-	-	-	-	-	-	-	-
Total Segment	96,111.80	103,294.52	10,625.49	19,076.00	-	-	-	-	106,737.29	122,370.52
2. Segment Result before Interest	10,179.12	11,868.25	2,979.67	5,743.21	-	-	-	-	13,158.79	17,611.46
Less : Interest Expenses	-	-	-	-	-	-	-	-	7,478.20	5,326.04
Add/(Less) : Other Unallocable	-	-	-	-	-	-	-	-	404.07	515.57
Profit before Exceptional Items and Taxation	-	-	-	-	-	-	-	-	6,084.66	12,800.99
Add/(Less) : Exceptional Items	-	-	-	-	-	-	-	-	-	(1,278.10)
Add : Share of Profit in Associate Company	-	-	-	-	-	-	-	-	-	50.80
Add : Adjustment on Disposal/ Cessation of Subsidiaries/ Associates	-	-	-	-	-	-	-	-	2.44	2,880.45
Less : Provision for Current Tax	-	-	-	-	-	-	-	-	1,024.29	1,616.84
Less : Provision for Deferred Tax	-	-	-	-	-	-	-	-	886.62	1,765.02
Less : Provision for Fringe Benefit Tax	-	-	-	-	-	-	-	-	16.53	22.93
Profit before Minority Interest	-	-	-	-	-	-	-	-	4,159.66	11,049.35
Add/(Less) : Minority Interest	-	-	-	-	-	-	-	-	0.03	(60.04)
Profit for the year	-	-	-	-	-	-	-	-	4,159.69	10,989.31
3. Other Information										
Segment Assets	128,883.48	127,876.08	17,673.67	12,536.46	29,464.18	20,217.73	39,126.18	47,596.34	215,147.51	208,226.61
Segment Liabilities	68,793.28	71,401.45	14,793.90	9,776.43	28,094.18	19,257.73	30,574.83	39,033.49	142,256.19	139,469.10
Capital Expenditure	9,455.30	14,473.07	5,718.47	7,538.20	10,573.81	16,897.28	269.45	1,857.69	26,017.03	40,766.24
Depreciation	5,549.42	7,156.22	268.45	576.47	-	-	69.70	72.22	5,887.57	7,804.91

ii) Secondary Segment Information:

(Rs. in Million)

Particulars	Within India	Outside India	Total
a) Segment Revenue - External Turnover	94,388.36	12,348.93	106,737.29
b) Segment Assets	193,448.54	21,698.97	215,147.51
c) Segment Liabilities	122,306.76	19,949.43	142,256.19
d) Capital Expenditure	20,822.63	5,194.40	26,017.03

22. The figures of the current year are not comparable with those of the previous year, as 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 year and include operations of certain subsidiaries for part of the year, consequent to their acquisition as stated in Note No. B above.

23. Figures in respect of previous year have been regrouped and recasted wherever necessary to make them comparable with those of current year.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following table presents certain accounting and other ratios derived from the Company's audited consolidated financial statements as at and for the year ended September 30, 2009 included in – **"Financial Information"** on page 119 of this Letter of Offer.

Particulars	As of September 30, 2009	As of September 30, 2008
Weighted average number of equity shares for basic Earnings Per Share	229,406,816	227,224,997
Weighted average number of equity shares for diluted Earnings Per Share	255,062,493	238,903,247
Basic Earnings Per Share (Rs.)	22.27	48.21
Diluted Earnings Per Share (Rs.)	21.07	46.88
Return on Net Worth (%)	6.92%	15.93%
Net Asset Value Per Share (Rs.)	321.88	302.60

The Ratios have been computed as below:

Earnings Per Share (Basic) (Rs.)	Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)/ Weighted Average number of Equity Shares outstanding during the year
Earnings Per Share (Diluted) (Rs.)	Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)/ Weighted Average number of Diluted Equity Shares outstanding during the year
Return On Net worth (%):	Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)/ Net Worth at the end of the year (excluding revaluation reserves)
Net Asset Value per Share (Rs.)	Net Worth at the end of the year (excluding revaluation reserves)/ Weighted Average number of Equity shares outstanding during the year

Consolidated Capitalization Statement

(Rs. in million)

Particulars	Pre-issue as at September 30, 2009	Adjusted for the Issue*
Borrowing		
Long Term Debt	69,941.17	69,941.17
Short Term Debt	50,734.46	50,734.46
Total Debt	120,675.63	120,675.63
Shareholders' funds		
Equity Share Capital	2,294.07	2,807.99
Preference Share Capital	460.09	460.09
Reserves & Surplus	70,137.16	81,186.49

Share Application Money pending allotment/ Warrants Subscription	950.01	950.01
Total Shareholders' Funds	73,841.33	85,404.58
Total Capitalisation	194,516.96	206,080.21
Total Debt/ Equity Ratio	1.64	1.42
Long-term Debt/Equity ratio	0.95	0.82

** Based on the figures as on September 30, 2009*

The Ratios have been computed as below:

<i>Total Debt / Equity Ratio</i>	(Short Term Debt + Long Term Debt)/ Equity (i.e., Equity Share Capital + Reserves & Surplus)
<i>Long Term Debt/ Equity Ratio</i>	Long Term Debt/ Equity (i.e., Equity Share Capital + Reserves & Surplus)

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The tables set forth below are for the periods that indicate the high and low prices of our Equity Shares and also the volume of trading activity. On March 18, 2010, the closing price of our Equity Shares on NSE and BSE was Rs. 227.85 and Rs. 227.75, respectively (Equity Shares of face value of Rs.10 each).

- (1) The high, low and average market prices of our Equity Shares during the preceding three years.

Calendar Year	BSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.)*
2009	8 Oct, 2009	267.55	2,010,655	12 March, 2009	83.05	56,001	169.55
2008	1 Jan, 2008	811.50	1,035,234	2 Dec, 2008	90.15	45,884	299.14
2007	31 Dec, 2007	827.30	1,152,805	20 Aug, 2007	338.75	13,540	427.91

*Average of daily closing prices

Source: www.bseindia.com

Calendar Year	NSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.)*
2009	8 Oct, 2009	268.10	3,973,836	12 Mar, 2009	83.10	79,468	169.57
2008	1 Jan, 2008	812.90	1,584,227	2 Dec, 2008	90.30	143,345	299.34
2007	31 Dec, 2007	829.70	2,221,060	20 Aug, 2007	337.00	16,476	427.92

*Average of daily closing prices

Source: www.nseindia.com

Monthly high and low prices of our Equity Shares for the six months preceding the date of filing of the Letter of Offer.

Month	BSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.) *
February, 2010	18 Feb, 2010	239.50	1,776,492	5 Feb, 2010	211.75	437,911	221.33
January, 2010	4 Jan, 2010	255.80	1,765,295	28 Jan, 2010	220.40	294,633	239.78
December, 2009	31 Dec, 2009	240.85	1,317,792	15 Dec, 2009	216.30	93,898	224.72
November, 2009	25 Nov, 2009	238.20	1,030,169	3 Nov, 2009	200.85	292,305	222.02
October, 2009	8 Oct, 2009	267.55	2,010,655	30 Oct, 2009	222.90	262,591	248.47
September, 2009	29 Sep, 2009	253.85	1,840,687	23 Sep, 2009	231.80	305,751	239.44

*Average of daily closing prices

Source: www.bseindia.com

Month	NSE						
	Date	High (Rs.)	Volume on date of High (No. of shares)	Date	Low	Volume on date of Low (No. of shares)	Average (Rs.) *
February, 2010	18 Feb, 2010	239.80	3,062,603	5 Feb, 2010	211.05	541,740	221.44
January, 2010	4 Jan, 2010	255.10	2,874,438	28 Jan, 2010	220.35	591,449	240.48
December, 2009	31 Dec, 2009	240.80	2,476,873	15 Dec, 2009	216.65	165,804	224.82
November, 2009	25 Nov, 2009	237.85	1,410,257	3 Nov, 2009	200.40	614,622	221.26
October, 2009	8 Oct, 2009	268.10	3,973,836	30 Oct, 2009	223.50	413,451	248.46
September, 2009	29 Sep, 2009	253.85	3,249,722	23 Sep, 2009	231.60	527,691	239.40

*Average of daily closing prices

Source: www.nseindia.com

Notes

- In the above data provided, High, Low and Average prices are of the daily closing prices.
- In case of two days with same closing, the date with higher volume has been considered.

(2) Volume of business transacted during the last six months on the Stock Exchanges.

Month	BSE		NSE	
	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. In Mn.)	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. In Mn.)
February, 2010	8,614,198	1,964.60	14,195,111	3,250.68
January, 2010	14,130,985	3,455.64	20,959,436	5,139.90
December, 2009	5,721,814	1,309.77	9,838,296	2,253.41
November, 2009	7,150,184	1,620.66	10,480,641	2,361.31
October, 2009	10,691,780	2,711.89	18,415,142	4,681.14
September, 2009	14,854,668	3,627.99	23,088,777	5,645.62

Source: www.bseindia.com, www.nseindia.com

The market capitalization of our Equity Shares as on March 18, 2010 was Rs. 52,693.75 million on the NSE based on a market price of Rs. 227.85 and the market capitalization of our Equity Shares on the BSE was Rs. 52,670.62 million based on a market price of Rs. 227.75.

FINANCIAL INDEBTEDNESS

The Company's secured borrowings on a stand-alone basis as on September 30, 2009 are as follows:

	As at 30th September, 2009 (Rs. in Million)
A. Non-Convertible Debentures	494.54
B. Term Loans	
i) Rupee Loans from Banks & Financial Institutions	58,789.97
ii) FCNR-B Loan from Banks	363.67
C. External Commercial Borrowings	4,076.33
D. Vehicle Loans from Banks	41.66
E. Working Capital Loans From Banks	3,584.20
TOTAL	67,350.37

Notes:

A. Non Convertible Debentures

Out of the Non Convertible Debentures, those to the extent of :

- i. Rs. 195.18 million (Previous year Rs.404.45 million) are secured by 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 charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture, to the extent necessary.
- ii. Rs.194.36 million (Previous year Rs.302.33 million) 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.
- iii. Rs.105.00 million (Previous year Rs.480.00 million) are secured by unconditional and irrevocable guarantee given by IDBI (for principle and interest). The said guarantee assistance, provided by IDBI, is secured by a first charge in favour of the guarantor, of all the immovable properties, both present & future, and a first charge by way of hypothecation of all the movables, present & future, ranking pari-passu with existing charge holders, subject to charges created / to be created in favour of the Bankers on the specified current assets for securing borrowings for working capital loans. These debentures are also secured by personal guarantee of Mr. Venugopal N. Dhoot.

The Debentures referred to above are redeemable at par, in one or more installments on various dates with the earliest redemption being on 15th October, 2009 and last date being 1st January, 2012. These debentures are redeemable as follows,
Rs.364.97 million in financial year 2009-10, Rs.86.38 million in financial year 2010-11 and Rs.43.19 million in financial year 2011-12.

B. Term Loans

The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all 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 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 Trustee.

C. External Commercial Borrowings

External Commercial Borrowings are secured by a first charge ranking pari-passu 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

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

Working capital loans from banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and all other current assets of the Company and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

The Company's unsecured borrowings on a stand-alone basis as on September 30, 2009 are as follows:

	As at 30th September, 2009 (Rs. in Million)
A. From Banks and Financial Institutions	
i) Rupee Loan	17,267.00
ii) Foreign Currency Loan	62.43
B. Foreign Currency Convertible Bonds	5,257.59
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	824.59
D. Sales Tax Deferral	83.49
TOTAL	23,495.10

Notes:

The company has availed interest free sales tax deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of the total outstanding, Rs. 62.23 million is repayable in 4 equal annual installments commencing from 30th May, 2010, Rs. 8.78 million is repayable in 12

monthly installments commencing from 20th October, 2009 and Rs. 12.48 million in 12 monthly installments commencing from 20th October, 2010.

Significant Restrictive Covenants in Loan Agreements

Our Company has availed various term loans and working capital facilities from various banks and financial institutions.

Our agreements with banks in relation to financial facilities sanctioned by them have restrictive covenants. A summary of certain significant restrictive covenants is as follows:

1. Our Company shall not induct a person, who is on the Board of a company identified as a willful defaulter. In case such a person is found to be on the Board of our Company, we shall take expeditious and effective steps for the removal of such a person from the Board.
2. Our Company shall not sell, transfer or otherwise dispose of any of its fixed assets, revenues or any part of its business without the prior written consent of the Lender;
3. Our Company shall not create or permit to subsist any encumbrances over any of its assets other than those which exist at the time of the acceptance of the loan or which may arise by operation of lien, or as a result of any other order or ruling of any competent court, government or regulatory authority, without the consent of the Lender;
4. During the currency of its loan, our Company will not, without the Lender's prior permission in writing:
 - effect any change in its capital structure;
 - formulate any scheme of amalgamation or reconstruction;
 - undertake any major capital expenditure;
 - undertake any new project or expansion, make any investments or take assets on lease
 - extend loans/ guarantees to directors/ associates/ group companies;
 - invest, lend or advance fund to or place deposits with any other concern other than in the normal course of business;
 - undertake any guarantee obligations on behalf of any other persons;
 - release money brought in by principal shareholders/ promoters/ directors;
 - declare dividend for any year;
 - enter into any borrowing arrangement (whether secured or unsecured) with any bank or financial institution;
 - implement any scheme of expansion or acquire fixed assets;
 - institute proceedings for dissolution
 - change the composition of its Board of Directors.
5. Conversion right of the outstanding loans in the events of default.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against the Company and our Directors and our subsidiaries that would have a material adverse effect on our business. Further, except as described below, there are no defaults, non-payment of statutory dues including, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against the Company and our Directors as of the date of this Letter of Offer.

Our Company is not involved in any fresh or pending litigation against it in the last 10 years where the aggregate amount involved is more than either 1% of the net worth of the Company or 1% of the total revenue of the Company as per the last audited Financial Year.

Further, except as disclosed below neither our Company nor any of our Directors are involved in any criminal litigation or litigation involving moral turpitude.

Neither our company nor our Directors nor the subsidiaries have been declared as willful defaulters by the RBI or any other Governmental authority and except as disclosed in this chapter in relation to the litigation, there are no violations of securities laws committed by us in the past or pending against us.

Litigation against our Managing Directors and others

Except as stated below, there are no outstanding litigations towards tax liabilities, criminal / civil prosecution against any of our Directors for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults, non payment of statutory dues, in their individual capacity or in connection with us and other companies with which the directors are associated. The details of the pending litigation are as follows:

The Securities Exchange Board of India ("SEBI") vide its order dated April 19th, 2001, had directed Videocon International Limited (now amalgamated with Videocon Industries Limited) not to raise money from the public in the capital markets for a period of three years in the interest of investors and instituted prosecution proceedings be launched against Videocon International Limited through its directors/officers including Mr. Venugopal N. Dhoot under the provisions of the Securities Exchange Board of India Act, 1992 for violation of Regulation 4(a) and 4(d) of the Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations 1995.

Aggrieved by the order of SEBI, Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot filed an appeal before the Securities Appellate Tribunal ("SAT"). The SAT vide its order dated June 20, 2002 set aside the order of SEBI restraining Videocon International Limited from accessing the capital markets and raising money from the public for a period of three years. However, in relation to the prosecution proceedings instituted by SEBI against Videocon International Limited and its directors/officers including Mr. Venugopal N. Dhoot, the SAT held that it was beyond its jurisdiction to issue any order setting aside SEBI's direction to launch prosecution proceedings. Accordingly, prosecution proceedings instituted by SEBI are currently pending. Mr. Venugopal N. Dhoot and others have filed a petition before the Mumbai High Court to quash/grant a stay on the prosecution proceedings which is pending for disposal. Being aggrieved by the order of SAT, SEBI has filed an appeal against Videocon International Limited being appeal no. 9 of 2002 before Hon'ble Bombay High Court.

Parliament amended the SEBI Act by SEBI (Amendment) Act, 2002 and the amendments were brought into effect from 29/10/2002. As per the unamended section 26 the court competent to try complaints for offences under Section 24 read with Section 27 of the SEBI Act was the court of

Metropolitan Magistrate or Judicial Magistrate of the First class. However as per the amended Section 26(2) no court inferior to that of a court of Sessions shall try any offence punishable under the said Act and no court shall take cognizance of any offence punishable or any Rules or Regulations framed thereunder, save on a complaint made by the Board, thereby deleting the words, "with the previous sanction of the Central Government" from Sub-section (1) of Section 26.

Thereafter Petitions/Applications were filed by Videocon International Ltd. & others before the Bombay High Court, contending that the Complaints filed by SEBI ought to be tried by the Magistrates court rather than being committed/transferred to the court of Sessions despite the SEBI (Amendment) Act, 2002 being brought into effect from 29th October 2002 whereunder only the court of Sessions can try the said offences.

The Hon'ble Bombay High Court by Order dated 16th January 2008 in the said Petitions/Applications held that the Complaints filed before or after 29/10/2002 but in respect of the alleged offences that have taken place prior to the said date are required to be tried by the Court to which they were presented (i.e. the Magistrates Court) and they are not required to be committed/transferred to the Court of Sessions. The Hon'ble Bombay High Court accordingly quashed and set aside the committal/transfer orders by the Magistrates Court in the Complaints filed by SEBI and the Sessions Court was directed to return the concerned Complaints to respective Magistrates Court where they were originally filed by SEBI.

Being aggrieved by the said Order of the Hon'ble Bombay High Court SEBI preferred Petitions for Special Leave before the Hon'ble Supreme Court of India. Whilst the Special Leave petitions are pending, the Supreme Court granted stay of further proceedings.

By its order dated October 13, 2003, the Division Bench, ruled that Appeals filed after coming into force of the amended section 15Z of the SEBI Act (including appeal preferred by SEBI being SEBI Appeal No. 9 of 2002) would not be affected. Videocon preferred a Petition for Special Leave to Appeal to the Hon'ble Supreme Court of India. The said SLP has been admitted and is pending hearing and final disposal.

Litigations concerning the Company

Set forth below are details of the outstanding or pending litigations against the Company and details of proceedings filed by the Company.

Outstanding Litigation concerning the Company.

I. Filed against the Company

Category	Nos. of Cases	Amount Involved (Rs. In Million)
Customs	4	121.78
Central Excise	5	191.87
Income Tax	6	243.59
Total	15	557.24

II. Filed by the company

Category	Nos. of Cases	Amount Involved (Rs. in Million)
Customs	9	58.27
Central Excise	12	38.24
Service Tax	6	70.59
Sales Tax	47	366.53
Income Tax	1	15.20
Cess	1	422.30

Cases under section 138 of the Negotiable Instruments Act	911	533.20
Civil Cases	347	216.30
Execution	11	38.68
Arbitration	121	125.30
Criminal	34	42.22
Total	1,424	1,926.83

Summary of material litigations exceeding Rs. 1 crore in value involving the Company in respect of tax matters.

I. Income –tax cases

1. **Appeal to Appellate Tribunal against order of ACIT, Mumbai of allowing certain claims/interest as deductible expenditure for A.Y. 2004-05.** The Dy. Commissioner of Income-Tax, Mumbai (the “Appellant”) had filed an appeal to ITAT against an order passed by the Appellant u/s. 143(3) of Income-Tax Act, 1961 (the “Act”) dated 18.08.2006 (“said order”) for allowing certain claims/interest as deductible expenditure in computation of total income of M/s. Videocon International (since merged with us) (the “Respondent”) for the assessment year 2004-05. The principal grounds of appeal of the Appellant are as under:

- i. Excise Duty of Rs. 20,53,624/- claimed as paid and shown in Loans and Advances: The Appellant had disallowed the deposit of cash by the Respondent in PLA Account maintained with Excise Department which was shown under the head of Loans and Advances in the Balance Sheet as on 31st March, 2004 which was claimed as deduction by the Respondent. On an appeal to the ACIT (Appeals), Mumbai, an order was passed by the ACIT (Appeals) in favour of the Respondent allowing the amount as deduction and hence the Appellant is in appeals before the ITAT.
- ii. Interest paid on delayed payment of PLA account: In terms of the said order of the Appellant of disallowing a sum of Rs. 1,04,43,421/- being interest paid on delayed payment of PLA account the said claim was successfully contested by the Respondent before the DCIT (Appeals) on the ground that the interest paid on delayed payments is compensatory in nature and different from penalty and hence allowable expenditure. Accordingly the Appellant is in appeal before the ITAT on the ground of allowance of this interest on delayed payment of PLA Account.
- iii. Interest u/s. 36(1)(iii): . In terms of the said order the Appellant had disallowed proportionate interest amounting to Rs. 8,12,31,486/- on advances to subsidiary companies, inter corporate deposits, and other advances holding them as not for business purposes. The Respondent contested before the ACIT (Appeals) which was partly allowed. The appeal on the allowance is pending before the ITAT.

2. **Appeals to Appellate Tribunal against order of ACIT, Mumbai for A.Y. 2003-04:** M/s. Petrocon (since merged with us) (the “assessee”) filed an appeal to Commissioner of Income-Tax (Appeals) against the order of ACIT, Mumbai dated 30.03.2006. The assessee declared NIL income (as per normal provision) and Rs. 20,77,64,039/- u/s. 115JB of the Act, for the A.Y. 2003-04. The assessment u/s. 143(3) of the Act was completed on a total income of Rs. NIL. But the ACIT had disallowed following expenses:

- i. Proportionate interest of Rs.28,59,74,069/-

- ii. Interest of Rs.31,44,677/- being differential interest @ 2.91% on the ICDs given to two parties.
- iii. Proportionate interest of Rs.16,00,14,645/- u/s.36(1)(iii) on the ICDs given to group companies.
- iv. Proportionate interest of Rs.9,72,298/- towards advance given to three parties for earlier year and treated as non-business purpose.
- v. Proportionate Interest of Rs. 12,28,14,747 on advances for purchase of property by treating it as advances for non business purpose.

Since the tax payable under normal provisions was less than tax payable @7.5% on the book profits of Rs.20,77,64,039/- u/s.115JB, final income was assessed as per provisions of section 115JB. On appeal the Commissioner of Income tax (Appeals), partly allowed the appeal viz. disallowance of proportionate interest @15.91% on advance given to two parties was deleted and relief of Rs. 7,90,53,999/- and disallowance of proportionate interest in respect of advance given to other two parties amounting to Rs.4,37,60,748/- was upheld. Against the order passed by the CIT(A), the Income-Tax department has filed appeal before Appellate Tribunal, Mumbai. The assessee has also filed appeal before Appellate Tribunal against disallowance of proportionate interest of Rs.9,72,298/- towards advances on inter corporate deposits given in earlier years and treated as advance in the present year made u/s. 36(1)(iii) and disallowance of proportionate interest of Rs.4,37,60,738/- in respect of advances given to two parties. Both appeals are pending for final hearing before the ITAT.

3. **Appeal to Appellate Tribunal against order passed by CIT(A) of allowing lease rent paid as deduction in respect of block assessment i.e. for the period 1-4-1989 to 23-2-2000:** Pursuant to search warrant to Renewable Energy Systems Limited (since merged with us) (the "assessee") on 22-3-2000, Search and Seizure was conducted u/s. 132 of Income tax Act, 1961 at Renewable Energy Systems Limited, Hyderabad and other premises of Videocon International and statements were recorded. Accordingly proceedings u/s. 158BD were initiated. As per documents seized, it was found that there was a discrepancy in the number of solar power plant, power output of solar power plants and number of intelligent perimeter lights which was contended by the Assessing Officer being leased by the assessee. The explanations of the Assessee were not accepted and income of Rs.12,22,17,575/- was assessed on account of lease rent. On the appeal of the Assessee the CIT(A) decided that assessee is entitled to deduction of the lease rent paid by it during the block period and allowed appeal. Impugned by the decision of CIT(A) the IT Dept. filed an appeal before Appellate Tribunal, Mumbai which was dismissed by the tribunal and consequently all related cross objection of the Assess was dismissed.
4. **Appeal to Appellate Tribunal against order of ACIT, Mumbai of allowing certain claims/interest as deductible expenditure for A.Y. 2003-04:** The Dy. Commissioner of Income-Tax (the "Appellant") has filed an appeal to Appellate Tribunal against an order passed by ACIT (Appeals), for allowing certain claims/interest as deductible expenditure in computation of total income, of M/s. Videocon International (since merged with us) (the "Respondent") for the A.Y. 2003-04. The Assessing Officer disallowed certain amounts claimed by the Respondent as deductions. Against this order, Respondent made an appeal to ACIT (Appeals), Mumbai who allowed following claims/interest as allowable expenditures:
 - i. Credit Balance of Rs. 56,52,163/- in PLA Account maintained with Central Excise Department and shown in Loans and Advances
 - ii. Interest of Rs. 3,06,241/- paid on delayed payment of Wealth-Tax
 - iii. Bad Debts of Rs. 6,60,67,488/- being written off : Claim allowed partly.

- iv. Interest of Rs. 6,27,78,813/- on advances to subsidiary companies, inter-corporate deposits purchase of properties and other advances u/s. 36(1)(iii): Claim allowed partly.

The Appeal of the Appellant is pending for final hearing before the ITAT in respect of the claim of the assessee allowed by the ACIT(A).

5. **Appeal to Appellate Tribunal against Order passed by ACIT, Mumbai u/s. 263 & 143(3) of the Income-Tax Act, 1961 for A.Y.2003-04:** The records of Videocon Industries Limited (the “assessee”) for the A.Y. 2003-04 were called and a show cause notice u/s. 263 of the Act was issued. The assessee had claimed an amount of Rs. 8,93,62,074/- as bad debts for deduction and was allowed by the Assessing Officer. However, CIT issued notice to the assessee dated 17.10.2005 stating that the assessing officer has allowed the claim without proper inquiry. CIT submitted that the said amount of bad debts include amount an amount on the sale of shares. However, the loss on sale of shares has been declared as Long Term Capital Loss. Therefore, the transaction was considered as transfer of capital assets and not as part of the assessee’s business. After hearing the assessee the CIT passed an order on 21.12.2005 directing to make fresh assessment. The assessee filed an appeal to Appellate Tribunal against the aforesaid order dated 21.12.2005 vide an appeal dated 20.02.2006 on various grounds. The appeal is pending for final hearing.
6. **Appeal to Commissioner of Income-Tax (Appeals) against order of ACIT u/s. 143(ii) in respect of addition of Rs. 2 Crores u/s. 69C of the Act for A.Y. 1994-95:** Assessment of total income of Videocon International (merged with Videocon Industries Limited) (the “assessee”) u/s. 143(3) was completed on 31.03.1997 and total income was assessed at Rs. 19,90,83,880/- by making certain disallowances to returned income of Rs. 10,69,58,148/-. The assessee made an appeal to CIT, Mumbai against the said assessment order. CIT partly allowed the appeal on 23.12.1997 after confirming the addition of Rs. 2 crore made u/s. 69C of the Act.

On second appeal to Appellate Tribunal, the Tribunal by an order dated 17.09.2004 set aside the issue of payment of Rs. 2 crore made u/s. 69C of the Act with a direction to decide the issue afresh, after providing reasonable opportunity to the assessee. The Assessing Officer reassessed the total income at Rs. 11,84,00,830/- again disallowing the said sum of Rs. 2 crore u/s. 69C. Against the said reassessment, assessee made an appeal stating that the order has been made without providing details and opportunity to be heard as directed by the Hon’ble Tribunal and without adducing any other evidence for making addition and the reasons assigned for are wrong and contrary to the provisions of the Act. This appeal was allowed by CIT(A) by an order dated 31.03.2008. The Department filed an appeal before the Appellate Tribunal against this order in July, 2008, which is pending.

II Customs Cases

1. **Disputed demand Rs. 11,000,000/- by Commissioner of Customs, Mumbai on import and re-export of Picture Tubes.** The Company imported 6,300 Picture tubes and re-exported the same. The Customs Dept. has alleged that the import is in contravention of ITC regulations. The Commissioner of Customs confirmed the Redemption Fine of Rs. 50 lakhs and imposed penalty Rs. 60 lakhs on the Company for import and re-export of 6,300 Nos. of CPT. The High Court confirmed the demand. The Company filed an appeal before the Supreme Court. The Supreme Court vide interim order dated April 30, 2004 directed that Order in Original should not be enforced till its further orders. Matter is pending for hearing before Supreme Court.

2. **Disputed demand Rs. 17,175,051/- in respect of import of Facsimile machines for trading purposes.** The company imported 352 facsimile machines for trading purposes and claimed exemption under Notification No.59/88 dated 1-3-1988. The Commissioner of Customs, Air Cargo, objected its clearance under exempted category. The Company filed writ petition before the Bombay High Court, Aurangabad Bench which remanded for adjudication vide its order dated October 25, 2004. Accordingly, show cause notice was issued by the Asst. Commissioner, ACC, Mumbai. The Company has filed reply to the said show cause notice and also attended personal hearings from time to time. No order has been passed. The matter is still pending with Asst. Commissioner, Air Cargo – Mumbai.
3. **Demand for Redemption Fine of Rs. 23,961,325/- in respect of import of second hand machinery.** The Company imported Second hand machinery from Nechi Compressori, Italy through Mumbai Customs and sold on High Seas basis to one of its sister concerns Videocon Communications Limited. The DRI alleged suppression of material facts such as goods worth Rs.79 lakhs not included in the B/E; Toolings and fixtures valued at 86,125,797/- not included in the B/E etc., Accordingly, DRI issued a SCN which was adjudicated by Commissioner of Customs, Mumbai. The Commissioner of Customs imposed redemption fine, vide its order dated December 30, 2008. The Company filed an Appeal before CESTAT, who remanded the matter for fresh adjudication vide its order dated August 13, 2009. The matter is presently pending before Commissioner of Customs, Mumbai for fresh adjudication.
4. **Demand for Rs. 112,972,274/- in respect of disputed classification of TFT LCD Panels.** The matter is pertaining to classification of TFT LCD Panels. The classification of the Company was disputed by the Department. The dispute was whether LCD panel is to be classified under CHH 8529 or 9013. The Commissioner of Customs, ICD, Aurangabad issued show cause notices and also confirmed the demand vide order dated May 30, 2008. The Company filed an appeal before Commissioner (Appeals) who vide his order received by the company on March 09, 2009 dismissed the appeal and upheld order passed by the Commissioner of Customs.

III Excise Cases

1. **Demand for Rs. 138,561,540/- in respect to combined sale of DVD with Software on RSP.** This dispute is pertaining to combined sale of DVD with Software on RSP. The Commissioner of Central Excise, Aurangabad issued SCN dated July 10, 2007 to demand a sum of Rs. 138,561,540/- However, by Order in Original dated February 28, 2008, the Commissioner confirmed demand of only Rs.3,202,083/- + equal penalty + interest. The Company filed appeal before Tribunal. The Tribunal vide its order dated February 10, 2009 granted stay on pre-deposit of Rs. 10.00 lakhs.

Against order in original, the Department also filed appeal before CESTAT, Mumbai. Both appeals of the company as well as the department are pending for final hearing.

2. **Demand of Rs. 45,209,984/- in respect Cenvat availed on imported goods.** The Company availed Cenvat credit on imported goods @ 16%, Ed. Cess 2% and Add. Duty @ 4% and transferred the same to sister concerns and others without reversing 4% addl. Duty. As per Customs Act, if such material is transferred, 4% additional duty has to be reversed on its removal. On pointing out by the department the company reversed 4% additional duty subsequently. The Commissioner regularized the duty without imposing

penalty vide order dated September 26, 2007. The department filed appeal for imposing equal penalty. Matter pending before CESTAT, Bombay.

3. **Demand of Rs. 5,094,762/- and penalty of Rs. 5,094,762/- in respect of products cleared under one MRP called Combination Package** The company cleared two products under one MRP called Combination package. However, for the convenience of packing and forwarding, though mentioned combined MRP, cleared individual package. According to the Department, the packages are cleared individually and also can be saleable individually, hence the item has to be assessed individually and duty has to be paid on each item under separate MRP. Show cause notice adjudicated by the Addl. Commissioner, Noida, wherein duty was confirmed and also equal penalty imposed, including interest. The company filed an appeal along with stay application filed before Commissioner (A). The same is pending for hearing before the Commissioner (A).

IV Service-tax Cases

1. **Demand Rs. 35,537,291/- in respect of services received from outside India for raising finance.** The Commissioner, Central Excise and Service Tax, Aurangabad issued a show cause notice dated April 08, 2009 alleging that the Company availed services from outside India for raising finance through external commercial borrowings and foreign currency convertible bonds, but not paid service tax and demanded Rs.35,537,453/-. The Department further contended that these service providers are located outside India and the recipient of the services is liable to pay the service tax as per rule 2(1)(d)(iv) of the Service Tax rules. The Company responded to the said show cause notice on June 15, 2009 stating that the Company has paid service tax of Rs.2,0,880,727/- towards services availed after 18.04.2006 i.e. after introduction of section 66A. It was also contended by the Company that section 2(1)(d)(iv) is quashed by the Bombay High Court, hence the Company is not liable to pay service tax prior to 18.04.2006. The case is pending for adjudication.
2. **Demand of Rs. 14,094,299/- for availing of services such as technical know-how, technical manual etc.** The Deputy Commissioner, Central Excise Division, Alwar, Rajasthan issued a show cause notice on 28.02.2005 stating therein that Maharaja International Limited Shahjahanpur (later name changed to Electrolux Kelvinator Limited ("EKL") and EKL subsequently merged with Videocon Industries Limited) had entered into a technical collaboration agreement with a foreign entity in 1996 for availing services such as technical know-how and technical information used in the manufacture of refrigerators, but allegedly it did not pay service tax in respect of such services received from outside India. The Company responded to the show cause notice contending that during the relevant period, no provision was framed in service tax for extra territorial operation, as the services were received from outside India only. The Company further prayed that the proceedings be dropped and a personal hearing be given before the final decision is taken in the matter. Matter is still pending for adjudication.
3. **Demand of Rs. 16,661,453/- in respect of service-tax on outward freight.** The Company availed Cenvat credit of service tax paid on outward freight of Rs.16,661,453/- during the period 2006-07 and 2007-08. The Department alleged that the Cenvat credit is available only on input services and not outwards and raised a demand for Rs. 16,661,453/ vide its show cause cum demand notice dated October 16, 2008. The Company replied to the said notice on November 18, 2008 requesting withdrawal of the

said notice, non-imposition of interest and penalty and give personal hearing in the matter. The same is pending for adjudication.

V Sales Tax Cases.

Karnataka Sales Tax

1. **Demand arising from deductibility of discounts given subsequent to sale through credit note.** The Company had received assessment order with demand for Rs. 5,774,172/- in respect discounts given by the company subsequent to sale. As per the Karnataka Sales Tax Rules, the Discount given through credit note is not deductible. The Company filed the First Appeal with the Joint Commissioner and made part payment of Rs. 34,88,066/- and provided bank guarantee of Rs. 2,286,105/-. The Joint Commissioner of Commercial Tax (Commissioner) – Bangalore dismissed the appeal. The Company therefore filed an appeal before the Tribunal. The matter is pending for final decision before the Tribunal.

Kerala Sales Tax

2. **Disputed demand arising from exparte order without giving credit for input tax by the Kerala Sales Tax department.** During the period 2005-2006, Sales Tax Officers from the Kerala Sales Tax Department visited company's godown and offices for inspection. During the inspection, the junior person who was in the office and not being accustomed with Kerala Sales Tax system, could not explain sales tax system nor was in position to provide documents to the Sales Tax Officers at the time of inspection. Therefore, exparte order was passed the Department. As the order was ex-parte, huge value additions have been made without giving credit for input tax resulting in the said demand of Rs. 15,440,516/- . The Company filed first appeal along with application for stay before Dy. Commissioner of Sales Tax. The Deputy Commissioner directed to make part payment of Rs. 50 lakhs which was paid by the company and admitted the appeal. Final hearing is pending before Deputy Commissioner.
3. **Ex-parte assessment for the period 2005-06 under Kerala Sales Tax without providing credit for duty paid on inputs.** During the period 2005-2006, Sales Tax Officers visited company's godown and offices in Mattanchery. During the inspection, the person who was in the office, being junior, could not explain sales tax records nor provided documents for inspection. Therefore, the Department passed exparte assessment order dated and raised a demand for Rs.71,02,598/- were served by the department after adjusting VAT payment for the month of March, 2006 i.e. Rs.56,77,636/-. The Company filed first appeal along with application for stay before Deputy Commissioner of Sales Tax. Deputy Commissioner directed to make part payment of Rs. 15 lakhs and Bank Guarantee for Rs.56,02,598/- and admitted the appeal. Accordingly, per se direction, the Company made payment of Rs. 15 Lakhs and provided bank guarantee of Rs. 56,02,598/-. Final hearing is pending before Deputy Commissioner.
4. **Cancellation of Sales Tax Registration.** During the year 2003-2004, the erstwhile Videocon International (merged with the Company) did not make monthly payment in time to the authorities due to which the department has issued order of cancellation of Registration of Sales Tax. The Company filed appeal with Deputy Commissioner. He dismissed the Appeal. Therefore the Company approached high court seeking relief. The High Court directed the Company to deposit Rs. 50 Lakhs to ensure the registration is not cancelled. The said matter is pending.
5. **Demand arising from inspection of shop/godown at Kalamassery.** The Officer – Squad II, Ernakulam conducted inspection at the shop and inspection at our godown which was not disclosed at Kalamassery and listed/prepared report of physical stock at godown. Subsequent verification of the inspection report with the

regular books of accounts revealed the stock difference (CTV-2 Nos. short, Hand Mixer- 1 excess and Juice Extractor – 8 Nos. Short. The total suppression noted by the Int. Officer was Rs. 24,850/- having the tax effect of Rs. 3,137/- and penalty of Rs. 6,274/-, being double the amount of tax alleged to have been evaded. However, the department treated the entire stock at godown as unaccounted and levied penalty of Rs. 58,08,640/- i.e. 50% of the value of goods estimated. The authority also imposed penalty of Rs. 6,23,040/- for alleged stock variation. Total demand was Rs. 64,31,680/- (i.e. Rs. 58,08,640/- + 6,23,040/-). Appeal filed before Dy. Commissioner, who directed part payment. The Company deposited Rs. 2,304,686/-. The matter is pending before the Dy. Commissioner (Appeals).

Madhya Pradesh Sales Tax

6. **Demand by the Sales Tax Department, Madhya Pradesh in connection with discounts given to dealers vide credit notes in the Assessment Year 1997-98.**
The Company has given discounts to the dealers by way of a credit note. The same has been disallowed at the time of assessment. According to the department the same is contrary to the definition of sale price. In first appeal Dy. Commissioner directed the Company to make part payment and finally dismissed appeal. The Company made part payment of Rs. 20,98,800/- against the demand of Rs. 74,93,420/-. The Company failed in first appeal. The Company has filed appeal before Tribunal and is pending for hearing.
7. **Demand by the Sales Tax Department, Madhya Pradesh in connection with discounts given to dealers vide credit notes in the Assessment Year 2003-04.**
The Company has given discounts to the dealers by way of a credit note. The same has been disallowed at the time of assessment. According to the department the same is contrary to the definition of sale price. In first appeal Dy. Commissioner directed the Company to make part payment and finally dismissed appeal. The Company made part payment of Rs. 598,100/- against the demand of Rs. 5,980,210/-. The Company failed in first appeal before Commissioner (Appeals). The Company has filed an appeal before the Tribunal and the same is pending for hearing..

Maharashtra Sales Tax

8. **Demand by Maharashtra Sales Tax Department arising from denial of the ratio in the case of Pee Vee Textiles and following the pro-rata method for the assessment under section 33(4C) for the assessment period 2001-2002.**The Maharashtra Sales Tax Department passed an Order passed u/s.57 and the application of ratio tax u/s. 33(4C) as per M/s. Pee Vee Textiles was stayed and raised an additional demand of Rs. 18,631,997 under the Bombay Sales Tax Act and Rs. 1,456,551 Central Sales Tax Act. The unit is granted exemption benefit under package scheme of incentive 1993. In the package scheme incentive, there is no condition that the benefit is available in proportionate increase in production/investment. The Govt. has brought an amendment in section but no rules were framed till old Act i.e. Bombay Sales Tax Act is repealed. Appeal filed before Tribunal and is pending for decision.
9. **Demand by Maharashtra Sales Tax Department arising from denial of the ratio in the case of Pee Vee Textiles and following the pro-rata method for the assessment under section 33(4C) for the assessment period 2002-2003.**The Maharashtra Sales Tax Department passed an Order passed u/s.57 and the application of ratio tax u/s. 33(4C) as per M/s. Pee Vee Textiles was stayed and raised an additional demand of Rs. 17,676,735 under the Bombay Sales Tax Act and Rs. 2,179,993 under the Central Sales Tax Act. The unit is granted exemption benefit under package scheme of incentive 1993. In the package scheme incentive, there is no condition that the benefit is available in proportionate increase in

production/investment. The Govt. has brought an amendment in section but no rules were framed till repealment of old Act i.e. Bombay Sales Tax Act. Appeal filed before Tribunal and is pending for decision.

10. **The Assessing Officer passed an order in Assessment year 2003-04** (1) disallowing total local sales of manufactured goods and its by-products as exempt u/s. 41 of Bombay Sales Tax Act & restricting exemption upto 85.48% of such sales; (2) levying purchase tax u/s 13AA where appellant is entitled to 100% exemption under entitlement certificate under package scheme of incentive (3) Levying purchase Tax u/s 41(2) of Bombay Sales Tax Act and surcharge thereon for contravention of purchases on BC Form (4) disallowing set off u/r 42AC on purchases of raw materials & packing materials where appellant is entitled to 100% exempt sales. Accordingly, the Dy. Commissioner of Sales Tax made an additional demand for Rs. 72,774,915. Similarly, the Assessing Officer also passed an order in assessment year 2003-04 (1) disallowing total Inter State sales of manufactured goods as exempt u/s. 8(5) of CST Act & excess levy of sales tax on sales supported by 'C' Forms and on sales not supported by "C" and "D" forms.(2) disallowing time to produce remaining forms "C" and "D" in respect of exempt sales (3) levying tax on sales claimed in transit u/s. 6(2) supported by "C" Form & not supported by "E-1" Forms (4) not accepting triplicate copy of "F" form against stock transfer & sales supported by "F" Form & levying tax at higher rate and raised an additional demand of Rs. 20,969,124/-. The Company has filed Appeal to Joint Commissioner of Sales Tax (Appeals) and is pending.
11. **The Assessing Officer by an order of MVAT Act in the Assessment year 2005-06** has (1) not allowed 100% exemption of sales of manufactured goods & it's by products and restricting it by adopting proportionate method even though the appellant is holding entitlement certificate (2) retained set off under regulation 53 of MVAT Rules and (3) charging interest u/s 30(3) of MVAT Act which is not attracted at all and raised an additional demand for Rs. 2,15,70,704/- under the MVAT Act. Similarly, the Assessing Officer by an order u/s 23(6) of MVAT Act has (1) not allowed total inter state sales of manufactured goods as exempt u/s 8(5) of CST Act & restricting exemption though supported by Form "C" (2) not allowed time to produce remaining declarations in Form F and accordingly raised an additional demand for Rs. 70,96,686. The company has filed an appeal in respect of both these demands before the Joint Commissioner of Sales Tax (Appeals) and is pending
12. **The Assessing Officer by an order of MVAT Act for the assessment year 2005-06 has (1) not allowed 100% exemption of sales of manufactured goods and its by-products** and restricting it by adopting proportionate method even though the appellant is holding entitlement certificate (2) retained set off under regulation 53 of MVAT Rules and (3) retained set-off u/r 54 & addition of tax liability and levied and additional demand of Rs. 86,76,263/- Similarly, the Assessing Officer by an order u/s 23(6) of MVAT Act for the assessment year 2005-06 has (1) not allowed total inter state sales of manufactured goods as exempt u/s 8(5) of CST Act & restricting exemption though supported by Form "C" (2) not allowed time to produce remaining declarations in Form F and accordingly made an additional demand for Rs. 39,05,538/-. The Company has filed appeal to Joint Commissioner of Sales Tax (Appeals) and the same is pending.
13. **The Assessing Officer by an order of MVAT Act for the Assessment year 2006-07** has (1) not allowed 100% exemption of sales of manufactured goods and its by-products and restricting it by adopting proportionate method even though the appellant is holding entitlement certificate (2) retained set off under regulation 53 of MVAT Rules and (3) retained set-off u/r 54 (4) levying Interest U/s. 30(3) and accordingly made an additional demand for Rs. 43,429,807/-. Similarly, the Assessing Officer by an order u/s 23(6) of MVAT Act has (1) not allowed total inter state sales of manufactured goods as exempt u/s 8(5) of CST Act & restricting exemption though supported by Form "C" (2) not allowed time to produce

remaining declarations in Form F and raised a demand for Rs. 20,724,472/-. The Company has filed appeal to Joint Commissioner of Sales Tax (Appeals) and the same is pending.

Tamil Nadu – Commercial Tax

14. **The Commercial Tax Officer of the Commercial Tax Department, Tamil Nadu has in the Assessment year 1996-97 disallowed the claim of exemption sought by the Company** for Stock Transferred from Chennai to Karaikkal and from Madurai to Karaikkal and raised a demand aggregating to Rs. 87,999,158 for non filing of Form F and Levy of higher rate of tax for want of “C” Forms. The Company has confirmed availability of documentary proof for said stock transfer. The Company contended that a company which is having branches all over India cannot issue Form F and a certificate of acknowledgement/receipt of good is given to prove the movement of stock. The Company filed an appeal with the Appellate Assistant Commissioner and the same was dismissed. The Company has therefore filed an appeal with the Sales Tax Appellate Tribunal, Chennai against the order of the appellate Assistant commissioner.

West Bengal Value Added Tax.

15. **The Assessing officer has passed an exparte order of assessment for the Assessment year 2006-07** on non-receipt of reply/documents from the Company and raised an additional demand for Rs. 27,789,225. The Company contended that in view of mergers/changes, there was omission in furnishing reply. The Company filed appeal before the first appellate authority.

Claims and counter claim by and against the Company

1. **Demand from Delhi Development Authority** - The Company received demand notice dated 22-8-2003 for Rs.15,09,31,495/- towards unearned increase. The company also received another notice dated 25-8-2003 towards ground rent for Rs.10,74,00,000/- and interest thereon for Rs.3,56,00,000/-for belated payment of ground rent. The said proceedings were challenged before Delhi High Court which vide order dated 29-11-2007 directed the company to comply with notice dated 25-8-2003. The company complied with the judgment and also filed freehold mutation application with the Delhi Development Authority. The Delhi Development Authority has filed LPA against above judgment which is pending before Delhi High Court.
2. **Compensation demand between JMC Project India Ltd. and Videocon Narmada Glass** - In December, 2002, Videocon Industries Limited (the “Company”) set up its glass shells division plant in Bharuch. Construction Project of the same was given to JMC Project (India) Ltd. (JMC), and a time period of 8 months from 01.09.2004 was given for the completion of the work. JMC completed the work on 30.04.2006. However the Company, inter-alia, alleged that the work was not upto the satisfaction of the Company. It was alleged that the Company did not give Completion Certificate for the reason that JMC took more time than allotted. JMC submitted that they utilized additional time of 12 months and that claimed more amount as compensation towards mobilization of work etc. and also they executed additional items and demanded compensation which the Company denied and therefore JMC has invoked arbitration and claimed a sum of Rs. 5,58,39,659 and interest on the same at the rate of 18% until the claims are discharged. The Company alleged that due to delay in commencing and completing the work by JMC, it has suffered huge loss and hence has made a counter claim of Rs. 7,40,19,651/- including damages of Rs. 5,00,00,000/-. These disputes are pending before the Arbitral tribunal.

3. **Claim of Morgan Securities & Credits Pvt. Ltd on Videocon International Ltd and others of Rs. 13,43,59,045/- in respect of bill discounting facility agreement dated 27-1-2003.** Morgan Securities & Credits Pvt. Ltd (Morgan Securities) agreed to sanction a bill discounting facility to Videocon International Ltd (merged with Videocon Industries Limited) (the "Company") to the extent of Rs. 5,00,32,656/- for a period of 150 days at a concessional interest rate of 21% instead of normal rate i.e. 36%. It was agreed that in case of any default or delay in making the payment, normal rate of interest would be levied. The Company issued post dated cheques towards its repayments. Morgan Securities never presented the post dated cheques for payment on the due dates and sent demand notice on 10.01.2006 to the Company and invoked arbitration. The Company submitted that the Demand Notice was sent after a period of almost two and half years of the due dates and that the claim is barred by limitation. Arbitration proceedings are presently pending in Delhi.
4. **Claims between Tata Finance Ltd. V/s. Videocon Industries Ltd in respect of lease of solar Photovoltaic Power Plants.** - Tata Finance Ltd (Claimant) by an agreement of lease dated 26-3-1996, gave on lease to Videocon Industries Limited (the "Company") 3 Nos. Solar Power Generating Systems, Solar Photovoltaic Power Plants and 135 Nos Solar Power Generating Systems (the "said equipment"). One of the clause of the said lease agreement provided the depreciation eligibility of the said equipment was 100%. It further provided that if the Claimant's claim for depreciation was disallowed, in any year during the fixed period of the lease, the lease rental would stand increased accordingly as a percentage of the acquisition cost. Accordingly Claimant's claim for depreciation was disallowed for the A.Y. 1996-97 & 1997-98. Hence the Claimant raised a Debit Note for Rs.5,66,30,146/- dated 04.08.2000 on the Company for increased lease rent. It terminated the lease agreement and called upon the Company to deliver back the said equipments. It also appointed Arbitrator on 22.04.2002. The Company has filed counter claims and the said Arbitration proceedings are pending before the Arbitral Tribunal.
5. **Claim Videocon Leasing and Industrial Finance Ltd. against Akar Laminators Ltd. For Rs.8,90,13,274/-.** Lease agreement was executed on 20.06.1995 between Videocon Industries Limited (the "Company") and Uvifort Metallizers Ltd. (the lessee), by which the Company gave certain machinery to lessee on lease. The lessee got amalgamated with Akar Laminators Ltd. (the Defendants). The Defendants by MOU dt. 8.07.1997 with the Company accepted the terms of original lease agreement. However the Defendants failed to pay lease rent. The Company sent notice on 18.11.1999 demanding a sum of Rs. 8,90,13,274/-. The Defendants admitted their liability on 29.11.1999 but neglected to pay the amount due. Hence the Company filed the suit before the High Court at Mumbai..
6. **Claim by Samsung India Electronics Pvt. Ltd. against the Company** - Pursuant to Licence Agreement dt. 1-9-1996, between Samsung Electronics Pvt. Ltd. (Samsung) and Videocon Industries Limited (the "Company"), Samsung took ground floor premises and a refundable security deposit of Rs. 2,00,00,000/- was given to the Company. The License Agreement was terminated on 1-4-2004, but the Company failed to refund the deposit. Samsung therefore filed a Summary Suit against the Company in Bombay High Court, which directed the Company to refund Rs.1,44,00,000/- by its order dt. 05.02.2008. The Company also raised some amount and filed a counter claim for recovery of the same. The cases are pending for final disposal before the High Court.
7. **Summary Suit Amount of Rs.8,15,34,400/- Videocon Leasing V/s. Sharada Parameshwari Textiles Ltd.** During June, 1994, Sharada Parameshwari Textiles Ltd. (the "Defendant Company") approached Videocon Industries Limited (the "Company") to provide leasing and other financial accommodation to Defendant Company which was contemplating to set up a new textile processing unit. Accordingly MOU was executed on 01.08.1994 by which the Company agreed to

finance upto a maximum amount of Rs. 25 Crores. The Company also agreed to subscribe to the equity shares of the Defendant Company upon a condition that the Defendant Company shall get its shares listed on the Stock Exchanges within a stipulated time. However the conditions of the MOU were never fulfilled. Hence The Company filed summary suit before Bombay High Court which is presently pending.

Litigation in respect of Oil and Gas activities

1. **Service –tax and education cess.** Three Show Cause Notices (SCN) have been served on the Operator of the Ravva Oil & Gas Field Joint-Venture for non-payment of service tax and education cess on various services.
The first Show Cause Notice is in respect of demand of USD 9.31 million (INR 474.69 million) for the period August 16, 2002 to March 31, 2006, out of which USD 0.49 Million (INR 24.76 million) relates to Ravva Block. The Operator has filed writ petition with Hon'ble High Court of Chennai.
The Second SCN is in respect of period April 1, 2006 to March 31, 2007 wherein demand proposed is USD 2.68 million (INR 136.59 million), out of which USD 1.51 million (INR 76.79 million) relates to Ravva Block. Detailed reply to this SCN has been filed with Commissioner of Service Tax and writ petition has been filed with Hon'ble High Court of Chennai challenging service tax demand on some of the services.
The third SCN served in respect of the period April 1, 2007 to March 31, 2008 has proposed to raise demand of USD 7.20 million (INR 366.93 million), out of which USD 4.65 million (INR 237.05 million) relates to Ravva Block. Detailed reply to this SCN has been filed with Commissioner of Service Tax.
The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto USD 1.66 million (INR 84.65 million).
2. **Demand for cess.** Ravva Oil & Gas Field Joint-Venture has received a demand notice for USD 0.42 million (INR 21.53 million) for delay in payment of cess for the period April 2001 to February 2004. The Ravva Oil & Gas Field Joint-Venture filed an appeal with Hon'ble High Court of Andhra Pradesh and has received an interim stay order against the demand. Should the liability ultimately arise, the Company's share as per the participating interest would be upto USD 0.10 million (INR 5.38 million).
3. **Income-tax Demand.** Disputed Income Tax demand amounting to Rs. 22.29 million in respect of certain payment made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto Rs. 5.57 million.
4. **Dispute regarding the deductibility of certain cost in the computation of post tax rate of return.** There was a dispute regarding (i) deductibility of Oil and Natural Gas Corporation Limited (ONGC) Carry while computing the Post Tax Rate of Return (PTRR) under the Ravva Production Sharing Contract (PSC); (ii) deductibility of provision of Site Restoration Costs for computation of Cost Petroleum and PTRR; (iii) deductibility of inventory purchased for computation of Cost Petroleum and PTRR; (iv) deductibility of Notional Dividend Distribution Tax under the Income-tax Act, 1961 for computation of PTRR; and (v) deductibility of Deposits, Advances and Pre-payments made for the purpose of Petroleum Operations in the business of Ravva Oil & Gas Field for computation of Cost Petroleum and PTRR; (vi) and the conversion rate to be applied by the GOI while converting the USD amount into Indian Rupees against the invoices raised for sale of crude oil. The Disputes was referred to an Arbitral Tribunal under the UNCITRAL Rules. International Arbitration in accordance with the provisions of the Ravva PSC. Vide the interim award dated 31st March 2005, the Tribunal has upheld the

Company's claims stated in (i) and (v) above whereas the claim of the Company stated in (ii), (iii) and (iv) above were rejected by the Tribunal. As regards claim stated at (vi) above, the Tribunal held that the payment to the Company is to be made after converting the USD amount into Indian Rupees at the State Bank of India Middle Rate i.e. the average of the buying and selling rate. Further, the Supplementary Claim of the Company for payment of interest for delayed payment against invoices raised for sale of crude oil is yet to be decided by the Arbitral Tribunal. While accepting the Interim Award, the Company computed and submitted the calculation on May 31st, 2005 to Government of India (GOI) indicating the amount payable by the Company after applying the said Arbitration Award at US\$ 27.02 million equivalent to Rs. 1,081.88 million, which was not accepted by GOI and it claimed that the Company needs to pay US\$ 43.72 million equivalent to Rs. 1,750.55 million and interest thereon applying the same Arbitration Award. Since the Company and the GOI were not able to agree upon the amounts due to/payable by the Company, the Company on July 7th, 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, the dispute between the Company and GOI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.71 million is also covered. Pending the final decision of the Hon'ble Arbitral Tribunal, the Company has accounted for and paid the sum of US\$ 43.72 million equivalent to Rs. 1,750.55 million to GOI on ad hoc basis. The GOI has further filed a Petition on May 10th, 2005 before the High Court in Malaysia challenging the Arbitration Award and praying for setting aside the Partial Award dated March 31st, 2005 only in respect of ONGC Carry Issue. The Company has challenged the jurisdiction of the High Court and therefore the maintainability of such an appeal before that Court. The High Court has in this matter, by a pronouncement dated August 5th, 2009, upheld the contentions of the Company and dismissed the Challenge filed by the GOI to the Award dated March 31st, 2005 on the ONGC Carry issue. The GOI has filed a Notice of Appeal before the Appellate Court at Malaysia. This Appeal is yet to be listed for hearing.

5. **Dispute with regards to conversion of US\$ into Indian Rupees for payment of invoice for sale of crude.** As stated above, there is 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. Vide the interim award dated March 31st, 2005, the Tribunal has partly upheld the Company's claim. While accepting the Award, the Company has worked out and submitted a computation on June 30th, 2005 to GOI indicating the amount receivable at Rs.121.43 million being the amount short paid by GOI nominees up to June 19th, 2005 and interest thereon also calculated up to June 19th, 2005. The Company further vide its' letter dated August 22nd, 2005 updated its' claim indicating the total amount receivable from GOI Nominees at Rs.124.42 million being the amount short paid by GOI nominees up to July 31st, 2005 and interest thereon also calculated up to July 31st, 2005. During the year, the Company further updated its' claim in this respect vide its' letter dated April 28th, 2008 wherein total amount receivable from GOI Nominees is computed at Rs. 349.85 million, being the amount short paid by GOI Nominees upto March 31st, 2008 and interest thereon also calculated up to March 31st, 2008. The payments to be made by the GOI's nominees in terms of the Award dated March 31st, 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 July 20th, 2006 before Hon'ble Delhi High Court challenging the award in respect of this Dispute. Another OMP 223 of 2006 dated May 9th, 2006 has been filed by GOI's nominees HPCL and BRPL in the Hon'ble Delhi High Court challenging the Partial Award dated March 31st, 2005 in respect of Conversion/Exchange Rate Matter. Both OMP 223 of 2006 and OMP 329 of 2006 are presently sub-judice before the Hon'ble Delhi High Court. The GOI nominees continue to make payments at the exchange rate without considering the findings of the Hon'ble Arbitral Tribunal in this regard.
6. **GOI has filed OMP 255 of 2006** dated May 30th, 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 April 11th, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgment of the Hon'ble Delhi Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide order dated April 30th, 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 November, 2009, reserved judgment in the matter.

7. **Disputes with regards to additional profit petroleum.** The GOI had vide its' letter dated November 3rd, 2006 raised a collective demand of Rs. 334.13 Million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to September 30th, 2006 pursuant to the Partial Arbitral Award dated March 31st, 2005 in the Dispute stated above and Interim Award dated February 12th, 2004 and Partial Award dated December 23rd, 2004. The Company has disputed such demand and is instead seeking refund of USD 16.70 Million equivalent to Rs. 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 Rs. 372.21 million being its' claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to April 30th, 2008. Such deduction, also being in contravention of the above-referred Arbitral Awards, is disputed by the Company.

Litigations against the subsidiaries

There are no material litigations pending against any of our subsidiaries before any Court, Authority or Tribunal in India or outside India.

MATERIAL DEVELOPMENTS

Information as required by the Government of India, Ministry of Finance circular No. F2/5/SE/76 dated February 5, 1977 as amended vide their circular of even number dated March 8, 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations.

Working Results for the four month period from October 1, 2009 to January 31, 2010 of the Company on a stand-alone basis.	Rs. in Million
Sales/Income from Operations	37,316.88
Other Income	55.82
Profit before depreciation, exceptional items and taxes	4,292.08
Depreciation	1,853.62
Provision for taxes	700.00
Net profit	1,738.46

Except as mentioned in this section there are no material changes and commitments, which are likely to affect the financial position of the Company since September 30, 2009 (i.e. last date up to which audited information is incorporated in the Letter of Offer).

Week end prices of Equity Shares of the Company for the last four weeks on the BSE and NSE are as below

Week Ended on	Closing Price BSE (Rs.)	Closing Price NSE (Rs.)
Feb 19, 2010	229.00	229.05
Feb 26, 2010	219.75	219.95
Mar 05, 2010	234.60	234.70
Mar 12, 2010	228.90	228.95

**Based on calendar week ends*

Highest and lowest price of the Equity Shares of the Company on BSE and NSE for the last four weeks

	Highest (Rs.)	Date	Lowest (Rs.)	Date
BSE	239.50	Feb 18, 2010	214.90	Feb 24, 2010
NSE	239.80	Feb 18, 2010	215.00	Feb 24, 2010

**Based on calendar week ends*

Recent Developments

Changes in subsidiaries of the Company

In November, 2009 Powerking Corporation Limited and Venus Corporation Limited have ceased to be subsidiaries of the Company owing to further issue of capital by the said subsidiaries.

In December, 2009, Videocon Hydrocarbon Holdings Limited and Videocon Australia WA-388P Limited became subsidiary of wholly owned subsidiary Videocon Energy Ventures Limited.

In January, 2010, Godavari Consumer Electronics Appliances Private Limited and Mayur Household Electronics Appliances Private Limited ceased to be subsidiaries of the Company.

Allotment of Shares to Infotel Telecom Infrastructure Private Limited

In December, 2009, the Shareholders' Committee of the Board of Directors at its meeting held on 9th December, 2009 has issued and allotted 18,58,275 Equity Shares of the Company, on a preferential basis, to Infotel Telecom Infrastructure Private Limited at a price of Rs. 242.16 per Equity Share, being the price determined in terms of Regulation 76(1) of SEBI Regulations.

Offshore Oil Blocks in Brazil

In November 2009, Anadarko has announced that the Wahoo #2 (also called Wahoo North) appraisal/exploration well in the Campos Basin, offshore Brazil, has encountered more than 90 feet of high-quality net oil pay in the same pre-salt interval, as the original Wahoo discovery (announced earlier). The Wahoo # 2 is located in block BM-C-30, five miles to the north and down-dip from the original Wahoo discovery well, which encountered more than 195 feet of net pay.

Area 1 Offshore Rovuma Block in Mozambique

In February, 2010, Anadarko Petroleum Corporation, U.S.A. ("Anadarko"), the Operator of exploration block in Rovuma Basin, Area 1, offshore Mozambique, has announced a discovery in the exploration well, Windjammer, which is currently being drilled in the acreage and has reached an intermediate casing point encountering more than 480 net feet of natural gas pay in high quality reservoir sands with a gross column of more than 1,200 feet. Videocon Mozambique Rovuma 1 Limited, an overseas wholly owned subsidiary of VIL, holds 10% participating interest ("PI") in this acreage. To date, this well has tested one of the seven identified play types in this acreage.

Unaudited Financial Results filed with the Stock Exchanges under the listing agreement

Our Company has filed its unaudited standalone financial results for the quarter ended December 31, 2009 with the Stock Exchanges in accordance with the requirements under the Listing Agreement:

UNAUDITED FINANCIAL RESULTS (PROVISIONAL)
FOR THE QUARTER ENDED 31ST DECEMBER, 2009

[Rs. in Crores]

Particulars	Quarter Ended		Year Ended	
	31.12.2009	31.12.2008	30.09.2009	30.09.2008
	(Unaudited)		(Unaudited)	(Audited)
1. a) Sales/Income from Operations	2,806.56	2,074.67	9,371.64	10,105.13
b) Other Operating Income	-	-	-	-
2. Expenditure				
a) (Increase)/decrease in Stock in Trade and Work in Progress	16.73	7.61	(11.97)	(2.30)
b) Consumption of Raw Materials	931.40	704.16	3,139.93	4,084.09
c) Purchase of Traded Goods	776.53	502.09	2,456.98	1,209.26
d) Employees Cost	35.69	30.84	124.38	115.82
e) Depreciation	139.21	138.02	576.17	660.21
f) Other Expenditure	556.89	441.87	1,907.07	2,370.99
g) Total	2,456.45	1,824.59	8,192.56	8,438.07
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	350.11	250.08	1,179.08	1,667.06
4. Other Income	3.82	5.95	31.01	28.82
5. Profit before Interest & Exceptional Items (3+4)	353.93	256.03	1,210.09	1,695.88
6. Interest	169.76	149.47	624.44	401.10
7. Profit after Interest but before Exceptional Items (5-6)	184.17	106.56	585.65	1,294.78
8. Exceptional Items	-	(21.13)	(21.13)	(127.81)
9. Profit from Ordinary Activities before Tax (7+8)	184.17	85.43	564.52	1,166.97
10. Tax Expenses	52.50	25.00	157.50	312.67
11. Net Profit from Ordinary Activities after Tax (9-10)	131.67	60.43	407.02	854.30
12. Extraordinary Items (Net of tax expenses)	-	-	-	-
13. Net Profit for the period (11-12)	131.67	60.43	407.02	854.30
14. Paid-up Equity Share Capital (FV Rs.10/- per share)	231.27	229.30	229.41	229.30
15. Reserves Excluding Revaluation Reserves as per Balance Sheet of previous accounting year	-	-	-	6,538.49
16. Earnings Per Share (EPS) (Rs.)				
a) Basic and Diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year				
- Basic EPS	5.69	2.63	17.74	37.44
- Diluted EPS	5.19	2.51	16.59	36.64
b) Basic and Diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year				
- Basic EPS	5.69	2.63	17.74	37.44
- Diluted EPS	5.19	2.51	16.59	36.64
17. Public Shareholding				
- Number of Equity Shares	50,623,066	41,994,018	48,762,191	42,157,818
- Percentage of Equity Shareholding	21.89%	18.30%	21.26%	18.37%
18. Promoters and Promoter group Shareholding				
a) Pledge/Encumbered				
- Number of Shares	83,485,887	N.A.	86,145,887	N.A.
- Percentage of Shares (as a % of the Total Shareholding of Promoter and Promoter group)	52.73%	N.A.	54.41%	N.A.
- Percentage of Shares (as a % of the Total Share Capital of the Company)	36.10%	N.A.	37.55%	N.A.
b) Non-encumbered				
- Number of Shares	74,829,413	N.A.	72,169,413	N.A.
- Percentage of Shares (as a % of the Total Shareholding of Promoter and Promoter group)	47.27%	N.A.	45.59%	N.A.
- Percentage of Shares (as a % of the Total Share Capital of the Company)	32.36%	N.A.	31.46%	N.A.

Notes:	
1.	The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 30th January 2010.
2.	During the Quarter, the Company has allotted 1,858,275 Equity Shares of Face value of Rs. 10 each, on preferential basis, at a price of Rs. 242.16 per Equity Share aggregating to Rs. 45.00 Crores.
3.	During the quarter ended 31st December 2009, 515 investors complaints were received and resolved. There were no investor complaints pending at the beginning of the quarter and at the end of the quarter.
4.	The Provision for Taxation includes Provision for Current Tax and Deferred Tax.
5.	Previous quarter's/year's figures have been regrouped/reclassified and recasted wherever necessary.

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER ENDED 31ST DECEMBER, 2009				
[Rs. in Crores]				
Particulars	Quarter Ended		Year Ended	
	31.12.2009	31.12.2008	30.09.2009	30.09.2008
	(Unaudited)		(Unaudited)	(Audited)
1. Segment Revenue				
a) Consumer Electronics & Home Appliances	2,551.94	1,813.46	8,309.06	8,197.53
b) Crude Oil and Natural Gas	254.62	261.21	1,062.58	1,907.60
Total	2,806.56	2,074.67	9,371.64	10,105.13
Less: Inter segment Revenue	-	-	-	-
Sales/Income from Operations	2,806.56	2,074.67	9,371.64	10,105.13
2. Segment Results				
[Profit before tax and Interest from each segment]				
a) Consumer Electronics & Home Appliances	286.88	189.75	905.57	1,089.88
b) Crude Oil and Natural Gas	74.73	65.02	311.03	602.55
Total	361.61	254.77	1,216.60	1,692.43
Less:				
i) Interest	169.76	149.47	624.44	401.10
ii) Other unallocable expenditure net of unallocable income/(income)	7.68	(1.26)	6.51	(3.45)
iii) Exceptional Items	-	21.13	21.13	127.81
Total Profit Before Tax	184.17	85.43	564.52	1,166.97
3. Capital Employed				
[Segment Assets Less Segment Liabilities]				
[Based on estimates in terms of available data]				
a) Consumer Electronics & Home Appliances	5,938.54	5,764.10	5,805.30	5,448.82
b) Crude Oil and Natural Gas	318.04	225.37	313.68	289.81
Total Capital Employed in Segments	6,256.58	5,989.47	6,118.98	5,738.63
Unallocable corporate assets less corporate liabilities	1,140.91	1,066.09	1,101.84	1,075.17
Total Capital Employed	7,397.49	7,055.56	7,220.82	6,813.80
Notes:				
1.	Segments have been identified in accordance with the Accounting Standard (AS) -17 "Segment Reporting", considering the organization structure and the return/risk profiles of the business.			
2.	Segment Revenue includes Sales and Other Income directly identifiable and allocable to the segment.			
3.	Other Unallocable expenditure includes expenses incurred on common services provided to segments and corporate expenses. Unallocable income mainly includes income from investments and divestment income.			

GOVERNMENT AND OTHER APPROVALS

The following regulations primarily govern the operations of our Company:

Labour legislation:

1. Factories Act, 1948
2. Payment of Gratuity Act, 1972
3. Payment of Bonus Act, 1965
4. Maternity Benefit Act, 1961
5. Minimum Wages Act, 1948
6. Workmen's Compensation Act, 1923

Environmental legislation:

1. Water (Prevention and Control of Pollution) Act, 1974
2. Air (Prevention and Control of Pollution) Act, 1981
3. Environment Protection Act, 1986
4. Hazardous Wastes (Management and Handling) Rules, 1989

Our Company has received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for its present business and no further approvals are required for carrying on its present business.

The objects clause of the Memorandum of Association enables our Company to undertake its existing activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue.

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held November 02, 2009, it has been decided to make the rights offer to the Equity Shareholders of our Company with a right to renounce.

Our Company confirms that none of its Directors are associated with the securities market in any manner and except as disclosed under the heading of 'Outstanding Litigations' on page 190 in this Letter of Offer, SEBI has not initiated any action against our Company or its Directors.

Prohibition by SEBI

Except as disclosed under the head Outstanding Litigations on page 190 in this Letter of Offer neither the Company, nor the Directors nor the Promoter nor the person(s) in control of the Promoter nor the promoter group companies, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Further, neither the Promoter nor the Company nor the group companies have been declared as willful defaulters by RBI / Government authorities.

The Directors of the Company are not associated with the capital markets in any manner.

Eligibility for the Issue

Our Company has complied with the provisions of Regulation 4 of the SEBI Regulations in connection with the general eligibility requirements for the Issue and confirms that:

1. Neither our Company, nor our Promoters, our Promoter Group, our Group Entities, Directors or person(s) in control of our Promoter have been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
2. None of our Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
3. Our Company, our Directors, our Promoters, our Promoter Group, our Group Entities and the relatives (as per Companies Act) of our Directors and our Promoters, have not been declared as wilful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by us in the past, and except as disclosed herein, no such proceedings are pending against them for alleged violation of securities laws;
4. Our Company is an existing company registered under the Companies Act, whose Equity Shares are listed on the Stock Exchanges, namely BSE and NSE and we have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from the BSE and the NSE by letters both dated February 01, 2010, and have chosen The Bombay Stock Exchange Limited to be the Designated Stock Exchange for the purposes of this Issue. We will make applications to the Stock Exchanges for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer;
5. All existing partly paid-up Equity Shares of our Company have either been fully paid up or forfeited and as on the date of this Letter of Offer, there are no outstanding partly paid-up Equity Shares of our Company;

6. The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue and our Company's internal accruals / other sources as mentioned in the section titled "Objects of the Issue" beginning on page 66 of this Letter of Offer. Thus, provisions of Regulation 4 (g) of the SEBI Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and internal accruals/ other sources, does not apply to our Company as our Company do not proposes to avail any borrowed funds for part financing the Object of the Issue.

Compliance with Part E of Schedule VIII of the SEBI Regulations

The Company is in compliance with the provisions specified in Part E (1) of Schedule VIII of the SEBI Regulations.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGERS, INDIA INFOLINE LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 18, 2009, WHICH WILL READ AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

- THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**

- THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;*
 4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOT APPLICABLE;
 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER- NOT APPLICABLE;
 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE LETTER OF OFFER - NOT APPLICABLE;
 7. WE UNDERTAKE SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE;
 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;
 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE;

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE;
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
- AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND
 - AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

* PLEASE NOTE, HOWEVER, THAT THE SEBI REGISTRATION OF THE BANKER TO THE ISSUE, VIZ. STATE BANK OF INDIA, WAS VALID UP TO NOVEMBER 30, 2009. THE APPLICATION FOR RENEWAL OF THE CERTIFICATE OF REGISTRATION IN THE PRESCRIBED MANNER HAS BEEN MADE BY STATE BANK OF INDIA ON AUGUST 28, 2009 TO SEBI, THREE MONTHS BEFORE THE EXPIRY OF THE PERIOD OF CERTIFICATE AS REQUIRED UNDER REGULATION 8(1) OF THE SEBI (BANKER TO THE ISSUE) REGULATIONS, 1992. THE APPROVAL OF SEBI IN THIS REGARD IS PRESENTLY AWAITED.

The filing of this Letter of Offer does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Managers any irregularities or lapses in this Letter of Offer.

DISCLAIMER CLAUSE OF THE ISSUER AND LEAD MANAGERS

THE COMPANY AND THE LEAD MANAGERS, VIZ. INDIA INFOLINE LIMITED AND SBI CAPITAL MARKETS LIMITED ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS LETTER OF OFFER OR IN ANY ADVERTISEMENT OR OTHER MATERIAL ISSUED BY THE COMPANY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE REPRESENTED TO THE ISSUER COMPANY AND LEAD MANAGERS AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.

THE LEAD MANAGERS AND THE COMPANY SHALL MAKE ALL INFORMATION AVAILABLE TO THE EQUITY SHAREHOLDERS AND NO SELECTIVE OR ADDITIONAL INFORMATION WOULD BE AVAILABLE FOR A SECTION OF THE EQUITY SHAREHOLDERS IN ANY MANNER WHATSOEVER INCLUDING AT PRESENTATIONS, IN RESEARCH OR SALES REPORTS ETC. AFTER FILING OF THIS LETTER OF OFFER WITH SEBI.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the shareholders of the Company and will dispatch the Letter of Offer and CAFs to shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the rights entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

United States Restrictions

NEITHER THE RIGHTS ENTITLEMENTS NOR THE SECURITIES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. THE COMPANY WILL NOT ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR HIS AGENT, WHO APPEARS TO BE, OR WHO THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THIS LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a "Relevant Member State") the Company has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been

approved by the competent authority in that Relevant Member State or, where appropriate, approved, in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that make an offer of Equity Shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets, or if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company or any Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purpose of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an Investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom Restrictions

Each Lead Manager has represented and agreed that:

- (i) it is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the “FSMA”), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;
- (ii) in the United Kingdom, it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons that are “qualified investors” and who are (a) “investment professionals” falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (b) high net worth entities and/or other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be The Bombay Stock Exchange Limited.

Disclaimer Clause of the BSE

BSE has given vide its letter dated February 01, 2010, permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Letter of Offer has been submitted to NSE. NSE has given vide its letter Ref. No. NSE/LIST/129570-7 dated February 1, 2010, permission to the Issuer to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

The Draft Letter of Offer was filed with SEBI, Plot No. C 4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. SEBI gave its observations by the letter dated March 08, 2010 which has been duly incorporated in the Letter of Offer. The Letter of Offer has been filed with the Designated Stock Exchange as per the provisions of the Act.

Issue Related Expenses

The expenses of the Issue payable by the Company include brokerage, fees and reimbursement to the Lead Managers, Auditors, Legal Advisor, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

Sr. No.	Particulars	Amount (in Rs. million)	% of total expenses	% of total issue size
1	Fees of Lead Managers, Registrar to Issue, Legal Advisor etc.	48.87	60.59	0.42
2	Advertisement and marketing expenses	0.55	0.68	0.00
3	Printing, stationery, distribution, postage etc.	15.07	18.69	0.13
4	Others (including but not limited to Stock Exchange and SEBI filing fees)	16.16	20.04	0.14
	Total	80.65	100.00	0.70

Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by MCS Limited who are the Share Registrar and Transfer Agents. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 7 days.

The contact details of the share registrars and transfer agent are:

MCS LIMITED

Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi),
Masjid (East), Mumbai – 400 009
Tel no: (91-22) 23726253/55
Fax no: (91-22) 23726252
Email: mcspanvel@yahoo.co.in
Website: www.mcsdel.com

Status of Shareholders' Complaints

- (a) Number of complaints received during Fiscal 2009: 1,374
- (b) Number of complaints resolved during Fiscal 2009: 1,374
- (c) Number of complaints received from October 1, 2009 till February 28, 2010: 818
- (d) Number of complaints resolved during October 1, 2009 till February 28, 2010: 818
- (e) Outstanding Complaints: Nil
- (f) Time normally taken by it for disposal of various types of Investor grievances: 7 days

Investor Grievances arising out of this Issue

The Company's Investor grievances arising out of the Issue will be handled by Link Intime India Private Limited who are the Registrars to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The contact details of the Registrars to the Issue are:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), Mumbai 400078
Tel no: (91-22) 25960320
Fax no: (91-22) 25960329
Investor Grievance Email: vil.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Praveen Kasare

The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Allotment Advice/ share certificate / refund orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio number, name and address, contact telephone / cell numbers, email id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Company Secretary in case- of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders etc. His address is as follows:

Mr. Vinod Kumar Bohra
Videocon Industries Limited
14 K.M. Stone,
Aurangabad-Paithan Road,
Village: Chittegaon,
Taluka: Paithan,
Dist: Aurangabad 431 105,
Tel: (02431) 663933
Fax: (02431) 251551
Email: secretarial@videoconmail.com

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the enclosed CAF, the provisions of the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, FEMA, SEBI Regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to a resolution passed by the Board of Directors of our Company under section 81(1) of the Companies Act at their meeting held on November 2, 2009.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The dividend payable on the partly paid-up Equity Shares, until fully paid-up, shall rank for dividend in proportion to the amount paid-up. The Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares once fully paid-up. The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Equity Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance until the moneys have become payable. Further no person shall be entitled to exercise any voting rights either personally or by proxy at any meeting of our Company in respect of partly paid-up Equity Shares on which any calls or other sums payable by him have not been paid.

Mode of Payment of Dividend

We shall pay dividend to our Equity Shareholders as per the provisions of the Companies Act.

Listing and trading of Equity Shares proposed to be issued

Our Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN Code INE703A01011. In addition to the ISIN for the existing Equity Shares, our Company would obtain separate ISINs for its partly paid-up Equity Shares. The partly paid-up Equity Shares offered under the Issue will be listed and traded under a separate ISIN for each period as may be applicable prior to the Record Date for the First and Final Call. On the Record Date for the First and Final Call, the trading of existing partly paid-up Equity Shares would be terminated. The process of corporate action for crediting the fully paid-up Equity Shares to the Investors' demat accounts may take about two weeks time from the last date of payment of the account under the call money notice. On payment of the First and Final Call, the partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and merged with the existing ISIN for our Equity Shares. The Equity Shares in respect of which the balance amount payable remains unpaid shall be forfeited, at any time after the due date for payment of the balance amount due. The listing and trading of the partly paid-up shares and fully paid-up Equity Shares (when partly-paid up shares are converted into fully paid-up Equity Shares) shall be based on the regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule. The partly paid up Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven working days from the finalisation of basis of allotment. Our Company has made an application for "in-principle" approval for listing of the Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE and NSE through letters dated December 23, 2009, and has received such approval from the BSE through letter no. DCS/PREF/JA/IP-RT/1554/09-10, dated February 01, 2010 and from NSE through letter no. NSE/LIST/129570-7, dated, February 01, 2010.

Rights of the Equity Shareholder

The Equity Shares allotted in this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared. The dividend payable on partly paid-up Equity Shares, until fully paid-up, shall rank for dividend in proportion to the amount paid up;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy. However, the voting rights in a poll shall be in proportion to the paid-up value of the Equity Shares held;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Listing Agreement and Memorandum and Articles of Association.

Basis for the Issue

The offer on rights basis will be made to those members of the Company holding Equity Shares in physical form and whose names appear on the Company's Register of Member on Monday, 22nd March, 2010 and as regards Equity Shares held in dematerialized form, on the basis of particulars of beneficial ownership furnished by Depositories viz., CDSL and NSDL as at the end of business hours on Saturday, 20th March, 2010, being the Entitlement Date fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as beneficial owner in respect of the Equity Shares held in the Electronic Form or appears in the Register of Members as an Equity Shareholder, you are entitled to the number of Equity Shares shown in Block I of Part A of the enclosed CAF.

The Equity Shareholders are entitled to 2 (Two) Equity Shares for every 9 (Nine) Equity Shares held on the Entitlement Date.

Offer to Non-Resident Equity Shareholders/Applicants

Applications received from NRIs for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment/share certificates, payment of interest, dividends, etc. The Equity Shares purchased by NRIs shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Equity Shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. The circular stipulates that an OCB shall not be eligible to purchase equity or preference shares or convertible debentures offered on right basis by an Indian company, and no Indian company shall offer equity or preference shares or convertible debentures on right basis to an OCB. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the

adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Bank at its registered office, the OCB shall receive this Letter of Offer and the CAF.

Applications received from the NRIs for the allotment of Equity Shares shall, among other things, be subject to conditions as may be imposed, from time to time, by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

In case of change of status of holders i.e. from resident to non-resident, a new demat account shall be opened for the purpose.

Principal Terms of the Issue

Face Value

Each rights Equity Share will have the face value of Rs. 10.

Issue Price

Each rights Equity Share shall be offered at an Issue Price of Rs. 225.00 for cash (inclusive of a premium of Rs. 215.00 per Equity Share). The Issue Price has been arrived in consultation between the Company and the Lead Managers.

Entitlement Ratio

The Equity Shares are being offered to the existing Equity Shareholders in the ratio of 2 (Two) Equity Shares for every 9 (Nine) Equity Share held on the Entitlement Date.

Payment terms¹

The payment terms available to the Investors are as follows:

Payment Method¹			
Amount payable per equity Share (Rs.)²			
	Face Value (Rs.)	Premium (Rs.)	Total
On Application²	5.00	107.50	112.50
First and Final Call²	5.00	107.50	112.50
Total	10.00	215.00	225.00

The investors shall be required to make the balance payment towards the First and Final Call by the due date which shall be separately notified by our Company.

¹Please refer to risk factor nos. 52 and 53 in “Risk Factors” on page 34 for risk associated with the payment method. For details on payment method see “Terms of the Issue” on page 219.

²NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

² Since our Company has appointed Punjab National Bank as the monitoring agency in terms of Regulation 16 of the SEBI Regulations, 2009, our Company is not required to call the outstanding subscription monies within 12 months from the date of allotment of the Equity Shares pursuant to this Issue. However, it is the intention of the Company to call the entire call money within 12

months from the date of allotment of Equity Shares in this Issue. If the Investors fail to pay the call money within the time stipulated in the Call Notice then the application money already paid shall be liable to be forfeited.

The Issue Price of our Equity Shares is Rs. 225.00 per Equity Share. The Investors are required to pay 50% of the Issue Price on application and the balance 50% of the Issue Price on the First and Final Call. However, NRIs, FIIs and non-residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted along with the CAF.

While making an application, the Investor shall make a payment of Rs. 112.50 per Equity Share.

Out of the amount of Rs. 112.50 paid on application, Rs. 5.00 would be adjusted towards the face value of the Equity Shares and Rs. 107.50 shall be adjusted towards the share premium of the Equity Shares. Out of the amount of Rs. 112.50 paid on the First and Final Call, Rs. 5.00 would be adjusted towards the face value of the Equity Shares and Rs. 107.50 shall be adjusted towards the share premium of the Equity Shares.

Notices for the payment of call money for the First and Final Call shall be sent by our Company to the Equity Shareholders of the partly paid-up Equity Shares on the Record Date fixed for the call.

The call shall be structured in such a manner that the entire call money is called and will be payable within 12 months from the date of allotment of Equity Shares in this Issue. Equity Shares in respect of which the balance amount payable remains unpaid may be forfeited by the Company, at any time after the due date for payment of the balance amount due after giving a prior notice of at least 30 days, as provided under the Articles of Association.

Procedure for the First and Final Call

The listing and trading of the partly paid and fully paid up Equity Shares (when partly-paid up shares are converted into fully paid-up shares) shall be subject to the statutory and/or regulatory requirements applicable thereto.

First and Final Call

Our Company would convene a meeting of the Board to pass the required resolutions for making the First and Final Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in one English national daily and one Hindi national daily, and one Regional daily newspaper, with wide circulation. The First and Final Call shall be deemed to have been made at the time when the resolution authorizing such First and Final Call are passed at the meeting of the Board. The First and Final Call may be revoked or postponed at the discretion of the Board. Pursuant to Article 28 of the Articles of Association of our Company, the Investors would be given not less than 30 (Thirty) days notice for the payment of the call money. The Board may, from time to time at its discretion, extend the time fixed for the payment of the First and Final Call.

Record Date for First and Final Call and suspension of trading

Our Company would fix a Record Date giving at least 7 days prior notice to the Stock Exchanges for the purpose of determining the list of Equity Shareholders to whom the notice for call money pursuant to the First and Final Call would be sent. Once the Record Date has been fixed, trading in the partly paid Equity Shares for which the First and Final Call have been made would be suspended prior to such Record Date that has been fixed for the First and Final Call.

Separate ISIN on Application

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for its partly paid-up Equity Shares. The partly paid-up Equity Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules

and regulations prior to the Record Date for the First and Final Call. The ISIN representing partly paid-up Equity Shares will be terminated after the Record Date for the First and Final Call. On payment of the call money in respect of the partly paid-up Equity Shares, such partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and merged with the existing ISIN for our Equity Shares.

Listing of partly paid-up Equity Shares

The partly paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange under the new ISIN for partly paid up equity shares of the Company. The partly paid up equity shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the partly paid up equity shares are to be listed will be taken within seven working days of finalization of basis of allotment. The Company has received in-principle approval pursuant to clause 24(a) of the Listing Agreement from the BSE through its letter dated February 01, 2010 and from the NSE through its letter dated February 01, 2010.

For an applicable period, under the rules and regulations, prior to the Record Date for the First and Final Call, the trading of the existing partly paid-up Equity Shares would be terminated. The process of corporate action for crediting the fully paid-up Equity Shares to the Investors' demat accounts may take about two weeks' time from the last date of payment of the account under the call money notice.

Fractional Entitlements

For Equity Shares being offered under this Issue, if the shareholding of any of the Equity Shareholders is less than 9 (nine) Equity Shares or not in the multiple of 9 (nine), the fractional entitlement of such Equity Shareholders shall be ignored. Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional rights Equity Share each if they apply for additional Equity Shares. For example, if an Equity Shareholder holds between 90 and 99 Equity Shares, he will be entitled to 20 Equity Shares. He will also be given a preference for allotment of 1 (one) additional Equity Share if he has applied for the same. Those Equity Shareholders who have a holding of less than 9 (Nine) Equity Shares and therefore entitled to zero Equity Share under this Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAF with zero entitlement will be non-negotiable/non-renounceable. For example, if an Equity Shareholder holds between one and 8 (eight) Equity Shares, he will be entitled to Nil Equity Shares. He will be given a preference for allotment of 1 (one) additional Equity Shares if he has applied for the same.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one (1) Equity Share. In case of holding of Equity Shares in physical form, our Company would issue to the allottees one (1) certificate for the Equity Shares allotted to each folio ("**Consolidated Certificate**"). In respect of consolidated certificates, our Company will upon receipt of a request from the respective Equity Shareholder, split such consolidated certificates into smaller denominations.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available for Equity Shares. The Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the rights Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered and Corporate Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one Regional Newspaper will be Marathi national daily with wide circulation, will be sent by ordinary post/registered post/speed post to the registered holders of the Equity Shares from time to time.

Additional Subscription by our Promoters and Promoter Group

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed under Section 73 (2) and (2A) of the Companies Act.

The Promoter Group Entities have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The entities forming part of the Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, Videocon Realty & Infrastructures Limited, Dome-Bell Electronics India Private Limited, Waluj Components Private Limited, Rajkumar Engineering Private Limited, Shree Dhoot Trading & Agencies Limited, Electroparts (India) Private Limited, Videocon Exports Private Limited, KAIL Limited, Greenfield Appliances Private Limited, Tekcare India Private Limited, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Dhoot Brothers Investment Company Private Limited, Mr. V N Dhoot, Mr. R N Dhoot and Mr. P N Dhoot have provided an undertaking dated December 17, 2009 to apply for additional Equity Shares in the Issue, to the extent of the undersubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter Group Entities

may acquire Equity Shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the rights entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter Group Entities through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in “Objects of the Issue” on page 66 of the Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to the Promoter Group Entities, in this Issue, the Promoter Group’s shareholding in our Company exceeds their current shareholding. The Promoter Group Entities shall subscribe to such undersubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group Entities of any undersubscribed portion, over and above their Rights Entitlement shall be done in compliance with the applicable laws prevailing at the time of allotment.

PROCEDURE FOR APPLICATION

Application by Resident Equity Shareholders

Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For details see “Application on Plain Paper” beginning on page 229 of this Letter of Offer. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. The CAF for Equity Shares would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not agree with the specimen registered with our Company, the application is liable to be rejected.

Applications will not be accepted by the Lead Manager(s) or by the Registrar to the Issue or by the Bank at any offices except in the case of postal applications as per instructions given in this Letter of Offer.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares.

Part B: Form for renunciation.

Part C: Form for application for Renouncees.

Part D: Form for request for split application forms.

Applications by Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc. The Letter of Offer and CAF shall only be dispatched to non-resident Equity Shareholders with a registered address in India. Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF. Additional separate advise for non-resident equity shareholders will be provided.

Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Applications by Non Resident Indians

1. CAFs have been made available for eligible NRIs at our Registered Office and with the Lead Manager(s).
2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

NRIs can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

Acceptance of the Issue

You may accept the Offer and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Mumbai /demand draft payable at Mumbai to the Registrar to the Issue by registered/speed post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Options available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement of the Equity Shares in full.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 231 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares, where the number of additional Equity Shares applied for exceeds the number available for allotment, the

allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF(s), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Any renunciation from resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/Renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

'Part A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation ('Part B' of the CAF) duly filled in shall be conclusive evidence for our Company of the Renouncees applying for Equity Shares in 'Part C' of the CAF to receive allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. 'Part A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in 'Part A', in whole, please complete 'Part B' of the CAF. In case of joint holding, all joint holders must sign 'Part B' of the CAF. The person in whose favour renunciation has been made should complete and sign 'Part C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms ("SAFs") in the space provided for this purpose in 'Part D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of

the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign 'Part C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. A Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the rights Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

Please note that:

- Part A of the CAF must not be used by any person(s) other than the Equity Shareholders to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- A Request for SAF should be made for a minimum of one (1) Equity Shares or in multiples thereof and one SAF for the balance Equity Shares, if any.
- A Request by the Investor for the SAF should reach Registrar to the Issue on or before Tuesday, April 06, 2010.
- Only the Equity Shareholders to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Investor's risk.

Investors must write their CAF Number at the back of the cheque/demand draft

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with Demand Draft, net of bank and postal charges payable at Mumbai which should be drawn in favor of the "Videocon - *Rights Issue*" or "Videocon - Rights Issue-NR" (in the case of Non-Residents) and the Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. The envelope should be superscribed "*Videocon Industries Limited-Rights Issue*" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Videocon Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Entitlement Date;
- Number of Equity Shares entitled;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;

- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

Additionally, Non Resident applicants shall include the following:

- “I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. The offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any shares or warrants or rights for sale in the United States, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said shares or warrants or rights. Accordingly, this application should not be forwarded to or transmitted in or to the United States at any time, except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. None of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.
- I/We am/are both an institutional investor and an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Equity Shares, and we are, and any accounts for which we are acting are each, able to bear the economic risk of our or its investment.
- I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Investor without any interest thereon.

Last date of Application

The last date for submission of the duly filled in CAF is Monday, April 12, 2010. The Issue will be kept open for 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Terms of the Issue – Basis of Allotment" beginning on page 231 of this Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (b) For the Equity Shares being offered under this Issue, if the shareholding of any of the Equity Shareholders is less than 9 Equity Shares or is not in the multiple of 9, the fractional entitlement of such Equity Shareholders shall be ignored. Equity Shareholders whose fractional entitlements are being ignored would be given preference in allotment of one additional rights Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If the number of Equity Shares required for allotment under this head are more than the number of Equity Shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Entitlement Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (e) Allotment of additional shares to Promoter Group Entities in terms of undertaking dated December 17, 2009 to the extent to ensure Minimum Subscription.
- (f) Allotment to any other person (may include Promoter Group Entities) as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c), (d) and (e) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c), (d), (e) and (f) above.

Allotment under (f) will be made by the Board, in such a manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the Issue.

The Promoter Group Entities have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The entities forming part of the Promoter Group Entities viz. Value Industries Limited, Trend Electronics Limited, Videocon Realty & Infrastructures Limited, Dome-Bell Electronics India Private Limited, Waluj Components Private Limited, Rajkumar Engineering Private Limited, Shree Dhoot Trading & Agencies Limited, Electroparts (India) Private Limited, Videocon Exports Private Limited, KAIL Limited, Greenfield Appliances Private Limited, Tekcare India Private Limited, Synergy Appliances Private Limited, Solitaire Appliances Private Limited, Dhoot Brothers Investment Company Private Limited, Mr. V N Dhoot, Mr. R N Dhoot and Mr. P N Dhoot have provided an undertaking dated December 17, 2009 to apply for additional Equity Shares in the Issue, to the extent of the undersubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter Group Entities may acquire Equity Shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the rights entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter Group Entities through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Regulations. As such, other than meeting the requirements indicated in "Objects of the Issue" on page 66, there is no other intention/purpose for this Issue, including any intention to delist our Company, even if, as a result of allotments to the Promoter Group Entities, in this Issue, the Promoter Group's shareholding in our Company exceeds their current shareholding. The Promoter Group Entities shall subscribe to such undersubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group Entities of any undersubscribed portion, over and above their Rights Entitlement shall be done in compliance with the applicable laws prevailing at the time of allotment.

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed under Section 73 (2) and (2A) of the Companies Act.

Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process

This section is for the information of the Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the Entitlement Date and who:

- Is holding the Equity Shares in dematerialised form and has applied towards his/her rights entitlements or additional Securities in the Issue in dematerialised form;
- Has not renounced his entitlements in full or in part;
- Is not a Renouncee;
- Is applying through a bank account with one of the SCSBs.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their entitlement on the Entitlement Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrars. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of Section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB. The Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

S. No	Option Available	Action Required
1	Accept whole or part of your entitlement without renouncing the balance	Fill in and sign Part A of the CAF (all joint holders must sign)
2	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled too, provided that (i) you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under *“Basis of Allotment”* on page 231 of this Letter of Offer.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper and the Equity Shareholders should send the same directly to SCSB.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Videocon Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Entitlement Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount payable on application at the rate of Rs. 112.50 per Equity Share;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Option to receive Securities in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON ENTITLEMENT DATE.

General instructions for Equity Shareholders applying under the ASBA Process

- a. Please read the instructions printed on the respective CAF carefully.
- b. Application should be made on the printed CAF/Plain paper application only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. The CAF/Plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- d. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs/Plain paper application without PAN will be considered incomplete and are liable to be rejected.**
- e. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF/Plain paper application as per the specimen signature recorded with the Company/or Depositories.
- g. In case of joint holders, all joint holders must sign the relevant part of the CAF/Plain paper application in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h. All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i. Only the person or persons to whom Securities have been offered and not renounee(s) shall be eligible to participate under the ASBA process.

Do's:

- a. Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as indicated under the heading Application on Plain Paper on page 234.
- b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that the CAFs/plain paper applications are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- e. Ensure that you have mentioned the correct bank account number in the CAF/plain paper applications.

- f. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF/plain paper applications before submitting the CAF to the respective Designated Branch of the SCSB.
- g. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF/plain paper applications, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- h. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF/plain paper applications in physical form.
- i. Each applicant should mention their PAN allotted under the I. T. Act.
- j. Ensure that the name(s) given in the CAF/plain paper applications is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF/plain paper applications is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF/plain paper applications.
- k. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

1. Do not apply on duplicate CAF/plain paper applications after you have submitted a CAF to a Designated Branch of the SCSB.
2. Do not pay the amount payable on application in cash, by money order or by postal order.
3. Do not send your physical CAFs/plain paper applications to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “**Grounds for Technical Rejections**” on page 243 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a. Application for entitlements or additional shares in physical form.
- b. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- c. Sending CAF/plain paper application to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d. Renouncee applying under the ASBA Process.
- e. Insufficient funds are available with the SCSB for blocking the amount.
- f. Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- g. Account holder not signing the CAF/plain paper applications or declaration mentioned therein.
- h. Application on a split CAF/plain paper applications

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ORDINARY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF

IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF/plain paper application would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs/plain paper application, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused to such Ordinary Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Applications through ASBA under Power of Attorney

In case of applications made under the ASBA process pursuant to a power of attorney, a certified copy of the power of attorney must be submitted along with the CAF/plain paper application. Failing this, the Company reserves the right to accept or reject any CAF, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the CAF, subject to such terms and conditions that the Company and the Lead Manager may deem fit.

Underwriting

This Issue is not being underwritten and/or no stand by support is being sought for the Issue.

Allotment / Refund

Our Company will issue and dispatch allotment advice/ share certificates/demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier), our Company shall pay that money with interest for the delayed period as stipulated under Section 73 of the Companies Act.

Investors residing in the 68 cities specified by SEBI pursuant to its circular dated February 1, 2008, (centers where clearing houses are managed by the RBI) will get refund through ECS/NECS only except where the Investors are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through Certificate of posting intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share/debenture certificates under section 113 of the Companies Act or other applicable provisions if any. Any refund order exceeding Rs. 1,500 will be dispatched by registered post/ speed post to the sole/ first Investor's registered address. Refund orders up to the value of Rs. 1,500 would be sent under the certificate of posting. Such cheques or pay orders will be payable at par at all places where the applications were originally accepted and will be marked 'Account Payee only' and would be drawn in the name of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS/NECS – Payment of refund would be done through ECS/NECS for Investors having an account at any of the 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Tricky, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Vishakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at any of the abovementioned 68 centres, except where the Investor, being eligible, opts to receive refund through National Electronic Fund Transfer ("NEFT"), direct credit or RTGS.

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Managers may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. Direct Credit – Investors having bank accounts with the refund bank to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – Investors having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 1 lakh, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS/NECS. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

For applicants opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, demand drafts or pay orders drawn on the Refund Bank and will be payable at par at places where the applications were received and will be marked account payee only and will be drawn in the name of the sole/first applicant. The bank charges, if any, for encashing such cheques, demand drafts or pay orders at other centers will be payable by the applicants.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days from the Issue Closing Date. In case our Company issues allotment advice, the relative share certificates will be dispatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors to the Equity Shares of our Company issued through this Issue shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company signed a tripartite agreement with NSDL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. Applications, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate applications for Equity Shares in physical and/or dematerialized form should be made. If such applications are made, the application for physical Equity Shares will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical form.

Investors may please note that the Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form.

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

- (i) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account (s) need not adhere to this step.*
- (ii) For Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Entitlement Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.
- (iii) Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.
- (iv) If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Equity Shares in physical form.

- (v) Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- (vi) Rights Equity Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- (vii) Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- (viii) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (ix) The Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account.
- (x) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- (xi) Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the Entitlement Date.

General instructions for Investors

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For details see Application on Plain Paper beginning on page 229 of this Letter of Offer. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- c) The CAF together with cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank and not to our Company or Lead Manager(s) or to the Registrar to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by REGISTERED POST/SPEED POST. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- d) Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- e) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of our Company with whom such account

is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. For Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Equity Shareholder in the records of the Depository.

- f) All payments should be made by cheque/DD only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- i) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of partly paid Equity Shares shall, inter alia, be subject to conditions, as may be imposed by the RBI in the approval received for subscription to the partly paid Equity Shares. The application received from the Non-Resident / NRIs, or persons of Indian origin residing abroad shall also be subject to the conditions, as may be imposed by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF in addition to the prior approval received from the RBI for subscribing to the partly paid Equity Share. NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.
- j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k) SAFs cannot be re-split.
- l) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

- m) Investors must write their CAF number at the back of the cheque /demand draft.
- n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (e) above).
- p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs are liable to be rejected
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number not given for application of any value;
- Submit the GIR number instead of the PAN;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- If the Investor desires to have Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- Applications not duly signed by the sole/joint Investors;
- Applications by NRIs, FIIs and non-residents without prior RBI approval to subscribe to the partly paid up Equity Shares of our Company;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by Stockinvest;

- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being executed in/dispatched from the US;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- Multiple Applications;
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper applications.
- Applications by renounces who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Mode of payment for Resident Equity Shareholders / Investors

- All cheques / demand drafts accompanying the CAFs should be crossed 'A/c Payee only' and drawn in favour of '**Videocon-Rights Issue**'.
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount, net of bank and postal charges crossed 'A/c Payee only' and drawn in favour of '**Videocon-Rights Issue**' payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Equity Shareholders / Investors

As regards the application by non-resident Equity Shareholders / Investors, the following conditions shall apply:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques / demand drafts submitted by non-residents applying on repatriable basis should be drawn in favour of '**Videocon-Rights Issue - NR**' payable at Mumbai and crossed 'A/c Payee only' for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor's Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of '**Videocon - Rights Issue**' payable at Mumbai and must be crossed 'A/c Payee only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Equity Shareholders who have had a change in status from resident Indian to NRI.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Our Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renouncees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Mumbai so that the same are received on or before the closure of the Issue. NRIs, FIIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs: The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Company. In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100% of our equity share capital. FIIs can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

Investments by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. NRI Investors should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided are liable to be rejected. NRIs and Non-Residents can subscribe to partly paid-up Equity Share only if they have obtained the approval of the RBI. This approval is required to be submitted with the CAF.

Payment by Stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application monies received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- (iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. That the funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. That the certificates of the securities/ refund orders shall be dispatched within the specified time.

6. Certificates of securities/refund orders of the Non-Resident/Non Resident Indians shall be dispatched within the specified time subject to receipt of approval from RBI/FIPB, if required;
7. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts or the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable inquiries to ascertain such facts;
8. Except as disclosed herein, no further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
9. All information shall be made available by the Lead Manager(s) and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed "***Videcon - Rights Issue***" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), Mumbai 400078
Tel no: (91-22) 25960320
Fax no: (91-22) 25960329

It is to be specifically noted that this Issue of Equity Shares is subject to the risks as detailed in the section entitled "Risk Factors" beginning on page 16 of this Letter of offer.

Issue to remain open for a minimum of 15 days and maximum of 30 days as may be determined by the Board.

STATUTORY AND OTHER INFORMATION

Option to subscribe

Other than the present Issue, and except as disclosed in —Terms of the Issue on page 219, the Company has not given any person any option to subscribe to the Equity Shares of the Company.

The Investors shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.

Material Contracts and documents for inspection

The following contracts (not being contracts entered in to in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by the Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 14 K.M., Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist: Aurangabad 431 105, Maharashtra, India from 10.00 a.m. to 1.00 p.m., on Business Days, from the date of this Letter of Offer until the date of closure of the Issue.

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation of the Company dated 04th September, 1986.
3. Consents of the Directors, Auditors, Company Secretary, Lead Managers to the Issue, Bankers to the Issue, Monitoring Agency, Legal Advisor to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities.
4. Due Diligence certificate from the Lead Managers viz. SBICAPS and IIFL dated December 18, 2009.
5. Copy of the resolution of the Board of Directors dated 2nd November, 2009 approving this Issue.
6. Engagement Letter dated November 02, 2009, received from the Company appointing India Infoline Limited and the Engagement Letter dated November 10, 2009 received from the Company appointing SBI Capital Markets Limited to act as Lead Managers to the Issue.
7. Agreement dated December 01, 2009 entered into with the Lead Managers to the Issue.
8. Memorandum of Understanding dated December 17, 2009 entered into with the Registrar to the Issue.
9. Annual Reports of Fiscal 2005, 2006, 2007, 2008 and 2009.
10. Offer for Sale Document dated September 1, 1993 issued by our Company.
11. In-principle listing approval dated both dated February 01, 2010 from the BSE and NSE respectively.
12. Tripartite Agreement between the Company, CDSL and the Registrar and the Tripartite Agreement between Company, NSDL and the Registrar for offering depository option to the investors.
13. Auditors certificates dated December 17, 2009 and March 10, 2010 relating to repayment of debt from the proceeds of the Issue and the utilization of debt for their respective purpose.

DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with. Furthermore, we certify that all the disclosures made in this Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS AND CHIEF FINANCIAL OFFICER OF THE COMPANY

Mr. Venugopal N. Dhoot
Chairman & Managing Director

Mr. Pradipkumar N. Dhoot
Whole Time Director

Mr. S. Padmanabhan
Independent Director

Mr. Satya Pal Talwar
Independent Director

Maj. Gen. S. C. N. Jatar
Independent Director

Mr. Arun Laxman Bongirwar
Independent Director

Mr. Karun Chandra Srivastava
Independent Director

Ms. Birgit Gunilla Nordstrom
Nominee – AB Electrolux (publ)
(Through her constituted attorney-
Mr. Venugopal N. Dhoot)

Mr. Ajay Saraf
Nominee – ICICI Bank Ltd

Dr. Birendra Narain Singh
Nominee – IDBI Limited

Mr. Radhey Shyam Agarwal
Independent Director

Mr. Ashutosh Avinash Gune
Chief Financial Officer

Place: Mumbai
Date: March 19, 2010