

VIDEOCON INDUSTRIES LIMITED



VIDEOCON

Annual Report 2007-08

VIDEOCON

Eco Logic for a Sustainable Life

VIDEOCON INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

AUDITORS

KHANDELWAL JAIN & CO.

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

KADAM & CO.

Chartered Accountants
Ahmednagar College Road, Kothi,
Near Badve Petrol Pump,
Ahmednagar - 414 001

BANKERS

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

COMPANY SECRETARY

Vinod Kumar Bohra

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

14 KM. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka Paithan, Dist. Aurangabad (Maharashtra)
Village Chavaj, Via Society Area, Taluka & Dist. Bharuch (Gujarat)
Village Majara, Taluka Warora, District, Chandrapur (Maharashtra)
Plot No. 28, Khasra No. 293, Industrial Area, Selakul, Vikasnagar, Dehradun, (Uttanchal)
Vigyan Nagar, RICO Industrial Area, Shajanpur, District Alwar, (Rajasthan)
A-32, Butibori Industrial Area, Village Ruikhiri Nagpur (Maharashtra)

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** ("the Company") will be held on Monday, March 30, 2009 at the Registered office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist: Aurangabad - 431 105 (Maharashtra) at 12.00 Noon to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended September 30, 2008 and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
- To declare a dividend on Equity Shares.
- To appoint a director in the place of Mr. Pradipkumar N. Dhoot, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a director in the place of Major General Sudhir Chintamani Nilkanth Jatar, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint M/s. Khandelwal Jain & Co., Chartered Accountants and M/s. Kadam & Co., Chartered Accountants, the retiring Auditors, as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors or Audit Committee of the Board of Directors.

SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Ms. Gunilla Nordstrom, Nominee of AB Electrolux (Publ), who was appointed as an additional director pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice, in writing, from a Member proposing her candidature, be and is hereby appointed as a director of the Company liable to retire by rotation, under the provisions of the Articles of Association of the Company."
- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Radhey Shyam Agarwal, in respect of whom the Company has received a notice, in writing, from a Member proposing his candidature, be and is hereby appointed as a director of the Company liable to retire by rotation, under the provisions of the Articles of Association of the Company."

By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED

VINOD KUMAR BOHRA
 COMPANY SECRETARY

Place: Mumbai
 Date : February 26, 2009

Registered Office:

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

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.**
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
- Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- In terms of the provisions of the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot, Major General Sudhir Chintamani Nilkanth Jatar and Mr. Kuldeep Drabu retire by rotation at the ensuing Annual General Meeting. Out of the Directors retiring by rotation, Mr. Pradipkumar N. Dhoot and Major General Sudhir Chintamani Nilkanth Jatar have offered themselves for re-appointment. Mr. Kuldeep Drabu has conveyed his unwillingness to offer himself for re-appointment. Further, the Company has received a notice, in writing, from a member alongwith a deposit of Rs. 500/- (Rupees: Five Hundred only) each proposing the candidature of Ms. Gunilla Nordstrom and Mr. Radhey Shyam Agarwal for the office of the Board of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956. The appointment of Mr. Radhey Shyam Agarwal may be considered as an appointment to fill the vacancy that would arise upon cessation of Mr. Kuldeep Drabu at the ensuing Annual General Meeting, since not offered himself for re-appointment. A Brief resume of each of the Director(s) seeking reappointment/appointment, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of the Committees of the Board of Directors, as required in terms of Clause 49 of Listing Agreement entered with the Stock Exchanges, in India, is appended to the notice. The Board of Directors of the Company recommend their respective appointments/re-appointments.
- Members/Representatives/Proxy(ies) are requested to bring attendance slip, as enclosed, duly filled in, together with their copy of the Annual Report to the meeting.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

- All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Friday, between 12.00 Noon to 2.00 PM upto the date of the Annual General Meeting.
- The Register of Members and Share Transfer Books shall be closed from Tuesday, March 17, 2009 to Monday, March 30, 2009 ("both days inclusive") for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting. The dividend on Equity Shares, if declared at the Meeting, will be paid on or around April 10, 2009, to those Members whose names appear on the Company's Register of Members on Tuesday, March 17, 2009. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by Depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited as at the end of business hours on Monday, March 16, 2009.
- The unclaimed/unpaid dividends, for the financial year 2000-2001, in respect of erstwhile Videocon International Limited (amalgamated with the Company) has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to provisions of Section 205A of the Companies Act, 1956. Dividends for the financial year 2001-2002 and thereafter, which remained unclaimed/unpaid for a period of seven years will be transferred by the Company to IEPF, as and when due. Members who have not encashed dividend warrant(s) for the aforesaid years are requested to obtain duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. MCS Limited. Members are requested to note that, upon transfer to IEPF, no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
- Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
- The Equity Shares of the Company are tradeable compulsorily in electronic form and your Company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
- Investors may address their queries/communications at secretarial@videoconmail.com

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

ITEM NO. 6:

AB Electrolux (Publ) nominated Ms. Gunilla Nordstrom, as its nominee, in substitution of Mr. Johan Fant. Accordingly, the Board of Directors of the Company ("the Board") has, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Articles of Association of the Company, appointed Ms. Gunilla Nordstrom as an additional director of the Company.

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

Keeping in view her rich expertise, it will be in the interest of the Company that Ms. Gunilla Nordstrom is appointed as a director, liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Ms. Gunilla Nordstrom, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is appended to the Notice.

Save and except Ms. Gunilla Nordstrom none of the other directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.6 of the notice. The Board recommends the Resolution set out at Item No.6 of the notice for your approval.

ITEM NO. 7:

The Company has received a notice in writing from a member along with a deposit of Rs. 500/- (Rupees Five Hundred Only) proposing the candidature of Mr. Radhey Shyam Agarwal for the office of the Board of Directors of the Company under the provisions of Section 257 of the Act. Keeping in view his rich expertise, it will be in the interest of the Company that Mr. Radhey Shyam Agarwal be appointed as a director, liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. Radhey Shyam Agarwal, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is appended to the Notice.

The appointment of Mr. Radhey Shyam Agarwal may also be considered as an appointment to fill the vacancy that would arise upon cessation of Mr. Kuldeep Drabu at the ensuing Annual General Meeting, since not offered himself for re-appointment.

Save and except Mr. Radhey Shyam Agarwal none of the other directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.7 of the notice. The Board recommends the Resolution set out at Item No.7 of the notice for your approval.

By order of the Board of Directors of
Videocon Industries Limited
Vinod Kumar Bohra
 Company Secretary

Place: Mumbai
 Date: February 26, 2009

Registered Office:

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

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

MR. PRADIPKUMAR NANDLAL DHOOT:

Sr. No.	Particulars	Profile
1	Name of the Director	Mr. Pradipkumar Nandlal Dhoot
2	Date of Birth	March 22, 1960
3	Educational Qualification	Commerce Graduate
4	Date of appointment on the Board	June 16, 1991
5	Category of director	Promoter – Executive (Whole Time Director)
6	Area of Expertise/Senior Position Held/Work Experience	Industrialist with more than two decades of experience to his credit. One of the Promoters of Videocon Group.
7	Names of other directorships in Public Limited Companies (including Subsidiaries of Public Limited Companies)	<ul style="list-style-type: none"> Trend Electronics Limited Value Industries Limited Applicomp (India) Limited Millennium Appliances India Limited Next Retail India Limited Videocon Semiconductor Limited Videocon Realty and Infrastructures Limited Techno Electronics Limited Videocon India Limited Infodart Technologies Limited Videocon International Electronics Limited Instant Retail India Limited Datacom Solutions Private Limited
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	<ul style="list-style-type: none"> Value Industries Limited (Shareholders Grievance Committee) Millennium Appliances India Limited (Audit Committee) Trend Electronics Limited (Shareholders Grievance Committee)
10	Number of Shares Held	1,005,640

MAJOR GENERAL S C N JATAR:

Sr. No.	Particulars	Profile
1	Name of the Director	Maj. Gen. Sudhir Chintamani Nilkanth Jatar
2	Date of Birth	September 3, 1932
3	Educational Qualification	BE (Civil), FIE, MICA, Qualified at the Defense Services Staff College
4	Date of appointment on the Board	June 1, 2005
5	Category of director	Non Executive – Independent
6	Area of Expertise/Senior Position Held/Work Experience	<p>He is presently:</p> <ul style="list-style-type: none"> Consultant to ICICI Bank Limited (Upstream operations, Oil & Natural Gas) Member, Arbitration Panel of the Institutions of Engineers Member, Steering Committee of National Gas Hydrates Programme Member, Indian Council of Arbitration (MICA) President, Nagarik Chetana Manch Founder Member, Initiative for Peace & Disarmament (INPAD) Associate, Security & Political Risk Analysis SAPRA India Foundation Managing Trustee, Vimalabai Jatar Charitable Trust Trustee, Queda Educational Foundation, London Maharashtra Coordinator, North-South Education Foundation, USA Governing Council, Public Concern for Governance Trust (PCGT) Advisor, BetterRoads Group <p>He has also served on various positions as hereunder:</p> <ul style="list-style-type: none"> Consultant, Hindustan Petroleum Corporation Limited Project Advisor, Standing Conference of Public Enterprises Member, Governing Board, Pune Stock Exchange Managing Director, Garware Shipping Corporation Limited President (Co-ordination) RPG Petrochem Ltd. Chairman, Standing Conference of Public Enterprises Chairman & MD, ONGC Videsh Ltd President, Petroleum Sports Control Board Chairman & MD and Resident Chief Executive, Oil India Limited <p>Served with Indian Army and has vast Army profile to his credit.</p>

7	Names of other directorships in Public Limited Companies	Prize Petroleum Limited – (ICICI Nominee)
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	Prize Petroleum Limited (Audit Committee)
10	Number of Shares Held	Nil

MS. GUNILLA NORDSTROM

Sr. No.	Particulars	Profile
1	Name of the Director	Ms. Gunilla Nordstrom
2	Date of Birth	January 29, 1959
3	Educational Qualification	Master of Science in Industrial Engineering and Management from Linköping University, Institute of Technology, Sweden.
4	Date of appointment on the Board	January 23, 2009
5	Category of director	Non Executive Non – Independent Director
6	Area of Expertise/Senior Position Held/Work Experience	<p>Ms. Gunilla Nordström joined Electrolux in 2007. Presently, she is Head of Major Appliances Asia Pacific, Executive Vice President of AB Electrolux and member of the Electrolux Group management team.</p> <p>Ms. Nordström leads a business sector consisting of the Electrolux Major Appliances Operations in Australia, New Zealand, China, Japan, South East Asia and India. The sector has yearly sales of nearly SEK 7 billion (USD 1b) and 5,000 employees. The regional headquarters is based in Singapore.</p> <p>Ms. Gunilla Nordström has served on various positions as hereunder:</p> <ul style="list-style-type: none"> President of Sony Ericsson Mobile Communications (China) Co. Ltd. Corporate Vice President of Sony Ericsson Mobile Communications AB. <p>She has served in a number of senior management positions in her 24-year career with Ericsson and Sony Ericsson in Asia, Europe and Latin America.</p>
7	Names of other directorships in Public Limited Companies	Nil
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	Nil
10	Number of Shares Held	Nil

MR. RADHEY SHYAM AGARWAL

Sr. No.	Particulars	Profile
1	Name of the Director	Mr. Radhey Shyam Agarwal
2	Date of Birth	October 2, 1942
3	Educational Qualification	B.Sc., BE (Chem. Engg) Diploma in Industrial Engineering Proficiency in Boiler Operation Engineering
4	Date of appointment on the Board	-
5	Category of director	Independent Director
6	Area of Expertise/Senior Position Held/Work Experience	He carries with him vast experience in the Technical fields. Amongst other positions, he has served as Executive Director of IDBI for 3 years in his total service of 28 years with IDBI.
7	Names of other directorships in Public Limited Companies (including Subsidiaries of Public Limited Companies)	<ul style="list-style-type: none"> Madras Cements Limited Ramco Industries Limited Torrent Cables Limited Deccan Cements Limited GVK Jaipur Expressway Pvt Ltd
8	Names of other Committees in which Chairman	<ul style="list-style-type: none"> Madras Cements Limited Ramco Industries Limited
9	Names of other Committees in which Member	<ul style="list-style-type: none"> Torrent Cables Limited Deccan Cements Limited GVK Jaipur Expressway Pvt Ltd
10	Number of Shares Held	Nil

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company are pleased to present the Twentieth Annual Report together with the Audited Accounts and Auditors' Report for the year ended September 30, 2008.

FINANCIAL RESULTS

The performance of the Company, on standalone basis, for the financial year ended September 30, 2008 is as summarized below:

(Rs. Millions)

Particulars	Year ended 30.09.2008	Year ended 30.09.2007
Net Sales	97,536.54	82,854.24
Other Income	288.22	1,663.62
Total Income	97,824.76	84,517.86
Profit before Interest, Depreciation, Exceptional Items and Tax	23,560.88	18,953.30
Interest & Finance charges	4,011.03	3,106.51
Depreciation	6,602.07	5,017.83
Exceptional Items	1,278.10	-
Profit before Tax	11,669.68	10,828.96
Provision for Taxation	3,126.73	2,276.77
Profit after Tax	8,542.95	8,552.19

The Net Sales of the Company increased from Rs. 82,854.24 Million as on September 30, 2007 to Rs. 97,536.54 Million representing an increase of 17.72% over the previous financial year. Profit after Tax amounted to Rs. 8,542.95 Million as against Rs. 8,552.19 Million for the previous financial year.

OPERATIONS

The financial year 2007-2008 is yet another year of significant growth for your Company. Highlights on the performance of the Company during the year under review are summarized hereunder:

CONSUMER ELECTRONICS & HOME APPLIANCES:

The Company consolidated its position in the Business of Consumer Electronics and Home Appliances. The Company continued to focus on its growth path in the Consumer Electronics & Home Appliances Business. During the year under review, the Company made several path breaking changes, with consolidation of all brands of the Group. In spite of economic slowdown, your Company registered a satisfactory performance riding on new technology introduction, concerted promotional strategy and focused penetration in key markets.

OIL & GAS:

During the year, the Company strengthened its portfolio in oil and gas sector with continuing exploration activities in the concession areas in Australia, Timor Leste and Oman coupled with acquisition of further interesting prospects in Brazil and Mozambique.

The Company, jointly with Bharat Petroleum Corporation Limited, had signed on September 8, 2007 an agreement with EnCana Corporation and 749739 Alberta Limited for buying its stake in IBV Brasil Petróleo Limitada (formerly EnCana Brasil Petróleo Limitada) which had participating interests in four deep water Brazilian Exploration Concession Areas, namely, Campos, Espírito Santos, Sergipe Alagoas and Potiguar Basin encompassing ten (10) different exploration blocks. The Company successfully completed the said acquisition after receiving the approval of the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, the regulatory authority for oil & gas sector in Brazil. On September 30, 2008, the Operator for the Campos Basin announced pre-salt discovery at the Wahoo prospect in the Campos Basin.

The Company also acquired ten (10) percent participating interest in Rovuma Offshore Area 1 Block in Mozambique from Anadarko Petroleum Corporation, USA. The Rovuma Basin, is located in the northern offshore of Mozambique in the Mozambique Channel between the island of Madagascar and the East African coast covering about 1.3 million km². The first impression of the exploration potential in the Area 1 concession in the Rovuma Basin is positive.

JV Partners in both the above acquisitions comprise of leading E&P Companies from all over the world. Exploration activities are continuing in the above Concession Areas and the Company is hopeful of striking fruitful discoveries in the near future.

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

TELECOM:

During the year, the Company, through one of its subsidiaries, executed Licence Agreements with the Department of Telecommunications (the "DOT") wherein it was granted the licence to provide unified access services on Pan India basis. The Company has since been granted spectrum in twenty one (21) circles and the Company has drawn up a comprehensive plan to meet the financial requirement of its telecom operations. The Company is in the advanced stage of launching its mobile phone services on Pan India basis.

The Company intends to diversify into telecom infrastructure to support its telecom operations and has already drawn up business plan for the same.

POWER:

Pipavav Energy Private Limited, a Wholly Owned Subsidiary of the Company is setting up a super critical thermal power generation facility in the State of Gujarat. The project is in preparatory stage and the land has been acquired for the project.

ISSUES/ALLOTMENT OF SECURITIES

During the year, under review, in accordance with the terms and conditions of Issue of Foreign Currency Convertible Bonds, some of the Foreign Currency Convertible Bonds holders exercised conversion option. Accordingly, the Company allotted 8,357,063 equity shares, pursuant to the conversion of Foreign Currency Convertible Bonds holders, as under:

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

Sr. No.	Date of Allotment	No. of Bonds Converted	Amount of Bonds Converted (US\$)	No. of Shares Issued
1	17-Dec-07	10,350	10,350,000	1,018,523
2	10-Jan-08	26,150	26,150,000	2,573,371
3	30-Jan-08	10,500	10,500,000	1,033,286
4	3-Mar-08	180	180,000	17,713
	TOTAL	47,180	47,180,000	4,642,893

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

Sr. No.	Date of Allotment	No. of Bonds Converted	Amount of Bonds Converted (US\$)	No. of Shares Issued
1	17-Dec-07	13,900	13,900,000	1,349,726
2	10-Jan-08	22,500	22,500,000	2,184,805
3	30-Jan-08	1,850	1,850,000	179,639
	TOTAL	38,250	38,250,000	3,714,170

After annual reset the conversion price stands at Rs. 410/- per share.

APPROPRIATIONS

DIVIDEND:

Your directors are pleased to recommend a dividend of Re. 1/- (Rupee One only) per share for the financial year ended on September 30, 2008, subject to approval by shareholders at the Twentieth Annual General Meeting. The dividend on equity amounting to Rs. 229.45 Million, and Dividend distribution tax of Rs. 45.25 million, if approved by the members at the ensuing Annual General Meeting, would be paid out of the profits for the year. The dividend is free of tax in the hands of the shareholders.

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

TRANSFER TO RESERVES:

Your directors propose to transfer Rs. 2,000.00 Million to the General Reserve. After appropriations, the balance amount of Rs. 20,619.94 Million (Previous year Rs. 14,516.42 Million) is proposed to be carried to Balance Sheet.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred an amount of Rs. 3.41 million in respect of unclaimed/unpaid dividend for financial year 2000-2001, to Investor Education & Protection Fund, since the amount was due & payable and remained unclaimed and unpaid for a period of seven years, in terms of Section 205 A(5) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has never accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956.

CONSERVATION OF ENERGY

The Company gives utmost importance to conservation of energy. The Company believes that using energy more efficiently is a simple way to conserve it. As such, the Company continues to take conscious efforts to minimize energy consumption. The Company has been taking more and more efforts on innovation and improvement so as to further reduce energy consumption.

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

The following are some of the measures taken and/or continued to be implemented by the Company during the year under report 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 stations for the information and awareness of the employees.
- Use of unconventional energy sources.
- Plantation of trees 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.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT:

Research and Development activities are the strength of your Company, with the help of which the Company has continued its growth path in the Consumer Electronics & Home Appliances business segment.

Videocon has Research and Development centre located at Shenzhen in China, Aurangabad, Gurgaon & Japan with more than 100 skilled Engineers working dedicatedly on the continuous development of new product range to be offered to the global customers. The Company has established Videocon Display Research Co. Ltd. ("VDR") in Kawasaki, Japan as a Wholly Owned Subsidiary, with the business to undertake research and development of flat panel display technology. VDR has talented engineering resources who can develop strong, competitive LCD products and related technologies. To make development active, VDR also has enough tools and the facilities of LCD fabrication, product design and evaluation in R&D base. Based on those expertise and properties, VDR can contribute to Videocon's world wide flat panel TV business in Group.

A number of new technologies have been introduced in Consumer Electronics & Home Appliances. As a result of Research and Development, your Company is able to introduce innovative models of products with advanced technology to fulfill the requirements of its customers.

To sustain its competitiveness in the domestic and international markets, the Company has broadened its scope of activity of process research.

Considering the fast-growing & changing TV market, R&D activity has been focusing on the image quality improvement and the cost reduction to make product competitive as follows.

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

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

- Development of new products/models with innovative ideas for improved marketability.
- Increasing in batching capacity.
- Process standardization for consistent quality.
- Process optimization and Improvement in operating efficiencies.
- Reduction in manufacturing cost.
- Improvement in the quality of products.
- Improvement in Customer Satisfaction.

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

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

- Improvement in product quality, durability, performance and marketability and business viability.
- The Company has been able to develop high end products to be offered to Indian market with Integrated Digital TV (iDTV). With a built in DTH facility having MPEG 4 DVB-S2 Digital signal, customers can enjoy the unmatched picture & audio quality of LCD TV and CRT TV.
- To align the global need & the Company's vision of being committed to "**Eco Logic**": **Technology for Sustainable Life**, the Company has developed:
 - India's first Five Star Rated CRT TV, which can save approximately 15 % of power consumption.
 - Paint less products with an unique Hot and Cold Technology for moulding of parts. This helps to reduce pollution generated due to hazardous chemicals used in plastic paints and its processes and gives a high glossy appearance with ultimate scratch resistance.
- Introduction of new "**Fontes**" and "**Haute**" series of LCD TV with FULL HD 1080p resolution. It has a unique feature of DCRe (Digital Cinema Reality Engine); with this unique picture quality improvement algorithm, it reproduces e1 Billion display colour for more natural, vivid and true to life colours. "Haute" series of LCD TV has a dVBS (Digital Video Boosting Station) with 50,000 : 1 Super Contrast Ratio to give crisper image and dramatic picture quality. "Fontes" series of LCD is having unique Frame Less Design of cabinet and feather touch operations.
- In 2008, total 64 inventions were disclosed and 31 patent applications have been filed by VDR. Major invention areas are "Novel TFT structure", "Low cost backlight", "LED backlight" and so on. Some of these ideas shall contribute to Videocon's forthcoming TV products.
- HDMI interface (High Definition Multi Media Interface) Its 10 Bit advanced Scalar Video Data processing gives flicker free images & optimal video fidelity to provide most natural and Cinema Quality video Images. Its Natural Easy View Panel provides ultra wide viewing angle with enhanced picture quality and anti-reflective coating.
- PIP (Picture in Picture) feature enables the user to watch TV programme and a favourite movie simultaneously.
- LCD TV with ATSC technology was developed to tap the opportunities for sales in North American Market.
- Introduced new range of products Viz: Digital Photo Frame, High End Home Theater and new range of LCD TV's.
- Initiated developmental activity of UMP with Mobile Television with DVB-H Standard, WiFi connectivity, MPEG and 30 GB Hard Discs.
- Connectivity of USB, Card Reader, cord less head phone & FM Radio has been added to the products to attract youth viewership.
- Considering the shift of market demand from CRT TV to LCD TV, we have initiated development of 40 new LCD TV models to be introduced in the year 2009.
- TN with wide view film and further image quality improvement: TN mode LCD has big advantage regarding cost and power consumption, because of its higher transmittance structure comparing with other LC Mode such as VA and IPS, while TN viewing angle is inferior to VA's one. Fujifilm's wide view film is the special optical film which can make viewing angle much wider than original and it has helped to cover TN mode weak point mainly in monitor application so far. By the collaboration with Fujifilm, VDR developed and implemented this film for TV application up to 32" size as first case in the

market. As result, TN 32" TV design realized most cost competitive 32" LCD TV Panel with comparable viewing angle quality to others, because backlight cost can be reduced due to higher transmittance panel design. Not only viewing angle but also contrast ratio and response time are very essential for keeping product competitiveness regarding image quality in TV application. VDR developed "dynamic backlight control" technology which improves contrast ratio dynamically by enhancing dynamic range of gamma and backlight brightness simultaneously. In addition, VDR developed further technique for improvement of static contrast ratio as one of Videocon's original created technology. Regarding response time improvement, VDR completed the practical development of "over drive technology" and "double frame driving technique". Those techniques were implemented at the same time and verified to achieve less than 8 [ms] MPRT (Moving Picture Response Time)

- Low Cost Backlight: Focusing on the cost saving, VDR implemented several novel ideas to TV backlight design. Harness less design is one of the new techniques which helps can reduce both cost and assembly time effectively. Selecting TN mode LCD is also key to cost reduction.

Over and above, the benefits referred herein above, the research and development also bring tangible benefits - perhaps in the shape of knowledge about market, trend, technology, people that may be useful to the business in future but doesn't have an immediate commercial application.

3. Future plan of action:

In the near future, the Company is proposing to concentrate on all the areas mentioned earlier, hereinbefore, and to focus efforts on new technologies which could offer better products in the domestic market. The Company also has the following plans through Research and Development:

- To provide consumers with a newer form factor that is attractive and suits their lifestyles.
- Enhance the Brand Value and gain a reputation as an innovative business/ Company.
- Withstand Global slow down.
- Introduction of innovative models of products considering the requirements of the consumers.
- Increasing the market share.
- Reducing the electricity consumption for consumer electronics and home appliances.
- Slim LCD TVs, HDTVs.

During the year under review, the Company has incurred recurring expenditure of Rs.31.38 million (0.03% of turnover) on Research & Development.

TECHNOLOGY ABSORPTION:

Your Company is using the latest advanced technology at all the manufacturing plants. Taking into consideration the advancements in technology, the Company continues to upgrade its technical base to meet the needs of the consumers. The Company aims to become a knowledge based, technologically driven research organization while continuing to explore new areas of research.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the earnings in Foreign Exchange amounted to Rs. 6,080.77 million (previous year Rs. 4,381.24 million) and outgo in Foreign Exchange was Rs. 14,113.62 million (previous year Rs. 10,136.77 million).

INFORMATION TECHNOLOGY

Your Company believes that Information Technology is the backbone of any industry in today's environment.

SAP Solutions have enabled the Company to leverage the benefits of integration in business operations, optimization of enterprise resources and enabling standard operating practices with well established controls. SAP solutions have been enabled in business domain of manufacturing activities of consumer durable products and its components. It has been also enabled in the domain of consumer products marketing, sales and distribution.

In SAP Business Intelligence, advance reporting functionalities for management control are enabled with analysis. In SAP CRM, the Marketing activities like planning of marketing initiatives, campaigns, events and planning of the customer visits, tracking of marketing expenses on various initiatives are enabled. In CRM, processes and functionalities of Customer Service Management are also enabled.

All the business transactions where SAP is implemented are carried out only through SAP. The information related to business is available through SAP which flows from the basic transactions which is captured at the event of occurrence of business transaction and thus happens to be the unique source and version of truth.

This has benefited the organization in integration as all these business processes are tightly integrated with each other. This has also benefited the organization in terms of adopting best and standardized business processes across the operations and finally it has also benefited the management at all levels with business information which is on line and reliable to control the business operations in a well informed way.

Videocon was conferred with SAP ACE Award twice in a row for "Best Consumer sector implementation" and "Excellence in implementation of various SAP modules".

HEALTH, SAFETY AND ENVIRONMENT

Health and Safety of employees and maintenance of healthy and safe working conditions are on top of the agenda of the Company at its manufacturing facilities even though it is a legal responsibility of any organization. The Company firmly believes that poor health and poor safety leads to illness, accidents and significant costs for business. The Company takes all the precautions to provide healthy atmosphere and safety working conditions to the employees at all level.

Effective health and safety practices pay for themselves. They also improve reputation with customers, regulators and its own employees.

The Company has taken the following steps towards Health, Safety and Environment:

- The health and medical services are accessible to all employees through well equipped health centers at all manufacturing facilities.
- On the job and off the job training programs are conducted at regular intervals for the awareness about health and safety.
- Notice Boards and Informative Boards are displayed at all work stations for the information and awareness of the employees.
- The Company has formed a committee comprising of employee and management representatives which studies the issues relating to health, safety and environment at all manufacturing plants and report to the management for necessary/appropriate actions.
- Cleanliness is maintained at all the places and health, safety and environment activities are closely monitored to maintain adequate standards.

The Company also takes environment conservation seriously.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

RETIREMENT BY ROTATION:

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot, Major General Sudhir Chintamani Nilkanth Jatar and Mr. Kuldeep Drabu are liable to retire by rotation at the ensuing Annual General Meeting. Out of the retiring directors, Mr. Pradipkumar N Dhoot and Major General Sudhir Chintamani Nilkanth Jatar, have offered themselves for re-appointment and are eligible for re-appointment. Mr. Kuldeep Drabu shall cease to be director of the Company at the ensuing Annual General Meeting.

Mr. Pradipkumar N. Dhoot will continue as a Whole-Time Director, designated as President, consequent to his re-appointment, if made, at the ensuing Annual General Meeting of the Company.

The Board recommends re-appointment of Mr. Pradipkumar N. Dhoot and Major General Sudhir Chintamani Nilkanth Jatar at the ensuing Annual General Meeting.

CHANGES AFTER THE BALANCE SHEET DATE:

On October 27, 2008, Dr. Birendra Narain Singh was appointed as a Nominee of IDBI Limited in substitution of Mr. B. Ravindranath. The rich experience of Dr. B. N. Singh in the fields of Finance and Banking shall be of immense help in the growth and development of the Company. The Board places on record its sincere appreciation for the valuable guidance received from Mr. B. Ravindranath during his tenure as a member of the Board of Directors of the Company.

Thomson S.A. withdrew its nomination of Mr. Didier Trutt from the Board of the Company. Accordingly, Mr. Didier Trutt ceased to be a director of the Company. The Company has not received any fresh nomination from Thomson S.A yet.

AB Electrolux (Publ) decided to substitute their nominee on the Board. Ms. Gunilla Nordstrom was nominated in place of Mr. Johan Fant. Accordingly, Ms. Gunilla Nordström was co-opted as an Additional Director on the Board of the Company. She was nominated by AB Electrolux (Publ) in substitution of Mr. Johan Fant. The Board places on records its

sincere appreciation for the valuable guidance received from Mr. Johan Fant during his tenure as a member of the Board of Directors of the Company.

In terms of the provisions of Section 260 of the Companies Act, 1956, Ms. Gunilla Nordström holds office of the Board of Directors of the Company upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- (Rupees Five Hundred Only) proposing the candidature of Ms. Gunilla Nordström for the office of the Board of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956.

The Company has also received a notice in writing from a member along with a deposit of Rs. 500/- (Rupees Five Hundred Only) proposing the candidature of Mr. Radhey Shyam Agarwal for the office of the Board of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956. The appointment of Mr. Radhey Shyam Agarwal may also be considered as an appointment to fill the vacancy that would arise upon cessation of Mr. Kuldeep Drabu at the ensuing Annual General Meeting, since not offered himself for re-appointment.

The Board recommends appointment of Ms. Gunilla Nordström and Mr. Radhey Shyam Agarwal.

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

PARTICULARS OF EMPLOYEES

The details of employees drawing remuneration in excess of the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2007-2008 is annexed to this report.

LISTING

The Equity Shares, Global Depository Receipts and Foreign Currency Convertible Bonds of the Company are listed as under:

Nature of Instrument	Listed on
Equity Shares	The Bombay Stock Exchange Limited National Stock Exchange of India Limited
Global Depository Receipts	The Luxembourg Stock Exchange
Foreign Currency Convertible Bonds	Singapore Exchange Trading Securities Limited

SUBSIDIARY COMPANIES

During the year under review, Videocon International Electronics Limited, Videocon Global Energy Holdings Limited, Videocon Energy Resources Limited, Pipavav Energy Private Limited, Videocon Electronic (Shenzhen) Limited, Eagle Ecorp Limited and Videocon Energy Ventures Limited became subsidiaries of the Company.

Further, Eagle Corporation Limited ceased to be subsidiary of the Company due to dilution and consequently all the subsidiaries of Eagle Corporation Limited ceased to be step down subsidiaries of the Company.

During the year under review, the Company together with its subsidiary, Videocon International Electronics Limited acquired 64% interest in Datacom Solutions Private Limited.

As such, as on September 30, 2008, the Company had 18 (Eighteen) Subsidiaries viz., Paramount Global Limited, Videocon (Mauritius) Infrastructure Ventures Limited, Middle East Appliances LLC, Videocon Global Limited, Mayur Household Electronics Appliances Private Limited, Powerking Corporation Limited, Godavari Consumer Electronics Appliances Private Limited, Venus Corporation Limited, Global Energy Inc, Sky Billion Trading Limited, Videocon Display Research Company Limited, Videocon International Electronics Limited, Videocon Global Energy Holdings Limited, Videocon Energy Resources Limited, Pipavav Energy Private Limited, Videocon Electronics (Shenzhen) Limited, Eagle Ecorp Limited and Videocon Energy Ventures Limited.

The Company has received an exemption from the Central Government u/s 212(8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of the subsidiaries for the year 2007-2008.

The Company undertakes that:

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

A summary of the key financials of the Company's subsidiaries in pursuance to the direction of Central Government, forms part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

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

CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, in India, and in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by The Institute of Chartered Accountants of India, the Cash Flow Statement is attached to the Balance Sheet and Profit and Loss Account.

AUDITORS' REPORT

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

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting.

The Company has received certificates from these Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

The Board recommends their re-appointment.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report form part of this Report.

The Company is in full compliance with the requirements and disclosures that have to be made in this regard. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, we, the directors of VIDEOCON INDUSTRIES LIMITED, state in respect of Financial Year 2007-08 that:

- in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

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

The directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts.

The directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

V. N. Dhoot
Chairman & Managing Director

Place: Mumbai

Date: February 26, 2009

ANNEXURE TO DIRECTORS REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008.

Name of employee	Designation	Remuneration	Qualification	Age	Experience	Date of Commencement	Name of the Last Employer	Position Held
Abhay Dawane	Sr. General Manager	637,512	B.SC	46	9	01.07.2008	Dadajee Dhackjee Ltd	Sr. General Manager
Abhishek Lal	General Manager	586,221	B.COM, PGDBM	36	10	01.07.2008	TCL - India Holdings Pvt. Ltd	General Manager
Amit Gupta	Vice-President	2,218,751	B.COM, COMPUTER PROGRAMMING IN BASIC	47	23	07.05.2008	LG Electronics India Private Limited	Vice-President
Anil Kumar Modani	Vice-President	3,516,904	B.COM, C.A. C.S	45	25	16.11.1989	Shree Digvijay Cement Company Limited	Finance Executive
Anuj Jain	Vice-President	3,458,304	B.COM, MBA	41	19	07.09.2005	Mirc Electronics Ltd (ONIDA)	Vice-President
Arindam Bose	Vice-President	1,271,874	B.E., M.SC, DBA	44	20	23.06.2008	Saudi Dairy & Food Stuff Company (SADAFCO)	Vice-President
Arvind Bali	Vice-President	3,397,008	B.Sc Engineering (Mech), MBA	48	26	01.02.1994	Greaves Cotton & Company Limited	Area Sales Manager
Aseem Taneja	Dy General Manager	385,050	H.S.C., TOOL ENGINEERING	36	14	01.08.2008	Delphi Automotives	Dy General Manager
Ashok Dash	Sr. General Manager	1,551,251	B.SC, ENGG.	41	16	29.05.2008	Haier Appliances India Pvt Ltd	Sr. General Manager
Ashok Gangwal	General Manager	463,405	B.COM, FCA., ACS	46	20	01.07.2008	Dhar Industries Limited	General Manager
Ashutosh Pant	General Manager	1,208,828	B.SC, PGDSM	41	19	22.05.2008	Dish TV India Ltd	General Manager
Deepak Kumar	General Manager	1,095,700	B.COM, C.A. PGDBM	42	15	02.06.2008	Victoria Impex Private Ltd	General Manager
Devan Ellath	General Manager	668,836	B.SC, PGDIM	47	20	23.05.2008	Mirc Electronics Ltd (ONIDA)	General Manager
Harsh Bansal	Dy General Manager	488,937	B.COM, ICWAI, C.A.	35	11	07.07.2008	Hindustan Coca Cola Beverages Private Limited	Dy General Manager
Jaideep Gupta	Dy General Manager	872,900	B.COM, M.B.A.	36	11	11.06.2008	LG Electronics India Private Limited	Dy General Manager
Jaidev Singh	Dy General Manager	214,149	H.S.C., DME	40	18	20.08.2008	LG Electronics India Private Limited	Dy General Manager
K. R. Kim	Chief Executive Officer	2,233,031	LAW GRADUATE	63	30	01.09.2008	LG Electronics India Private Limited	Managing Director
M.K.Logendra Kumar	Asst General Manager	429,706	B.COM, M.B.A.	41	19	27.06.2008	Samsung India Electronics Private Ltd	Asst General Manager
Murahari Rao Pochiraju	General Manager	1,035,918	B.COM, M.B.A.	42	15	18.05.2008	Home Solutions Retail India Ltd	General Manager
N.S. Satish	Asst. Vice President	2,424,713	B.E., MBA	41	2	17.12.2007	Mirc Electronics Ltd (ONIDA)	Asst. Vice President
Nagarajan Iyer	Sr. General Manager	1,318,698	DIET, B.A., M.B.A.	44	24	07.06.2008	Kyocera Wireless India Private Limited	Sr. General Manager
Nigel Pinto	General Manager	681,875	B. A.	44	25	01.07.2008	Kitchen Appliances (India) Limited	General Manager
Nishkam Bhasin	Dy General Manager	385,951	B.E., MMS.	37	10	19.08.2008	LG Electronics India Private Limited	Dy General Manager
Nitin Shewale	General Manager	31,39,949	BE (ELECTRONICS)	44	21	14.01.1989	NIL	NIL
Pradeep Kumar Mishra	General Manager	912,966	S.B.S.T.	45	4	21.04.2008	Parsvanath Developers Limited	General Manager
Prasoon Kumar	General Manager	1,120,356	B.A, DSM, M.B.A.	38	12	22.05.2008	ICICI Bank Ltd	General Manager
P. K. Gupta	Vice-President	348,584	B.COM, C.A.	44	18	11.09.2008	LG Electronics India Private Limited	Vice-President
Probal Shekhar	General Manager	240,098	B.SC, PGDIM	44	20	03.09.2008	Mirc Electronics Ltd (ONIDA)	General Manager
R.Ramesha	Asst General Manager	171,390	B.COM, PGDPS	40	19	01.09.2008	Somotex Nigeria Ltd	Asst. General Manager
Rahul Sethi	Vice-President	7,347,354	B. COM	57	34	01.02.1987	Gador Limited	Commercial Manager
Rajeev Bhutani	General Manager	954,444	B.A., PGDBM,	41	15	09.06.2008	Haier Appliances India Pvt Ltd	General Manager
Rajendra Shenoy	General Manager	2,258,511	BE (ELECTRONICS)	43	22	10.04.2004	Taxmaco	Factory Manager
Rajiv Ganju	Sr. General Manager	742,704	B.E., PGDBM	43	16	28.07.2008	Motorola India Private Ltd	Sr. General Manager
Rishi Saxena	Asst.General Manager	180,610	B.COM, PGDBM	36	10	03.09.2008	Subhiksha Trading Services	Asst. General Manager
S B Khedekar	General Manager	221,031	B.SC, IT,	50	19	18.08.2008	Usha International Ltd	General Manager
Sandeep Sethi	General Manager	3,374,634	B.E. Industrial	39	10	12.07.2008	Auxicogent	General Manager-BID
Sanjeev Jain	Asst. Vice President	1,220,964	B.COM, U.S.A.	40	18	23.05.2008	ICICI Bank Ltd	Asst. Vice President
Shekhar Jyoti	Vice-President	4,098,856	B.COM, MBA	46	23	22.01.1986	Macotax Consultants Private Limited	Vice-President
Shoumick Mitra	General Manager	139,858	B.COM, PGDMS	46	19	15.09.2008	General Enterprise Co. Ltd.	General Manager
Srinivas Sattiraju	General Manager	849,015	B.COM, M.B.A.	43	16	03.07.2008	Dhl Lemuir Logistics Private Ltd	General Manager
Subhash Nabar	Joint President	3,671,761	BE (MECHANICAL)	61	37	01.07.1997	Orson Electronics Limited	Senior Manager
Sunil Kumar Jatta	Asst General Manager	577,690	B.COM, M.B.A.	36	13	11.06.2008	ICICI Bank Ltd	Asst General Manager
Sunil Mehta	Vice-President	5,379,725	B.A., M.A., PGDBM	49	15	20.02.2001	BPL India Limited	Vice-President
Sunil Tandon	Vice-President	2,696,072	B.SC, MSC, PGDBM	48	11	01.10.1999	DHL Worldwide Express	Vice-President

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

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

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

Place : Mumbai

Date : February 26, 2009

CORPORATE GOVERNANCE REPORT

(as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is based on the principles of Transparency, Accountability, Integrity, Equity, Fairness and Commitment to the stakeholders. It is the set of policies, processes and practices governing the overall affairs of the Company.

The Company recognizes that good Corporate Governance is a continual exercise and is committed to the said principles and accordingly follow the best practices in the overall interest of the stakeholders.

The Report on Corporate Governance Comprises of:

1. Board of Directors
2. Board Committees
3. General Body Meetings
4. Disclosures
5. Means of Communication
6. General Shareholder Information

BOARD OF DIRECTORS

1. Composition as on September 30, 2008:

The Board of Directors of the Company comprises of 12 Directors, out of which 7 are Independent Directors.

Your Directors comprises of eminent persons having versatile experiences in diversified fields including Finance, Marketing, Technical, Management and Administration.

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

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

2. Board/Committee Meetings and Procedures:

The Company is in substantial compliance with the secretarial standards governing board meetings as set out in Secretarial Standards 1 issued by the Institute of Company

Secretaries of India. The basic information furnished to Board Members and procedure is as set out hereunder:

- a. The Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.
 - b. All Board/Committee Members are given notice of the meetings in advance. The meetings are governed by structured agenda. The agenda alongwith the explanatory notes are distributed well in advance.
 - c. The Board/Committee Members have unqualified access to all information available with the Company. The information generally provided to the Members inter-alia include(s):
 - Annual operating plans and budgets;
 - Quarterly, Half Yearly and Annual financial results;
 - Minutes of the meeting of Audit and other Committees to the Board;
 - Notice of Interest;
 - Material important litigations, show cause, demand, prosecution and penalty notices, if any;
 - Sale of material nature of investments, subsidiaries and assets, which are not in the normal course of business;
 - Establishment, operations and Set up of Joint Venture, Subsidiary or collaboration etc.,
 - Divestment of Joint Ventures, Subsidiaries;
 - Acquisitions/Amalgamation etc;
 - Minutes of the Board Meeting, Annual General Meetings of Subsidiary Companies and significant transactions if any; and
 - Related Party Transactions.
 - d. Minutes of the proceedings of each Board/Committee meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the minutes book.
 - e. The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.
 - f. The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.
 - g. The Company has laid down code of conduct which binds all the Board members and senior management of the Company. A declaration by the Chairman and Managing Director to this effect is appended to this report.
3. **Number of Board Meetings held during the year, dates on which held, Attendance of each Director at the Board Meetings and at the last Annual General Meeting, Details of other Directorship, Committee Chairmanship and Committee Memberships held by the Directors as on September 30, 2008:**

During the financial year under review, 13 Meetings of the Board of Directors were held on the following dates:

October 31, 2007, November 5, 2007, December 17, 2007, December 20, 2007, December 26, 2007, January 28, 2008, February 25, 2008, April 30, 2008, May 30, 2008, July 8, 2008, July 10, 2008, July 31, 2008 and September 30, 2008.

Name of the Director	Whether Attended AGM held on 31.03.2008	Attendance in Board Meetings held during the year / tenure	Other Board As on September 30, 2008		
			Directorship **	Committee Chairmanship #	Committee Membership #
Mr. Venugopal N. Dhoot	No	11	14	1	1
Mr. Pradipkumar N. Dhoot	Yes	7	13	-	3
Mr. Kuldeep Drabu	No	1	4	-	2
Mr. S. Padmanabhan	No	5	14	1	7
Maj. Gen. S. C. N. Jatar	No	8	1	-	1
Mr. Satya Pal Talwar	Yes	10	9	3	7
Mr. Arun L. Bongirwar	No	8	3	-	1
Mr. Karun Chandra Srivastava	No	7	1	-	-
Mr. Didier Trutt	No	3	-	-	-
Mr. Johan Fant	No	2	-	-	-
Mr. Ajay Saraf	No	5	3	1	2
Mr. B. Ravindranath	No	6	4	-	-

- + Includes meeting(s) participated through audio conferencing.
- ** Directorship held by directors does not include any alternate directorships, if held, directorships in Foreign Companies, Section 25 Companies and Private Limited Companies.
- # As per Clause 49 of the Listing Agreement, Membership/Chairmanships of only the Audit Committee and Shareholder/Investors' Grievance Committee of Public Limited Companies have been considered.

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

The brief details of directors seeking appointment/re-appointment are appended to the Notice convening the Twentieth Annual General Meeting.

BOARD COMMITTEES

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

Mandatory Committees:

- a) Audit Committee.
- b) Shareholders/Investors' Grievance Committee.

Optional Committees:

- a) Remuneration Committee.
- b) Finance and General Affairs Committee.

The Composition, Scope and details of all the aforesaid Committees are given as under:

1. AUDIT COMMITTEE:

1.1 Terms of reference and scope of the Audit Committee:-

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

- a. Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services rendered by the Auditors.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Observations, if any, in the draft audit report.
 - Significant changes/amendments, if any, arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Qualification in the draft audit report, if any.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- d. Review of quarterly unaudited financial results before submission to the Auditors and the Board.
- e. Reviewing with the management, external and internal auditors the adequacy of internal control systems.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. 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.
- i. 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.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

- l. Financial Statements and Investments made by Subsidiaries.
- m. To review the functioning of Whistle Blower Mechanism, if any.

The Audit Committee also reviews:

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

1.2 Composition as on September 30, 2008:

The Audit Committee comprises of Independent Directors and financial literate persons having vast experience in the area of finance and accounts. The Chairman of the Audit Committee is a person with financial expertise. The Composition as on September 30, 2008 was as under:

Name	Designation	Category
Mr. Satya Pal Talwar	Chairman	Independent
Mr. Arun L. Bongirwar	Member	Independent
Maj. Gen. S. C. N. Jatar	Member	Independent

1.3 Meetings and Attendance:

During the Financial year under review 5 (Five) meetings of the Audit Committee were held on 31.10.2007, 28.01.2008, 25.02.2008, 30.04.2008 and 31.07.2008

Name	Meetings held during the year	Meetings Attended+
Mr. Satya Pal Talwar	5	5
Mr. Arun L. Bongirwar	5	5
Maj. Gen. S. C. N. Jatar	5	3

+ Including participation through Audio Conferencing.

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

2. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:

2.1 Scope of the Shareholders/Investors' Grievance Committee:-

The following are the terms of reference and matters that are referred to the Shareholders/Investors Grievance Committee:

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

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

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

2.2 Composition as on September 30, 2008:

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

2.3 Meetings and attendance:

During the Financial year ended on September 30, 2008, Seven Meetings of the Shareholders/Investors' Grievance Committee were held on November 02, 2007, January 10, 2008, January 30, 2008, February 04, 2008, March 03, 2008, April 04, 2008 and July 31, 2008.

Name	Designation	Meetings held during the year	Meetings Attended
Maj. Gen. S. C. N. Jatar	Chairman	7	4
Mr. S. Padmanabhan	Member	7	7
Mr. Karun Chandra Srivastava	Member	7	5

2.4 Compliance Officer:

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

2.5 Share Transfer Details:

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

Sr. No	Particulars	Equity
a)	Number of Transfers	4,467
b)	Average No. of Transfers per Month	372
c)	Number of Shares Transferred	35,561

2.6 Demat/Remat of Shares:

Sr. No	Particulars	Equity
a)	Number of Demat Transfers approved	11,727
b)	Number of Sub-committee Meetings held	41
c)	Number of Shares Dematerialised	122,467
d)	Percentage of Shares Dematerialised	0.05
e)	Number of Rematerialisation Requests Approved	Nil
f)	Number of Shares Rematerialised	Nil

2.7 Details of complaints received and redressed during the year 2007-08:

Sr No	Particulars	Received	Redressed	Pending as on 30.9.2008
1	Non receipt of Refund Order	0	0	0
2	Non receipt of Div/Int/Red Warrants	320	320	0
3	Non Receipt of Share Certificates	2,257	2,257	0
4	Others	18	18	0
	TOTAL	2,595	2,595	

3. REMUNERATION COMMITTEE:

3.1 Terms of reference and scope of Remuneration Committee:

The following are the terms of reference and matters that are referred to the Remuneration Committee:

- Fixing the remuneration payable to the Executive Directors;
- Determining the 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 performance; and
- Recommend the remuneration including the perquisite package of key management personnel.

3.2 Composition as on September 30, 2008:

The composition of the Remuneration Committee of the Board of Directors as on September 30, 2008 was as under:

Name	Designation	Category
Maj. Gen. S. C. N. Jatar	Chairman	Independent
Mr. Satya Pal Talwar	Member	Independent
Mr. Arun L. Bongirwar	Member	Independent

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

3.3 Meeting and Attendance:

During the Financial year under review one meeting of the Remuneration Committee was held on January 10, 2008.

Name	Meetings held during the year	Meetings Attended
Maj. Gen. S. C. N. Jatar	1	1
Mr. Satya Pal Talwar	1	1
Mr. Arun L. Bongirwar	1	1

3.4 Directors' Remuneration:

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

Name of the Director	Sitting Fees (Rs.)
Mr. S. Padmanabhan	180,000
Maj. Gen. S. C. N. Jatar	250,000
Mr. Satya Pal Talwar	260,000
Mr. Arun L. Bongirwar	220,000
Mr. Karun Chandra Srivastava	190,000
Mr. Ajay Saraf (Favouring: ICICI Bank Limited)	100,000
Mr. B. Ravindranath (Favouring: IDBI Limited)	120,000

3.5 Stock Options:

The Company has not issued any Stock Options.

4. FINANCE AND GENERAL AFFAIRS COMMITTEE:

During the year, the Board of Directors of the Company have constituted a standing committee titled "Finance And General Affairs Committee". 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.

4.1 Composition as on September 30, 2008:

Name	Designation	Category
Mr. V. N. Dhoot	Chairman	Promoter – Executive
Mr. P. N. Dhoot	Member	Promoter – Executive
Mr. S. Padmanabhan	Member	Independent

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

4.2 Meeting and Attendance:

During the Financial year under review one meeting of the Finance and General Affairs Committee was held on 26.03.2008.

Name	Meetings held during the year	Meetings Attended
Mr. V. N. Dhoot	1	1
Mr. P. N. Dhoot	1	1
Mr. S. Padmanabhan	1	1

GENERAL BODY MEETING(S)

1. Location, Time and Date of Last Three Annual General Meetings are as follows:

AGM	Date of AGM	Location	Time	Special Resolution Passed
17 th	31.03.2006	Auto Cars Compound, Adalat Road, Aurangabad - 4301 005	9.30 A.M	3
18 th	30.03.2007	Auto Cars Compound, Adalat Road, Aurangabad - 4301 005	9.30 A.M	Nil
19 th	31.03.2008	14 K. M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Tal. Paithan, Aurangabad - 431 105	9.30 A.M	Nil

2. Postal Ballot:

During the year under review, a Special Resolution was passed through Postal Ballot in terms of the provisions of Section 16, 17 of the Companies Act, 1956 for alteration of Main Object Clause No 'III A' titled 'THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION' of Memorandum of Association of the Company by inserting new Clause 5 after existing Clause 4 to enable the Company to carry on the business of Telecommunication.

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

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

The Postal Ballot Forms received upto close of Working hours on Wednesday, 19th December, 2007, were considered for determining the Votes.

The result of the Postal Ballot was announced on 26th December, 2007 at the Registered Office of the Company at 14 K.M. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan, Dist. Aurangabad – 431 105, Maharashtra and the same date was considered as the date of passing the resolution.

Voting Pattern for the Postal Ballot is as hereunder:

S. No.	PARTICULAR OF THE VOTING PATTERN	
1	Total Number of Postal Ballot Forms received	3,005
2	Number of Shares	10,10,95,458
3	Percentage to Total Equity Shares	45.2406 %
4	Number of Invalid / Rejected Postal Ballot Forms	1,189
5	Number of Shares	92,806
6	Percentage to Total Postal Ballot Forms received	00.0918 %
7	Total number of valid Postal Ballot Forms received	1,816
8	Total number of Shares	10,10,02,652
9	Percentage of Total Postal Ballot Forms received	99.9082 %
10	Total number of Postal Ballot Forms in favour	1,799
11	Total number of votes casted in favour	10,10,02,246
12	Percentage of Shares to Receipt	99.9996 %
13	Total number of Postal Ballot Forms Against	17
14	Total number of votes casted Against	406
15	Percentage of Shares to Receipt	0.0004 %

At present, the Company is not proposing to conduct any resolution through the postal ballot.

DISCLOSURES

1. **Materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:**

There are no transactions, which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No.B-22 of Schedule 15 in the Annual Report.

2. **Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

NIL

3. **Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee:**

The Company has implemented Whistle Blower Policy. The Company affirms that no personnel have been denied access to the Audit Committee.

4. **Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this clause:**

The Company has complied with mandatory requirements and adopted the following non mandatory requirements:

- The Company has constituted a Remuneration Committee.
- The Company has constituted Finance and General Affairs Committee.
- Whistle Blower Policy.

MEANS OF COMMUNICATION

- The Company regularly intimates its un-audited financial results (provisional) as well as audited financial results to the Stock Exchanges, as soon as the same are taken on record/ approved. These financial results are published in either of The Hindu Business Line (English) / Free Press Journal (English) and Navshakti (Marathi)/ Gavkari (Marathi), dailies having wide circulation. The results are also displayed on the website of the Company www.videoconindustries.com

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

In terms of the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges in India, the un-audited financial results (provisional) as well as audited financial results are also electronically submitted and displayed through Corporate Filing and Dissemination System (CFDS) viz., www.corpfilng.co.in

- Management Discussion and Analysis Report forms part of Directors' Report.

GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting:**

The 20th Annual General Meeting of the Company will be held as per following schedule:

Day	Monday
Date	March 30, 2009
Time	12.00 Noon
Venue	Registered Office of the Company at 14 KM Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, Dist. Aurangabad. 431 105 (Maharashtra).

2. **Financial Calendar for 2008-09:**

The financial calendar for the Financial Year 2008-2009:

Financial Year	1 st October, 2008 to 30 th September, 2009
First Quarterly Results	On or before January 31, 2009
Second Quarterly Results	On or before April 30, 2009
Third Quarterly Results	On or before July 31, 2009
Fourth Quarterly Results	On or before October 31, 2009
Annual General Meeting for the Year ending 30 th September, 2009	On or before March 31, 2010

3. Date of Book Closure:

Tuesday, March 17, 2009 to Monday, March 30, 2009 (both days inclusive).

4. Dividend Payment Date:

Dividend, if declared at the Annual General Meeting, is proposed to be paid on or around April 10, 2009.

5. Listing on Stock Exchanges:

The equity shares of your Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Company has paid Listing Fees upto March 31, 2009.

The names and addresses of the respective stock exchanges are given below:

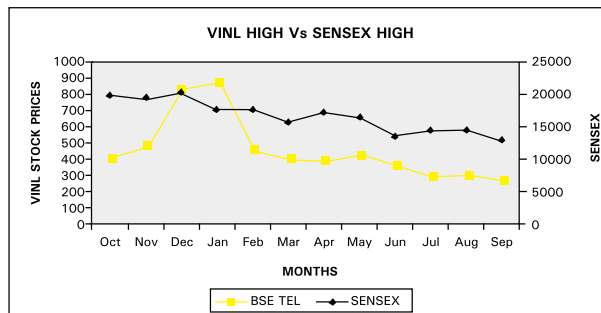
Sl. No.	Name and Address of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Web: www.bseindia.com	511389
2.	National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 Web:www.nseindia.com	VIDEOIND
Global Depository Receipts of the Company are listed on:		
Luxembourg Stock Exchange, 11, Avenue, de la, Porte Neuve L-2227, Luxembourg Web:www.bourse.lu/ Accueil.jsp		
Foreign Currency Convertible Bonds of the Company are listed on:		
The Stock Exchange of Singapore, 2, Shanton Way, # 19-00, SGX Centre 1, Singapore-068804 Web: www.ses.com.sg		

6. Market Price Data:

Average monthly High and Low prices at BSE and NSE are given below:

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
October, 2007	412.00	341.40	419.00	302.1
November, 2007	493.00	345.40	491.70	343.00
December, 2007	827.30	418.90	829.70	416.00
January, 2008	868.65	453.85	871.20	454.80
February, 2008	460.00	352.85	462.00	353.55
March, 2008	412.00	242.00	413.20	242.05
April, 2008	400.00	305.90	396.95	306.10
May, 2008	430.90	289.90	431.40	347.00
June, 2008	370.90	255.00	366.00	256.10
July, 2008	305.00	251.00	304.00	250.00
August, 2008	311.90	265.50	311.40	268.30
September, 2008	284.20	182.30	284.90	182.00

A comparative chart showing Videocon Industries Limited High verses Bombay Stock Exchange High:



7. Registrar and Transfer Agent:

MCS Limited,
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi)
Masjid (East)
Mumbai 400 009
Tel : 022 - 23726253/55
Fax : 022- 23726252

8. Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. All valid transfers are processed within 15 days from the date of receipt.

9. Distribution of Shareholding:

a) Shareholding Pattern as on 30.09.2008:

Category code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of Shares in Demat Form	Total shareholding as a Percentage of total Number of Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Share holding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals / Hindu Undivided family	14	1,619,838	1,292,977	0.82	0.71
(b)	Central Govt/ State Govt.(s)	-	-	-	-	-
(c)	Bodies Corporate	39	153,722,163	153,117,538	77.79	67.00
(d)	Financial Institutions./ Banks	-	-	-	-	-
(e)	Any Other (firm)	1	101,420	-	0.05	0.04
	Sub - Total (A) (1)	54	155,443,421	154,410,515	78.67	67.75
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-
	Sub - Total (A) (2)	0	0	0	0	0
	Total Share holding of Promoter and Promoter Group (A) = (A1)+(A2)		155,443,421	154,410,515	78.67	67.75
(B)	Public Share- holding					
(1)	Institutions					
(a)	Mutual Funds / UTI	35	1,504,380	1,503,037	0.76	0.66
(b)	Financial Institutions/ Banks	37	311,953	298,916	0.16	0.14
(c)	Central Govt./ State Govt.(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	4	8,039,265	8,039,265	4.07	3.50
(f)	Foreign Institutional Investors	67	8,207,614	7,446,418	4.15	3.58
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-
	Sub - Total (B) (1)	143	18,063,212	17,287,636	9.14	7.87
(2)	Non- Institutions					
(a)	Bodies Corporate	2,842	13,239,399	12,280,195	6.70	5.77
(b)	Individuals i. Individual Shareholders holding nominal share capital up to Rs. 1 Lakh	364,084	9,319,858	7,756,248	4.72	4.06
	ii Above Rs 1 Lakh	67	1,535,349	1,535,349	0.78	0.67
(c)	Any Other (specify)	-	-	-	-	-
	Sub - Total (B) (2)	366,993	24,094,606	21,571,792	12.19	10.50
	Total Public Share holding B= (B)(1)+(B)(2)	367,136	42,157,818	40,859,428	21.33	18.37
	TOTAL (A) + (B)	367,190	197,601,239	193,269,943	100.00	86.12
(C)	Shares held by Custodians and against which Depository Receipt have been issued					
		2	31,849,525	31,844,065	***	13.88
	GRAND TOTAL (A)+(B)+(C)	367,192	229,450,764	225,114,008	***	100.00

b) Distribution of Shareholding as on 30.09.2008:

Shareholding of Nominal Value	Number of Shareholders	Percentage to the Total Shareholding	Number of Shares	Amount (In Rs.)	Percentage to Total Value of Share Capital
Up to 5,000	366,745	99.8780	10,006,267	100,062,670	4.3610
5,001 to 10,000	164	0.0447	1,196,660	11,966,600	0.5215
10,001 to 20,000	108	0.0294	1,537,398	15,373,980	0.6700
20,001 to 30,000	31	0.0084	747,617	7,476,170	0.3258
30,001 to 40,000	23	0.0063	820,515	8,205,150	0.3576
40,001 to 50,000	11	0.0030	494,290	4,942,900	0.2154
50,001 to 1,00,000	20	0.0054	1,416,478	14,164,780	0.6173
1,00,000 and above	90	0.0245	213,231,539	2,132,315,390	92.9310
Total	367,192	100.0000	229,450,764	2,294,507,640	100.0000

10. Dematerialization of Shares and Liquidity:

The Securities and Exchange Board of India (SEBI), through a notification has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on September 30, 2008, 225,114,008 equity shares (98.11% of the total number of shares) have been dematerialized.

11. Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion date and likely impact on equity (30.09.2008):

As on September 30, 2008, **31,849,525 GDRs** were outstanding. Each GDR represents one equity share of the Company.

During the year ended September 30, 2008, the Company made conversion of the Foreign Currency Convertible Bonds (FCCB) on various dates. The details of the said conversions and its likely impact on the equity are tabulated hereunder:

Sr. No.	Particulars	FCCB of US\$ 90 Million (due on March 7, 2011)	FCCB of US\$ 105 Million (due on July 25, 2011)
1	Principal Value of the FCCBs issued	US\$ 90,000,000	US\$ 105,000,000
2	Principal Value of FCCBs converted into equity this year (i.e. in the financial year 2007-08)	US\$ 47,180,000	US\$ 38,250,000
3	Underlying Equity Shares issued pursuant to conversion of FCCBs as referred in Sr. No. 2	4,642,893	3,714,170
4	Principal Value of Bonds outstanding at the end of the year i.e., as on September 30, 2008.	US\$41,820,000	US\$ 66,651,000
5	Underlying Equity Shares which may be issued upon conversion of FCCBs as referred in S. No. 4 hereinabove.	4,148,638	7,529,612

12. Plant Locations:

The Manufacturing Facilities of the Company are situated at the following places:

Sr. No.	Address
1	14 K.M. Stone, Aurangabad – Paithan Road, Village:Chittegaon, Taluka: Paithan, Dist: Aurangabad Maharashtra.
2	Village Majara, Taluka Warora, Dist. Chandrapur
3	A-32, Butibori Industrial Area, Village Ruikhiri, Nagpur
4	Village Chavaj, Via Society Area, Taluka & Dist. Bharuch
5	Plot No. 28, Khasra No.293, Industrial Area, Selakul, Vikasnagar, Dehradun
6	Vigyan Nagar, RICO Industrial Area, Shahjanpur, Dist. Alwar

13. Address for Correspondence:

Videocon Industries Limited,
14 KM. Stone, Aurangabad – Paithan Road,
Village Chittegaon,
Taluka Paithan, Dist.
Aurangabad - 431 105, Maharashtra
Tel: 02431 – 251501 Fax: 02431 – 251551
Email: secretarial@videoconmail.com

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

MCS Limited,
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi),
Masjid (East), Mumbai 400 009
Tel : 022 – 23726253/55 Fax : 022- 23726252

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

DECLARATION

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

For VIDEOCON INDUSTRIES LIMITED

V. N. DHOOT
CHAIRMAN & MANAGING DIRECTOR

CMD/CFO CERTIFICATION

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

- We have reviewed the Financial Statement and the Cash Flow Statement for the year and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- We accept the responsibility for establishing and maintaining internal controls, evaluate the effectiveness, disclosing the deficiencies to the Auditors & the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.
- We have indicated to the Auditors and the Audit Committee:
 - Significant changes in Internal Control processes during the year,
 - Significant changes in Accounting Policies; and
 - Instances of significant fraud of which we have become aware.

CHIEF FINANCIAL OFFICER

CHAIRMAN AND MANAGING DIRECTOR

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of,
VIDEOCON INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Videocon Industries Limited, for the year ended on September 30, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

For **KADAM & CO.**
Chartered Accountants

SHIVRATAN AGARWAL
PARTNER
Membership No.104180
Place: Mumbai
Date : February 26, 2009

U. S. KADAM
PARTNER
Membership No.31055

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report have been prepared in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreements.

This Management Discussion and Analysis Report comprises of:

- Industry Overview.
- Opportunities and Threats.
- Segment wise performance.
- Outlook.
- Risks and Concerns.
- Internal Control Systems and their Adequacy.
- Material Developments in Human Resources.

The statements made in this Management Discussion and Analysis Report may be forward looking within the meaning of applicable securities laws and regulations. This statement may contain "Forward Looking Statements" by the Company which are not historical in nature and includes statements relating to future results of operations, business prospects, plans, objectives, projections, estimates, financial conditions based on certain belief, assumptions and expectations of the directors and management of future events.

The statistical information presented herein is based on management's estimates.

Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this report, consequent to new information, future events, or otherwise.

These statements doesn't guarantee future performance and are subject to known and unknown risks, uncertainties and other factors such as change in the government regulations, tax laws, economic conditions and other incidental factors.

INDUSTRY, STRUCTURE AND DEVELOPMENTS

The Largest segment in the Electronics Industry is Consumer Electronics Segment. The Consumer Electronics segment is growing at a fast pace.

Consumer Electronics & Home Appliances:

The Consumer Electronics Industry continued its growth path during the year. The Consumer Electronics and Home Appliances segment in India is estimated to have achieved levels of around Rs 230 Billions in 2007-2008. For the period 2008-2009 it is expected to achieve levels of Rs.260 Billion.

The Consumer Electronics Industry has been witnessing a remarkable growth over the past few years. The fast growing segments during the year were Colour Televisions, Air Conditioners, DVD Players and Home Theater Systems. The Other segments of Consumer Electronics and Home Appliances have also shown positive growth.

The Consumer Electronics and Home Appliances industry broadly comprises of Brown Goods, White Goods and Small Domestic Appliances.

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

The Company is primarily into manufacturing and distribution of Colour Televisions, Refrigerators, Washing Machines, Air conditioners, Microwave Ovens, Glass Shells and other Components.

Colour Televisions

Colour Televisions (CTV) is the dominant product and is largest contributor in the Consumer Electronics segment. The CTV market in India is estimated at around 14 Million units in 2008 representing a growth of around 9% over previous year. Flat CTVs account for over 55% of the total domestic TV production and conventional CTVs have a share of around 37%. The Flat Panel Displays are witnessing the highest growth in this category.

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 to register remarkable growth since last couple of years. Globally, LCD TV market saw an increase of around 20%. This rapid growth trend is expected to continue during the coming years.

LCD is the only technology other than CRT that extend 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 100% growth in 2008-09. The Indian market is seeing a consistent growth in LCD TV sales. This growth has been spurred by a major drop in prices by leading brands. The growth is also fuelled by 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. It is expected that over next 3-5 years, LCD TVs will replace all CRT TVs due to convenience of space, better aesthetics, better picture quality, easy installation, low maintenance etc. The LCD TV finds popularity with the discerning consumers and in the hospitality sector and the Plasma more with corporate buyers, shopping malls, airport and such other places of public viewing.

Videocon is one of the largest manufacturer & distributors of Colour Television in India.

The key opportunities include tapping the growing market of slim and LCD TVs. Videocon has plans to launch ultra slim CTVs and HD ready LCD TVs.

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

- Higher disposable income with greater aspirations and a younger demographic consumers.
- 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 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 more lower when 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.

- 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.

Refrigerators

Refrigerators are one of the most sought after appliances in Indian middle class homes. The refrigerator market is estimated at around 5.3 million units in 2008 exhibiting a growth of 8% over the previous year. Direct cool segment remains the dominant sector with a total contribution of 75% to the sales. However, frost free segment is witnessing the highest growth in the category and is expected to take over direct cool sales in coming years. Frost free segment would contribute 37% of the total sales in coming years.

The demand for refrigerators follows a seasonal trend, with the summer season (March – May), bagging in the highest volumes. There has been a qualitative change in consumer preferences wherein they 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. The ownership intensity or penetration is 15 % at all India level. Owing to the lack of basic infrastructural requirements like electricity and voltage, the rural penetration level is still very low. A growth of 11 to 13% is expected in the next fiscal year primarily brought about by the surge in rural demand.

Videocon, LG, Whirlpool, Samsung and Godrej are the leading brands in the refrigerator market.

The key opportunities include tapping the huge semi – urban and rural markets. Videocon has launched models keeping in mind the first time users targeting the rural consumers. Also, our service vehicle with in-built gas changing facility is being sent to the remotest corners with a proper scientifically designed journey plan.

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

The Air Conditioner market in India is set to grow by around 40% at around 2.75 Million. Similarly, global sales of Air Conditioners is projected to register stable growth and reach 85.4 million units by 2012.

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

The Air Conditioner (AC) 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.

As per the Company's estimates, 60% of the unit volumes comes from window Air Conditioners and around 40% from split Air Conditioners.

Rise in input costs especially steel, copper and aluminum had been area of concern.

The leading brands in the AC market are LG, Samsung, Videocon, Onida, Voltas, Electrolux and Godrej.

The key opportunity includes tapping the fastest growing household segment. Videocon is going to have a unique after sales – service tie-up, especially targeting the household segment. This would help us to build upon our customer care, brand building and revenue generation.

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 market is estimated at around 2.95 million units in 2008 resulting in growth of around 11% over previous year. In this category, the high-end segment comprising of fully automatic and front loaders are witnessing maximum growth.

The fully automatic category is showing a higher growth rate, but the semi automatic continues to dominate with around 70% share, in volume terms. The fully automatic category enjoys around 30% share. The diminishing price differential between the high – end range of semi automatic twin tub washing machines and top loading fully automatic washing machines and the fact that the later require very little manual intervention during the washing process have been the key growth drivers.

In the semi automatic category, twin tub washers enjoy around 98% market share and the single tub has miniscule share of around 2%.

The leading brands in the washing machine market are Videocon, LG, Whirlpool, Electrolux and Samsung. Increased cost of raw material and inputs like copper and steel are affecting the margins.

Videocon Group has developed several key USPs for washing machines. Some of them are:

- Germ- free washing machines
- Rust free washing machines
- Digital sensi logic
- Multiple water selection levels
- Holeless wash tub
- Multi- pulsator

The key opportunities include tapping the huge semi-urban and rural markets. Videocon has developed specific SKUs keeping in mind the rural market which has already gained huge acceptance and in the coming few months this range will get further consolidated.

Microwave oven

The Indian Microwave oven market stood at around 1 Million Units for 2007-08 registering a growth of around 48% as compared to last fiscal. The grill and convection segments dominated, with 46 % and 34% shares respectively. 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, now a days, the convection category of microwave ovens has become more affordable.

Growing disposable income, lack of time, changing eating habits, and with more and more women getting into the service/work culture and availability of higher category product at affordable price, microwave oven are seen as a tool for facilitating convenience.

Videocon is one of the leading manufacturer and distributors of Microwave ovens in India.

Glass shells

Glass Shells (glass panels and funnels), account for nearly 60% of CRT costs. The manufacturing process for glass shells is capital-intensive. Videocon is one of the major players in the glass shell business in India.

INDIAN OIL AND GAS INDUSTRY

The Oil and Gas Industry is one of the core industries in India. It has a very significant role to play in the growth of the Indian economy. The petroleum and natural gas sector which includes transportation, refining and marketing of petroleum products and gas constitutes over 15 per cent of the country's gross domestic product (GDP).

Till early 1990's, the petroleum sector was almost completely controlled by national oil companies. Presently, there are many players both in the upstream and downstream sectors. With the significant discoveries of oil and gas in various sites in recent years, India is looking at huge investments in the sector. India till today remains one of the lesser explored regions in the world with well density per thousand sq. km. being among the lowest.

In November 2008, the Cabinet Committee on Economic Affairs (CCEA) agreed to the awarding of 44 oil and gas exploration blocks under the seventh round of auction of the New Exploration Licensing Policy (NELP-VII). With this, the overall number of blocks brought under exploration may exceed 200.

As per Company's estimate, petroleum exports have also emerged as the single largest foreign exchange earner, accounting for around 15% of exports.

To meet its growing petroleum demand, India is investing heavily in oil fields abroad. India's state-owned oil firms already have stakes in oil and gas fields in Russia, Sudan, Iraq, Libya, Egypt, Qatar, Ivory Coast, Australia, Vietnam and Myanmar. Oil and Gas Industry has a vital role to play in India's energy security and for India to sustain its high economic growth rate.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

- Booming entertainment sector has resulted in providing an impetus to the sector.
- Internet Retailing has great potential. Today, consumers are more than willing to purchase branded items over the internet. There are huge opportunities for the Company to expand and grab the benefits of retailing.
- Digital models scoring over analog controls. Digital techniques have slashed manufacturing times and costs have also reduced.
- The fast saturating urban markets are making the manufacturers turn their attention to more lucrative and largely untapped rural markets. Increase in rural income and prosperity, enhanced standard of living, improved infrastructure have opened up the markets of B & C Class cities.
- There are opportunities to expand the range of components so as to reduce cost of products.
- There are opportunities to increase penetration in the Indian Consumer Electronics and Home Appliances Market; and domestic and global growth by launching innovative products.
- Organized retailing which now constitutes around 4% of total retail sector is likely to grow at a much faster pace thereby providing huge opportunities. There are opportunities to increase the sales of different range of products manufactured by Company by way of association/tie-up with retail outlets; Super Market; Hyper Marts etc.,
- There is scope to identify additional oil and glass blocks that are suitable for exploration and have potential for production. The Company plans to bid for the rights to exploit the hydrocarbons blocks, which shall be open for bidding in future.
- There are opportunities to develop high end products such as IDTV, Picture in Picture, Star Rated CRT TVs, Ultra Slim Flat TVs, LCDs.

THREATS:

- The focus of customers are shifting on energy efficient appliances. Providing such appliances at competitive price is a challenge.
- The Cost of marketing, advertising and after sale services are increasing tremendously and margins are under pressure.
- The Cost and interest rates continue to be the key issues that are likely to shape the growth rates of the industry. Any increase in the interest will have impact on the profitability of the Company.

SEGMENT-WISE PERFORMANCE

The Company has prepared the consolidated Financial Statements as per Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 27 "Financial Reporting of Interests in Joint Venture", Accounting Standard 23 "Accounting for investments in Associates in Consolidated Financial Statements" and accordingly the segment information as per Accounting Standard-17 "Segment Reporting" has been presented in consolidated financial statements and accordingly the segment wise turnover are as under:

(Rs. Millions)

Segment	Current year ended 30.09.2008	Previous year ended 30.09.2007
Consumer Electronics and Home Appliances	103,294.52	111,869.38
Crude Oil and Natural Gas	19,076.00	14,101.91
Telecommunications	Nil	Nil
Total	122,370.52	125,971.29

OUTLOOK

- The Company has adopted the best and the most sophisticated technology to suit Indian needs. The Company as a part of global diversification has been planning international forays in the same industry and has successfully forayed into international market either directly or indirectly.
- The Company as a part of reducing manufacturing cost of products has explored the possibility of manufacturing various components at the in-house facility by setting up standalone facilities.

RISKS AND CONCERNS

Risks associated with Consumer Electronics & Home Appliances Business

- The sharp depreciation in the value of the rupee is exerting pressure on the cost of inputs.
- In view of the global slow down, the consumer sentiments are getting muted as a result of which it is expected that overall spending may go down and so as demand for the Company's products.
- There is risk of non adjustment of product mix in line with market demand or keep pace with technological changes.
- There is risk of non adoption / availability of Technology.
- There is risk of inability to keep pace with the changes in product design and features.
- The regulatory environment continues to be uncertain and changes from time to time can delay the projects.
- Poor government spending on rural and small town electrification program and Poor distribution network are major concerns.

Risks associated with the Oil and Gas Business

- The continual decline in oil prices is a major concern.
- There is risk of exploration blocks not yielding the expected results.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control and Audit is an important tool in the hands of the management to ensure that systems and procedures laid down by the Company are implemented in right earnest.

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

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

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

Adherence to internal control systems is ensured by detailed internal audit programme so that the assets are correctly accounted for and the business operations are conducted as per laid down policies and procedures.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Comparative Performance of Company on Stand alone Basis is as set out hereunder:

Fixed Assets

The Gross Block of Company as on September 30, 2008 was Rs. 102,373.03 million. The Net Block as on that date was Rs. 59,266.71 million. During the year, there were additions to gross block of fixed assets to the extent of Rs. 11,243.86 million.

Sales

During the year under consideration, the Company achieved a turnover of Rs. 101,051.28 million as against Rs. 87,102.58 million during the previous year ended on September 30, 2007, thereby recording an increase of 16.01% as compared to previous year. Turnover comprised of sales from the "Consumer Electronics and Home Appliances" segment to the extent of Rs. 81,975.28 million as against Rs. 73,000.67 million for the previous year, Oil & Gas segment to the extent of Rs. 19,076.00 million as against Rs. 14,101.91 million for the previous year ended on September 30, 2007.

Other Income

Other income for the year was Rs. 288.22 million as against Rs. 1,663.62 million during the previous year ended on September 30, 2007, representing decrease of 82.68% as compared to previous year. Other income comprises of Income from Investments & Securities Division, Exchange Rate Fluctuation, Insurance claim received, Interests, profit on sale of Fixed Assets and Miscellaneous Income.

Expenditure

Cost of Goods Consumed/Sold

Cost of Goods Consumed/Sold stood at Rs. 52,910.47 million as against Rs. 48,981.34 million during the previous year ended on September 30, 2007.

Production & Exploration Expenses for Oil & Gas

During the year under review, the production and exploration expenses for oil and gas were Rs. 12,379.60 million as against Rs. 8,737.91 million during the previous year ended on September 30, 2007 representing an increase of 41.68% as compared to previous year.

Salaries, Wages and Employees Benefits

During the year under review, the Salary and Wages stood at Rs. 1,158.18 million as against Rs. 1,053.48 million for the previous year ended on September 30, 2007 representing an increase of 9.94% as compared to previous year.

Manufacturing and Other Expenses

During the year under review, the manufacturing and other expenses were Rs. 7,815.63 million as against Rs. 6,791.83 million for the previous year ended on September 30, 2007 representing an increase of 15.07% as compared to previous year.

Interest & Finance Charges

For the year ended September 30, 2008, Interest and Finance charges amounted to Rs. 4,011.03 million as against Rs. 3,106.51 million for the previous year ended on September 30, 2007 thereby recording an increase of 29.12% compared to previous year. The increase is mainly on account of increase in interest rate and increase in total Borrowings.

Depreciation

Net Depreciation (excluding depreciation on revalued assets) amounted to Rs. 6,602.07 million as against Rs. 5,017.83 million for the previous year ended on September 30, 2007 thereby recording an increase of 31.57% as compared to previous year. The increase in depreciation is on account of additions of fixed assets and impairment loss of Rs. 998.90 million.

Profit Before Exceptional Items and Tax

As a result of the foregoing, the profit before exceptional items and tax was Rs. 12,947.78 million for the year ended September 30, 2008 as against Rs. 10,828.96 million for the previous year ended on September 30, 2007 there by recording an increase of 19.57%.

Exceptional Items

Exceptional Items for the year ended 30th September, 2008 represents the amount of interest on delayed payment of profit petroleum and royalty on Oil and Gas of Rs. 391.78 million deducted by Government of India and Exchange rate difference (provision made) on ECB and FCCB amounting to Rs. 886.32 million.

Provision for Taxation

Provision for Taxation includes Provision for Current Tax, Deferred Tax and Fringe Benefit Tax. During the year under review, the Company has provided Rs. 1,350.00 million for Current Tax, Rs. 1,753.80 million for Deferred Tax and Rs. 22.93 million for Fringe Benefit Tax as against Rs. 1,232.70 million for Current Tax, Rs. 1,020.18 million for Deferred Tax and Rs. 23.89 million for Fringe Benefit Tax for the previous year ended on September 30, 2007.

Net Profit

Profit for the year of the Company decreased to Rs. 8,542.95 million from Rs. 8,552.19 million for the previous year ended September 30, 2007 representing decrease of 0.11% in Net profit.

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

The Company continues to improve daily living and to create a workplace where every person can reach his or her full potential.

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

The Company is poised to take on the challenges with its work force of more than 5000 employees/workers in the business environment and march towards achieving its mission with success.

AUDITORS' REPORT

To
The Members of
VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VIDEOCON INDUSTRIES LIMITED**, as at 30th September, 2008, 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 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 Operator. The Company has received the audited financial statements for the period upto 31st March, 2008 and un-audited financial statements for the period 1st April, 2008 to 30th September, 2008, in respect of Joint Venture Ravva Oil & Gas Field and un-audited statements for the period ended 30th September, 2008 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 Auditor's Reports have been forwarded to us and have been appropriately dealt with ;
 - c) The Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by the report are in agreement with the books of account .
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) According to the information and explanations given to us and on the basis of written representations received from the directors as on 30th September, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2008 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, and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2008;
 - 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

Place : Mumbai

Date : February 26, 2009

For KADAM & CO.

Chartered Accountants

U.S.KADAM

Partner
Membership No.:31055

ANNEXURE REFERRED TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VIDEOCON INDUSTRIES LIMITED on the financial statements for the year ended 30th September, 2008.

- (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 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, Custom-duty, Excise-duty, Cess and other material statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th September, 2008 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, Custom-duty, Excise-duty, Cess which have not been deposited on account of disputes, are given below:

Nature of the Statute	Nature of the Dues	Amount (Rupees in Million)	Forum where dispute is pending
1. Customs Act, 1962	Customs Penalty	0.88	CESTAT
	Customs Duty	2.61 17.18 0.93 213.86 14.51	Asst. Commissioner Dy. Commissioner Commissioner (Appeals) CESTAT Supreme Court
2. Central Excise Act, 1944	Excise Penalty	0.07 3.20 2.46	High Court Commissioner CESTAT
	Service Tax Demand	18.86 0.50 3.68 0.14	Addl. Commissioner Asst. Commissioner CESTAT Commissioner (Appeals)
	Excise Duty Demand	45.07 89.90 0.29 33.48 3.06 5.00 64.72 2.27 5.38	Asst. Commissioner Joint Commissioner Dy. Commissioner Commissioner Commissioner (Appeals) Tribunal CESTAT High Court High Court, Andhra Pradesh
	Education cess demand		
3. Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax Demands	282.55 1.58 16.96 1.31 25.38	Asst. Commissioner High Court Tribunal Joint Commissioner (Appeal) High Court, Chennai
	Service Tax and Education Cess Demand		
4. Industrial Dispute Act	Labour Cases & Other	4.72	Labour Court
5. Foreign Exchange Management Act, 1999	Other	46.70	Supreme Court
6. Income Tax Act, 1961	Income Tax Demand	161.60 82.00 15.20 5.57 90.58	Dy. Commissioner of Income Tax Joint Commissioner of Income Tax Income Tax Appellate Tribunal Asst. Commissioner of Income Tax

- (x) There are no accumulated losses as at 30th September, 2008. The Company has not incurred any cash losses during the year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or to debenture holders during the year.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised during the year were applied, on an overall basis, for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on our overall examination of the balance sheet of the Company, we report that the Company has not used funds raised on short term basis for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures during the year. The Company has created security in respect of debentures issued in earlier years.
- (xx) During the year the Company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No.:104180

Place : Mumbai
Date : February 26, 2009

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Partner
Membership No.:31055

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

Particulars	Schedule No.	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
I. SOURCES OF FUNDS :			
1. Share Holders' Funds			
a. Share Capital	1	2,753.11	2,669.54
b. Reserves & Surplus	2	65,384.86	54,114.27
2. Deferred Tax Liability (Net)		4,244.30	2,579.00
3. Loan Funds			
a. Secured Loans	3	44,012.54	33,435.01
b. Unsecured Loans	4	36,043.40	19,161.35
TOTAL		152,438.21	111,959.17
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block		102,373.03	88,835.65
b. Less : Depreciation / Amortisation / Impairment		43,106.32	35,640.94
c. Net Block		59,266.71	53,194.71
2. Investments	6	26,955.88	20,924.97
3. Current Assets, Loans and Advances			
a. Inventories		15,688.64	13,936.44
b. Sundry Debtors		15,828.89	13,142.54
c. Cash and Bank Balances		3,882.84	8,891.08
d. Other Current Assets		185.74	227.06
e. Loans and Advances		39,932.46	12,514.13
		75,518.57	48,711.25
Less : Current Liabilities and Provisions	8		
a. Current Liabilities		7,783.24	7,939.54
b. Provisions		1,519.71	2,932.22
		9,302.95	10,871.76
Net Current Assets		66,215.62	37,839.49
Significant Accounting Policies and Notes to Accounts	15		
TOTAL		152,438.21	111,959.17

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U.S.KADAM
Partner
Membership No. 31055

V.N.DHOOT
Chairman and
Managing Director

S. PADMANABHAN
Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : February 26, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

Particulars	Schedule No.	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
I. Income			
Sales / Income from Operations		101,051.28	87,102.58
Less : Excise Duty		3,514.74	4,248.34
Net Sales		97,536.54	82,854.24
Other Income	9	288.22	1,663.62
TOTAL		97,824.76	84,517.86
II. Expenditure			
Cost of Goods Consumed/Sold	10	52,910.47	48,981.34
Production & Exploration Expenses - Oil and Gas	11	12,379.60	8,737.91
Salaries, Wages & Employees' Benefits	12	1,158.18	1,053.48
Manufacturing & Other Expenses	13	7,815.63	6,791.83
Interest & Finance Charges	14	4,011.03	3,106.51
Depreciation / Amortisation / Impairment	5	7,137.22	6,188.54
Less : Transferred from Revaluation Reserve		535.15	1,170.71
TOTAL		6,602.07	5,017.83
III. Profit before Exceptional Items and Taxation		12,947.78	10,828.96
Less : Exceptional Items (Refer Note No.B -10 of Shedule 15)		1,278.10	-
Provision for Taxation			
Current Tax		1,350.00	1,232.70
Deferred Tax		1,753.80	1,020.18
Fringe Benefit Tax		22.93	23.89
IV. Profit for the Year		8,542.95	8,552.19
Add : Excess provision for Income Tax for earlier years written back		7.32	35.37
Less : Short provision of Fringe Benefit Tax for earlier years		0.17	-
Add : Transferred from Debenture/Bonds Redemption Reserve		-	530.55
Balance brought forward		14,516.42	8,380.87
V. Balance available for Appropriation		23,066.52	17,498.98
VI. Appropriations			
Proposed Dividend - Equity		229.45	803.02
Proposed Dividend - Preference		36.81	36.81
Corporate Tax on Proposed Dividend		45.25	142.73
Dividend and Dividend Tax Paid for Earlier Period		0.07	-
Debenture/Bonds Redemption Reserve		135.00	-
Transfer to General Reserve		2,000.00	2,000.00
Balance Carried to Balance Sheet		20,619.94	14,516.42
TOTAL		23,066.52	17,498.98
Basic Earnings per Share		Rs. 37.44	Rs. 38.66
Diluted Earnings per Share		Rs. 36.64	Rs. 35.70
(Nominal value per Share Rs.10/-)			
(Refer Note No.B-13 of Schedule 15)			
Significant Accounting Policies and Notes to Accounts	15		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U.S.KADAM
Partner
Membership No. 31055

V.N.DHOOT
Chairman and
Managing Director

S. PADMANABHAN
Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : February 26, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

Particulars	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	12,947.78	10,828.96
a) Depreciation / Amortisation / Impairment	6,602.07	5,017.83
b) Interest and Finance Charges	4,011.03	3,106.51
c) Provision for Leave Encashment	2.19	6.83
d) Provision for Warranty and Maintenance Expenses	20.46	20.09
e) Provision for Gratuity	4.33	6.58
f) Provision for Exchange Rate Fluctuation	(1,023.91)	1,023.91
g) Diminution in value of Investments	640.16	40.30
h) Profit/Loss on Sale of Fixed Assets	(66.37)	1.45
i) Provision for doubtful debts	38.99	27.73
j) Interest Received	(600.44)	(211.84)
k) Income/Loss from Investments and Securities Division	(116.65)	(246.06)
l) Exceptional Items	(1,278.10)	-
Cash flow from Operating Activities before Working Capital changes	21,181.54	19,622.30
Adjustments:		
a) Inventories	(1,752.20)	(937.82)
b) Sundry Debtors	(2,725.34)	(1,997.42)
c) Other Current Assets	41.32	323.99
d) Loans & Advances	(27,418.24)	(4,849.72)
e) Current Liabilities	(153.91)	271.98
Cash flow from Operating Activities	(10,826.84)	12,433.32
Less: Income Tax Paid	1,084.35	1,072.57
Less: Fringe Benefit Tax Paid	23.19	23.91
Net Cash flow from Operating Activities	(A) (11,934.38)	11,336.84
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	1,186.33	48.95
Adjustment on Account of Producing Properties	550.20	-
Interest Received	600.44	211.84
Income from Investments and Securities Division	116.65	246.06
	2,453.62	506.85
Less:		
Increase in Fixed Assets including Capital Work-in-progress	13,623.72	9,058.96
Increase in Producing Properties	1,255.67	979.32
Increase in Investments (Net)	6,518.24	3,080.96
Purchase consideration of Subsidiaries	152.83	72.63
	21,550.46	13,191.87
Net Cash flow from Investing Activities	(B) (19,096.84)	(12,685.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	83.57	1.08
Securities Premium Received	3,770.85	47.66
Increase in Secured Term Loans from Banks	12,492.00	-
Increase in Unsecured Loans	16,587.05	5,506.51
Increase in Working Capital Loans from Banks	-	951.49
	32,933.47	6,506.74
Less:		
Decrease in Share Capital suspense including on account of amalgamation	-	0.004
Decrease in Secured Term Loans from Banks	-	1,971.42
Redemption of Secured Non Convertible Debentures	1,107.96	1,628.94
Decrease in Working Capital Loans from Banks	806.49	-
Payment of Dividend	842.21	809.92
Corporate Tax on Dividend	142.80	113.23
Interest and Finance Charges Paid	4,011.03	3,106.51
	6,910.49	7,630.02
Net Cash flow from Financing Activities	(C) 26,022.98	(1,123.29)
Net Change in Cash and Cash Equivalents (A+B+C)	(5,008.24)	(2,471.47)
Opening Balance of Cash and Cash Equivalents	8,891.08	11,362.55
Closing Balance of Cash and Cash Equivalents	3,882.84	8,891.08

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U.S.KADAM
Partner
Membership No. 31055

V.N.DHOOT
Chairman and
Managing Director

S. PADMANABHAN
Director

Place : Mumbai
Date : February 26, 2009

VINOD KUMAR BOHRA
Company Secretary

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)		As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees 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			
	6,000.00	6,000.00			
Issued, Subscribed and Paid-up:					
Equity Shares:					
229,450,764 (Previous year 221,093,701) Equity Shares of Rs. 10/- each fully paid up.	2,294.51	2,210.94			
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) 156,438,326 (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 107,452) 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	1.49			
	(A) 2,293.02	2,209.45			
Preference Shares					
a) 4,523,990 (Previous year 4,523,990) 8% 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% 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) 460.09	460.09			
Total (A+B)	2,753.11	2,669.54			
SCHEDULE 2 : RESERVES & SURPLUS					
Revaluation Reserve					
As per last Balance Sheet	535.15	9,245.73			
Less : Deduction on account of Disposal / Sale of Revalued Assets	-	0.98			
Less : Transferred to General Reserve	-	7,538.89			
Less : Transferred to Profit & Loss Account	535.15	1,170.71			
	(A) -	535.15			
Capital Redemption Reserve					
As per last Balance Sheet	537.50	537.50			
	(B) 537.50	537.50			
Capital Subsidy					
As per last Balance Sheet	5.50	5.50			
	(C) 5.50	5.50			
Securities Premium Account					
As per last Balance Sheet	25,523.96	25,565.06			
Add: Addition on conversion of FCCBs	3,770.85	47.66			
Less : Premium Payable on Redemption of Convertible Bonds	206.50	88.76			
	29,088.31	25,523.96			
Less : Call and / or allotment money in arrears - by others	16.90	16.90			
	(D) 29,071.41	25,507.06			
Debiture/ Bonds Redemption Reserve					
As per last Balance Sheet	1,812.50	2,343.05			
Add / (Less) : Transferred from / (to) Profit & Loss Account	135.00	(530.55)			
	(E) 1,947.50	1,812.50			
Capital Reserve					
As per last Balance Sheet	1.53	1.53			
	(F) 1.53	1.53			
General Reserve					
As per Last Balance Sheet	11,198.61	1,659.72			
Add : On account of transitional provisions under Accounting Standard 15	2.87	-			
Add : Transferred from Revaluation Reserve	-	7,538.89			
Add : Transferred from Profit & Loss Account	2,000.00	2,000.00			
	(G) 13,201.48	11,198.61			
Profit & Loss Account					
As per Account annexed	20,619.94	14,516.42			
	(H) 20,619.94	14,516.42			
TOTAL (A to H)	65,384.86	54,114.27			
SCHEDULE 3 : SECURED LOANS					
A. Non-Convertible Debentures	1,248.28	2,356.24			
B. Term Loans					
i. Rupee Loans from Banks & Financial Institutions	36,021.98	24,117.33			
ii. FCNR-B Loan from Banks	389.63	374.92			
C. External Commercial Borrowings	4,448.08	3,803.80			
D. Corporate Loan from Banks	1.97	82.23			
E. Vehicle Loans from Banks	20.85	12.24			
F. Working Capital Loans From Banks	1,881.75	2,688.25			
TOTAL	44,012.54	33,435.01			
Notes :					
A. Non Convertible Debentures:-					
Out of the Non Convertible Debentures, those to the extent of :					
i.	Rs. 404.45 million (Previous year Rs.613.73 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 Company, 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.302.33 million (Previous year Rs.640.81 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. These debentures are also guaranteed by Mr. V. N. Dhoot and Mr. P. N. Dhoot.				
iii.	Rs.61.50 million (Previous year Rs.211.70 million) are secured by way of a first charge on the entire immovable and movable properties of the Company ranking pari passu with existing charge holders except prior charge on specified movables created in favour of Company's bankers for borrowings of working capital and exclusive charge created on specific machinery financed/to be financed by the banker/s and/or financial institution/s and the personal guarantee of Mr. V.N.Dhoot.				
iv.	Rs.480.00 million (Previous year Rs.890.00 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 guaranteed by Mr. V. N. Dhoot.				
	The Debenture referred to in (i) to (iv) above are redeemable at par, in one or more installments on various dates with the earliest redemption being on 1st October, 2008 and last date being 1st January, 2012. These debentures are redeemable as follows: Rs.732.15 million in financial year 2008-09, Rs.386.56 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 movables assets, present and future (except book debts), subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and					

other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges rank pari passu inter-se for all intents and purposes. The above loans are guaranteed by Mr. V. N. Dhoot and Mr. P. N. Dhoot. In addition to the above, a part of term loan from State Bank of India is further secured by way of pledge of shares of KAIL Ltd. and Applicomp (India) Ltd. belonging to and held by the Company. 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 Company, subject to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and the assignment/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 guarantee of Mr. V. N. Dhoot and Mr. P. N. Dhoot.

D. Corporate Loan from Banks :-

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

E. 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. V. 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 guarantee of Mr. V. N. Dhoot and Mr. P. N. Dhoot.

Installments of loans from banks and financial institutions falling due within one year Rs.5,818.55 million (Previous Year Rs. 4,470.61 million)

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
SCHEDULE 4 : UNSECURED LOANS		
A. From Banks and Financial Institutions		
i. Rupee Loan	30,093.70	10,819.99
ii. Foreign Currency Loan	155.83	208.59
B. Foreign Currency Convertible Bonds	5,132.85	7,763.80
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	562.12	267.13
D. Sales Tax Deferral	98.90	101.84
TOTAL	36,043.40	19,161.35

Note :-

The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (modified) Scheme. Out of total outstanding, Rs.77.64 million is repayable in five equal annual installments commencing from 30th May, 2009 and the balance in two quarterly installments commencing from 31st Dec.2009.

SCHEDULE 5 : FIXED ASSETS

(Rupees in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 30.09.2007	Additions During the Year	Deduction During the Year	As at 30.09.2008	Upto 30.09.2007	For the Year	Deduction/ (Adjustment)	Impairment	Upto 30.09.2008	As at 30.09.2008	As at 30.09.2007
TANGIBLE ASSETS											
Freehold Land	120.49	50.39	26.72	144.16	-	-	-	-	-	144.16	120.49
Leasehold Land	48.05	-	-	48.05	7.67	0.78	-	-	8.45	39.60	40.38
Building	7,174.87	494.25	1,233.35	6,435.77	1,638.84	204.29	173.20	-	1,669.93	4,765.84	5,536.03
Leasehold Improvements	39.33	-	-	39.33	38.38	0.37	-	-	38.75	0.58	0.95
Plant & Machinery *	69,542.67	9,205.48	71.91	78,676.24	29,407.85	5,022.36	43.58	998.79	35,385.42	43,290.82	40,134.82
Furnace	1,995.27	-	-	1,995.27	1,465.24	211.29	-	-	1,676.53	318.74	530.03
Electrical Installation	149.79	4.51	1.20	153.10	72.47	8.22	0.21	-	80.48	72.62	77.32
Office Equipments	246.88	44.88	1.85	289.91	161.36	16.20	0.51	-	177.05	112.86	85.52
Computer Systems	410.95	10.37	0.15	421.17	285.62	43.57	0.06	-	329.13	92.04	125.33
Furniture & Fixtures	161.60	7.43	0.57	168.46	97.73	8.21	0.47	-	105.47	62.99	63.87
Vehicles	533.86	157.91	6.25	685.52	301.14	50.17	4.01	-	347.30	338.22	232.72
LEASED ASSETS											
Computer Systems	6.27	-	-	6.27	6.07	0.09	-	0.11	6.27	-	0.20
INTANGIBLE ASSETS											
Goodwill (on amalgamation)	235.98	-	-	235.98	235.98	-	-	-	235.98	-	-
Computer Software	165.62	12.97	-	178.59	48.32	34.46	-	-	82.78	95.81	117.30
Sub Total	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	47,064.96
Producing Properties	2,524.82	1,255.67	-	3,780.48	1,874.27	538.31	(550.20)	-	2,962.78	817.70	650.55
Capital Work-in-Progress	5,479.20	-	-	9,114.73	-	-	-	-	-	9,114.73	5,479.20
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	53,194.71
As at 30th September, 2007	71,279.33	9,662.52	110.22	80,831.63	28,470.91	5,354.59	58.83	-	33,766.67	47,064.96	-
Producing Properties	1,545.50	979.32	-	2,524.82	1,040.32	833.95	-	-	1,874.27	650.55	-
Capital Work - in - Progress	6,082.77	-	-	5,479.20	-	-	-	-	-	5,479.20	-
Total as at 30th September, 2007	78,907.60	10,641.84	110.22	88,835.65	29,511.23	6,188.54	58.83	-	35,640.94	53,194.71	-

*Gross Block of Plant and Machinery includes Rs. 9,244.75 million (Previous Year Rs.9,244.75 million) on account of the amount added on revaluation on 01.04.1998 and 01.10.2002.

SCHEDULE 6 : INVESTMENTS

**LONG TERM INVESTMENTS
IN GOVERNMENT & TRUST SECURITIES**

Master Gain

Face Value	As at 30th Sept., 2008		As at 30th Sept., 2007	
	Nos	Rupees in Million	Nos	Rupees in Million
10	NIL	-	32,200	0.41
		-		0.41

QUOTED

IN EQUITY SHARES (Fully Paid up) - TRADE

Trend Electronics Ltd.

Value Industries Ltd.

(Formerly Videocon Appliances Ltd)

Samtel Electronics Devices Ltd

10	1,408,800	25.41	1,408,800	25.41
10	1,811,748	31.07	1,811,748	51.00
10	82,000	0.89	82,000	1.95
		57.37		78.36

IN EQUITY SHARES (Fully Paid up) - OTHERS

AIA Engineering Ltd.

Allahabad Bank

Alok industries Ltd.

Anant Raj Industries Ltd.

Aptech Ltd.

Arvind Ltd.

Ashapura Minechem Ltd.

Asian Electronics Ltd.

Asian Granito India Ltd.

Assam Company Ltd.

Bajaj Hindustan Ltd.

Balrampur Chini Mills Ltd.

BF Utilities Ltd.

Cairn India Ltd.

Central Bank of India

Century Textiles & Industries Ltd.

Chennai Petroleum Corporation Ltd.

City Union Bank Ltd.

Development Credit Bank Ltd

Deccan Cement Ltd.

Dhanalakshmi Bank Ltd.

Dhoot Industrial Finance Ltd.

Edelweiss Capital Ltd.

EIH Ltd.

Essar Oil Ltd.

Fame India Ltd.

Firstsource Solutions Ltd.

GAIL India Ltd.

Geekay Exim India Ltd.

Gemini Communication Ltd.

Geojit Financial Services Ltd.

Good Value Marketing Company Ltd.

Greaves Cotton Ltd.

GTL Infrastructure Ltd.

Gujarat Heavy Chemicals Ltd.

Gujarat Industries Power Company Ltd.

Gujarat Mineral Development Corporation Ltd.

Gujarat Nre Coke Ltd.

Gujarat Ambuja Exports Ltd.

Hindalco Industries Ltd.

Hindustan Construction Company Ltd.

Hindustan Oil Exploration Company Ltd.

Hindustan Zinc Ltd

ICICI Bank Ltd.

I-Flex Solutions Ltd.

India Cements Ltd.

India Glycols Ltd.

India Infoline Ltd.

Indiabulls Securities Ltd.

Indusind Bank Ltd.

Industrial Finance Corpn. of India Ltd.

Intense Technologies Ltd. (Formerly Fortune Info)

IOL Netcom Ltd

ITC Ltd.

IVR PRIME Urban Developers Ltd.

Jai Corp Ltd.

Jayaswal Neco Industries Ltd.

Jindal South West Holdings Ltd.

Karnataka Bank Ltd.

Kotak Mahindra Bank Ltd.

KPIT Cummins Infosystems Ltd.

2	1,000	1.35	NIL	-
10	153,000	7.10	643,343	27.47
10	2,500	0.07	16,750	1.19
10	5,000	0.57	5,000	1.64
10	NIL	-	14,300	4.93
10	NIL	-	98,900	4.89
2	NIL	-	9,050	3.34
5	42,000	1.11	20,000	10.98
10	100,000	3.09	100,000	10.58
1	10,000	0.25	NIL	-
1	NIL	-	30,000	5.13
1	NIL	-	9,600	0.72
5	36,985	46.84	36,985	88.91
10	6,372,976	1,019.68	6,372,976	1,019.68
10	120,284	5.88	120,284	12.27
10	NIL	-	2,975	2.39
10	20,000	4.25	NIL	-
1	2,000	0.05	NIL	-
10	3,000	0.11	NIL	-
10	189,400	17.99	189,400	17.99
10	2,000	0.13	NIL	-
10	4,800	0.06	NIL	-
5	7,757	3.22	NIL	-
2	8,617	1.11	NIL	-
10	1,000	0.16	NIL	-
10	600,000	15.00	NIL	-
10	5,000	0.22	NIL	-
10	NIL	-	6,000	2.22
10	80,000	0.08	80,000	0.08
5	175,000	4.25	10,000	2.22
1	1,500	0.05	NIL	-
10	25,000	0.03	25,000	0.03
10	17,346	2.48	NIL	-
10	502,000	17.90	NIL	-
10	255,494	14.58	255,494	38.48
10	375,000	22.35	NIL	-
2	500	0.07	NIL	-
10	3,000	0.18	NIL	-
2	NIL	-	25,000	0.87
1	45,000	4.40	100,000	17.22
1	NIL	-	1,400	0.19
10	13,000	1.24	NIL	-
10	500	0.21	2,000	1.34
10	9,593	5.13	104,293	98.39
5	1,000	0.77	NIL	-
10	NIL	-	5,800	1.46
10	1,000	0.16	NIL	-
10	NIL	-	4,000	3.23
2	195,500	7.02	NIL	-
10	75,000	4.16	125,000	6.55
10	341,800	12.54	41,800	2.80
10	5,000	0.06	NIL	-
10	12,500	0.91	12,500	5.61
1	100,000	19.00	100,000	18.98
2	NIL	-	20,000	8.92
1	22,122	5.37	NIL	-
10	210,000	4.74	210,000	6.18
10	2,643	1.18	NIL	-
10	NIL	-	27,500	5.53
10	NIL	-	8,250	7.37
10	40,000	1.39	45,000	5.40

SCHEDULE 6 : INVESTMENTS (Continued)

	Face Value	As at 30th Sept., 2008		As at 30th Sept., 2007	
		Nos	Rupees in Million	Nos	Rupees in Million
Lanco Infratech Ltd.	10	NIL	-	15,300	4.69
Larsen And Tourbo Ltd.	2	1,500	3.66	NIL	-
Laxmi Vilas Bank Ltd.	10	NIL	-	15,100	1.37
Lok Housing & Constructions Ltd.	10	25	-	5,000	0.72
Lumax Industries Ltd.	10	20,385	2.44	22,990	10.46
Mahindra Gesco Ltd.	10	NIL	-	7,000	4.33
Matrix Labs Ltd	2	NIL	-	174,057	40.59
Max India Ltd.	2	10	-	NIL	-
Mercator Lines Ltd.	2	50,000	5.66	NIL	-
Mindtree Ltd.	10	NIL	-	2,000	1.02
National Thermal Power Corporation Ltd.	10	100,000	13.53	100,000	13.53
Neyveli Lignite Corporation Ltd.	10	2,000	0.17	NIL	-
NIT Technologies Ltd.	10	NIL	-	10,800	3.83
Oil & Natural Gas Corporation Ltd.	10	27,500	28.47	7,500	5.33
OM Metals Infraprojects Ltd.	1	5,000	0.09	NIL	-
Parsvnath Developers Ltd.	10	NIL	-	20,000	6.77
Polaris Software Lab Ltd.	5	NIL	-	2,800	0.34
Power Grid Corporation of India Ltd.	10	100,000	8.58	NIL	-
Prithvi Information Solutions Ltd.	10	NIL	-	5,000	1.40
Provogue India Ltd.	10	NIL	-	238,550	147.42
Punj Lloyd Ltd.	2	57,500	16.54	NIL	-
Punjab National Bank	10	NIL	-	7,200	3.81
Ranbaxy Laboratories Ltd.	5	1,000	0.48	NIL	-
Rashtriya Chemicals & Fertilizers Ltd.	10	50,000	2.49	NIL	-
Reliance Power Ltd.	10	28,700	4.40	NIL	-
Reliance Communications Ltd.	5	4,000	1.34	NIL	-
Reliance Infrastructure Ltd. (formerly Reliance Energy Ltd.)	10	1,000	0.79	5,000	5.85
Reliance Industrial Infrastructure Ltd.	10	10,000	4.05	NIL	-
Reliance Industries Ltd.	10	4,000	7.79	2,850	6.48
Reliance Natural Resources Ltd.	5	NIL	-	78,650	6.14
Reliance Petroleum Ltd.	10	240,310	33.65	230,079	13.80
Sasken Communication Technologies Ltd.	10	5,000	0.58	5,000	1.67
Satyam Computer Services Ltd.	2	NIL	-	9,000	4.02
Selan Exploration Technology Ltd.	10	990	0.20	NIL	-
Sesa Goa Ltd.	1	100,000	11.91	NIL	-
Shree Ram Urban Infrastructure Ltd.	10	85,000	7.65	50,000	16.20
Siemens Ltd.	2	3,130	0.13	3,130	0.13
Siris Ltd.	10	13,200	0.01	13,200	0.01
Spicejet Ltd. (Royal Airways)	10	150,000	3.30	NIL	-
SRF Limited	10	NIL	-	51,000	7.41
State Bank of India	10	NIL	-	4,000	6.53
Steel Authority of India Ltd.	10	NIL	-	32,400	5.39
Sterling Biotech Ltd.	1	5,000	0.86	NIL	-
Sterling Holiday Resorts India Ltd.	10	100,000	2.11	NIL	-
Sujana Metal Products Ltd.	5	100,000	1.42	NIL	-
Swan Mills Ltd.	2	905,000	45.70	NIL	-
Tata Consultancy Services Ltd.	1	15,000	9.94	NIL	-
Tata Elxsi Ltd.	10	2,429	0.31	NIL	-
Tata Steel Ltd.	10	2,500	1.46	NIL	-
Twilight Litaka Pharma Ltd.	5	2,000	0.10	NIL	-
United Breweries Holdings Ltd.	10	10,000	2.27	NIL	-
United Phosphorus Ltd.	2	500	0.15	NIL	-
Welspun Gujarat Stahl Rohren Ltd.	5	NIL	-	15,200	3.69
Wire & Wireless India Ltd.	1	10,000	0.17	10,000	0.45
Yes Bank Ltd.	10	3,775	0.46	27,500	5.26
Zandu Pharmaceutical Works Ltd.	100	10,442	159.32	NIL	-
			1,640.64		1,773.79
IN MUTUAL FUNDS UNITS					
BOI Units	10	1,000,000	10.00	1,000,000	10.00
			10.00		10.00
UNQUOTED					
1. IN EQUITY SHARES (Fully Paid up)-TRADE					
Pacific Appliances Manufacturing and Trading Ltd.	10	9,500	0.10	NIL	-
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	NIL	-
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
Jupiter Corporation INC	US\$ 1	190	0.01	NIL	-
Kentosh Electronics India Pvt. Ltd.	10	1,720	0.02	1,720	0.02
KAIL Ltd.* (Formerly Kitchen Appliances (I) Ltd.)	10	1,156,000	18.27	1,156,000	18.27
Millennium Appliances India Ltd.	10	4,750,000	95.00	4,750,000	95.00
Next Retail India Ltd.(Formerly E-Mart India Ltd.)	10	10,036,000	100.36	10,036,000	100.36
P T Videocon Indonesia	US\$ 50	475	0.94	NIL	-
Plug-In Sales Ltd.	100	1,900	0.19	1,900	0.19

SCHEDULE 6 : INVESTMENTS (Continued)

	Face Value	As at 30th Sept., 2008		As at 30th Sept., 2007	
		Nos	Rupees in Million	Nos	Rupees in Million
Sapphire Overseas INC	US\$ 1	1,900	0.08	NIL	-
Techno Electronics Ltd.	10	20,117,647	201.18	NIL	-
TekCare India Pvt.Ltd. (Formerly Macotax Consultants Pvt.Ltd)	10	1,900	0.02	1,900	0.02
VCIL Netherlands B.V.	Euro 100	34	0.13	NIL	-
Videocon (Cayman) Ltd.	US\$ 1	579,500	28.35	NIL	-
Videocon Realty and Infrastructures Ltd.	10	7,650	0.45	NIL	-
			635.72		404.43
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	6,250	40.63
Goa Energy Pvt. Ltd.	10	1,000	0.01	1,000	0.01
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	NIL	-
Sahyadri Consumer Electronics (I) Pvt. Ltd.	10	1,900	0.02	NIL	-
The Banaras State Bank Ltd.	100	25,000	0.03	25,000	0.03
Trinity Infotech Pvt. Ltd.	10	500,000	80.00	NIL	-
Videocon Realty Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (Aurangabad) Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (Pune) Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (West Bengal) Limited	10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures Limited	10	2,500	0.03	2,500	0.03
Worli Infrastructures & Developers Private Limited	10	NIL	-	45,000	0.45
			148.28		60.00
3. IN EQUITY SHARES OF SUBSIDIARIES (Fully Paid up)					
Eagle E-corp Ltd.	US\$ 1	10,000	0.44	NIL	-
Global Energy Inc.	US\$ 1	1,000	0.04	1,000	0.04
Godavari Consumer Electronics App. 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
Eagle Corporation Ltd. (upto 15th March, 2008)	US\$ 1	NIL	-	1,000	0.05
Pipavav Energy Pvt. Ltd.	10	10,000	0.10	NIL	-
Powerking Corporation Ltd.	US\$ 1	2,711	0.12	2,711	0.12
Videocon International Electronics Ltd.	10	50,000	0.50	NIL	-
Sky Billion 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	530,000	22.58
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	30,000	1.28	NIL	-
Datacom Solutions Pvt. Ltd. (Subsidiary of Videocon International Electronics Ltd.)	10	15,000,000	150.00	NIL	-
Videocon Energy Resources Ltd.	-	10,000	0.43	NIL	-
Videocon Energy Ventures Ltd.	US\$ 1	1,000	0.04	NIL	-
Videocon Global Energy Holdings Ltd.	-	1,000	0.04	NIL	-
Videocon Global Ltd.	US\$ 1	2,500	0.12	2,500	0.12
			1,080.88		928.10
4. JOINT VENTURE					
VB (Brasil) Petroleo Private Ltd.	Bril	1,004,500	24.32	NIL	-
Videocon Infinity Infrastructure Private Ltd.	10	5,000	0.05	NIL	-
			24.37		-
5. IN PREFERENCE SHARES (Fully Paid up)					
Plug-In Sales Ltd.	100	3,800	0.38	3,800	0.38
			0.38		0.38
IN DEBENTURES					
7.75% Non Convertible Debentures of Oriental Bank of Commerce	100000	NIL	-	100	10.00
Redeemable Non Convertible Debentures of Citi Corp Finance (India) Ltd.	1000000	50	50.00	50	50.00
			50.00		60.00
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

SCHEDULE 6 : INVESTMENTS (Continued)

	Face Value	As at 30th Sept., 2008		As at 30th Sept., 2007	
		Nos	Rupees in Million	Nos	Rupees in Million
SHARE APPLICATION MONEY PENDING ALLOTMENT					
Global Energy Inc.			13.04		13.04
Videocon Global Energy Holdings Ltd.			4.25		-
Videocon Global Ltd.			1,525.98		-
Eagle Corporation Ltd.			13,575.65		13,575.65
Goa Energy Pvt. Ltd.			300.00		300.00
KAIL Ltd.(Kitchen Appliances India Ltd.)			-		650.00
Next Retail India Ltd.(Formerly E-Mart India Ltd.)			1,000.00		1,000.00
Sapphire Overseas Inc.			80.58		-
Sky Appliances Ltd.			150.00		150.00
Techno Electronics Ltd.			-		201.18
Videocon Realty and Infrastructures Ltd.			0.40		1,000.00
			<u>16,649.89</u>		<u>16,889.86</u>
APPLICATION MONEY (UNITS)					
LICMF Systematic Asset Allocation Fund			-		50.00
Prudential ICICI Asia Equity Fund			-		50.00
			-		<u>100.00</u>
CURRENT INVESTMENTS					
UNQUOTED					
IN BONDS					
Central Bank of India	100000	500	50.00	NIL	-
			<u>50.00</u>		<u>-</u>
IN UNITS OF MUTUAL FUNDS/PORTFOLIOS					
1024 ICICI Prudential INDO Asia Eqty Fund Retail Dividend	10	5,000,000	35.75	NIL	-
Birla Sun Life Special Situations Fund	10	5,000,000	35.60	NIL	-
Canara Robeco Multicap-Growth	10	5,000,000	46.60	NIL	-
Canmulticap Growth Plan	10	NIL	-	5,000,000	50.00
FUIG ICICI Prudential Fusion Fund-Growth	10	NIL	-	5,000,000	50.00
HDFC PMS Real Estate Fund	10	150,000	1.24	NIL	-
ING Global Real Estate Fund	10	487,805	4.27	NIL	-
J M Agri and Infra Fund-Dividend Plan	10	5,000,000	23.08	NIL	-
J M Contra Fund-Dividend Plan (243)	10	5,000,000	36.53	5,000,000	50.00
J M Core II Fund-Series	10	5,000,000	28.66	NIL	-
L.I.C. Mutual Fund Floating Rate Fund	10	18,945,756	252.90	NIL	-
L.I.C.Mutual Fund India Vision Fund	10	10,000,000	79.94	10,000,000	100.00
L.I.C.Mutual Fund Infrastructure Fund	10	5,000,000	37.14	NIL	-
L.I.C.Mutual Fund Liquid Plus Fund-Growth Plan	10	241,258,835	2,700.00	NIL	-
L.I.C.Mutual Fund Systematic Asset Allocation Fund-Growth	10	5,000,000	47.85	NIL	-
L.I.C.Mutual Fund Top 100 Fund	10	10,000,000	66.58	NIL	-
Mirae Asset Liquid Fund-Super Inst-Growth Option	1000	2,805,324	2,885.91	NIL	-
Optimix Dynamic Multi-Manager FoF Scheme-Growth	10	2,000,000	19.14	2,000,000	20.00
Peninsula Realty Fund Scheme Pref Indigo	100000	400	40.00	NIL	-
PMS Tripal AAACC Scheme		NIL	8.70	NIL	-
Principal Cash Management Fund Liquid Option Insti.Premium Plan - Growth	10	NIL	-	17,404,438	210.83
Principal Floating Rate Fund Fmp Insti.Option Growth Plan	10	NIL	-	2,527,030	30.28
Principal Large Cap Fund-Growth Plan	10	28,588	0.46	NIL	-
Principal PNB Fixed Maturity Plan (FMP-54)	10	3,672,995	36.73	NIL	-
Principal PNB Long Term Equity Fund 3 year Plan Series I	10	NIL	-	200,000	2.00
Principal PNB Long Term Equity Fund 3 year Plan Series II	10	500,000	3.50	500,000	5.00
Principal PNB Long Term Equity Fund	10	200,000	1.65	NIL	-
Principal Resurgent India Equity Fund-Growth Plan	100	25,625	1.64	NIL	-
Reliance Capital Asset Management A/c Debt Portfolio Management Services	-	NIL	50.00	NIL	-
Reliance Long Term Equity Fund-Growth	10	10,000,000	95.42	10,000,000	100.00
Sundaram BNP Paribas Energy Opportunities Fund-Dividend	10	5,000,000	33.42	NIL	-
Sundaram BNP Paribas Energy Opportunities Fund-Growth	10	5,000,000	33.42	NIL	-
UTI Infrastructure Advantage Fund Series I	10	100,000	0.72	NIL	-
UTI Wealth Builder Fund-Growth	10	100,000	1.00	100,000	1.00
			<u>6,607.83</u>		<u>619.11</u>
			<u>26,955.88</u>		<u>20,924.97</u>
TOTAL INVESTMENTS					
Aggregate Book Value of quoted Investments			1,708.01		1,862.56
Aggregate Market Value of quoted Investments			2,147.17		2,303.83
Aggregate Book Value of unquoted Investments / Application Money			25,247.87		19,062.41

* Out of total investments, 1,156,000 equity shares amounting to Rs.18.27 million of KAIL Ltd. and 17,023,500 equity shares of Applicomp (India) Ltd. amounting to Rs.170.24 million are pledged with Banks as security for avallment of loans.

SCHEDULE 6 : INVESTMENTS (Continued)

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

Particulars	Cost		Particulars	Cost	
	Qty.	(Rupees in Million)		Qty.	(Rupees in Million)
Abn Amro Cash Fund Instl Plus Growth	14,991,605	150.00	Bank Of Rajasthan Ltd.	38,500	6.15
Birla Sun Life Cash Plus Inst.Premium - Growth	3,725,023	50.00	Basf India Ltd.	11,625	2.91
Dsp Merrill Lynch Cash Plus Fund	5,000	5.00	Bf Utilities Ltd.	1,050	1.87
LIC MF Floating Rate Fund	505,445,962	6,747.10	Bgr Energy Systems Ltd	5,000	5.53
LIC MF Liquid Fund - Growth	724,749,516	10,600.00	Bharat Forge Ltd.	7,000	2.31
LIC MF Liquid Plus Fund - Growth Plan	9,624,176	100.00	Bharat Petroleum Corp Ltd	1,000	0.36
Mirae Asset Liquid Fund - Super Inst - Growth Option	4,981,003	5,124.09	Bharati Airtel Ltd.	19,750	17.99
Principal Cash Mgmt Fund-Liquid Option Inst.-Growth	331,080,399	4,146.50	Bharati Shipyard Ltd.	2,000	1.63
Principal Liquid Plus Fund - Growth Plan	10,271,678	102.67	Bharat Heavy Electricals Ltd.	4,525	10.21
Punjab Infrastructure Development Board (Bonds)	1,148,854	648.98	Bihar Sponge Iron Ltd.	10,000	0.26
Reliance Liquid Fund -Cash Plan - Growth	91,749,259	1,120.00	Bil Power Ltd	2,000	0.45
Reliance Liquid Fund -Growth Plan	7,947,294	100.00	Biocon Ltd	500	0.24
Reliance Liquid Fund -Treasury Plan	51,450,664	1,050.00	Birla Ericsson Optical Ltd.	10,300	0.32
Reliance Medium Term Fund -Retail Plan-Growth Plan	66,631,535	1,150.28	Boc Ltd	2,000	0.30
SBI Premium Liquid Fund - Super Institutional - Growth	15,589,923	200.00	Bombay Dyeing & Manufacturing Company Ltd.	7,089	5.75
SBI-Magnum Insta Cash Fund	61,099,719	1,130.00	Bongaigaon Refinery & Petrochemicals Ltd.	20,000	1.68
Srei Infrastructure Finance Ltd	2,404	0.41	Bombay Rayon Fashions Ltd.	28,726	7.20
Sundaram Bnp Paribas Liquid Plus Super Inst.Growth	13,545,486	150.00	Cairn India Ltd.	15,000	3.40
Sundaram Bnp Paribas Liquid Plus Upper Invst Dn Rein	20,118,492	236.69	Canara Bank	23,274	6.79
Sundaram Bnp Paribas Money Fund Super Inst.Growth	94,255,844	1,632.50	Castrol India Ltd.	3,200	0.87
UTI Liquid Cash Plan Inst - Growth	5,332,855	7,110.00	Ceat Ltd.	16,000	3.30
UTI Money Market Fund - Growth Plan	42,713,868	1,000.00	Central Bank Of India	4,000	0.42
3i Infotech Ltd	2,700	0.25	Centurion Bank Of Punjab Ltd.	220,000	13.58
A K Capital Service	2,000	0.82	Century Enka Ltd.	5,000	0.84
Aban Lloyd Chile	1,450	5.37	Century Textiles & Industries Ltd.	13,375	12.52
Aban Lloyd Chille	200	0.61	Chambal Fertilisers & Chemicals Ltd.	18,000	1.14
ABB Ltd	300	0.35	Cinemax India Ltd	10,000	1.56
ABG Heavy Industries	500	0.26	Cipla Ltd	2,500	0.50
ACC Ltd.	5,255	4.44	City Union Bank Ltd.	5,000	0.17
Adlabs Films Ltd.	43,082	37.98	Colgate Palmolive India Ltd.	6,301	2.40
Adani Enterprises Ltd.	4,000	2.88	Core Projects & Technologies Ltd.	2,000	0.42
Adhunik Metaliks Ltd	1,000	0.12	Crisil Ltd	200	0.72
Aegis Logistics Ltd	2,000	0.47	Crompton Greaves Ltd	16615	4.93
Aftek Ltd.	50,000	3.87	DCB Ltd	24,000	2.93
Akruti Nirman Ltd	11,000	12.61	Deccan Aviation	45,300	10.45
Alok Industries Ltd.	37,600	3.21	Deccan Chronicle Holdings Ltd.	12,000	2.75
Amtek Auto Ltd	4,200	1.76	Deepak Fertilizers & Petrochemicals Corporation Ltd.	36,000	5.97
Ankur Drugs And Pharma Ltd.	5,000	2.02	Dena Bank	35,000	2.95
Ansal Housing & Construction Ltd.	12,898	2.64	Dhanalakshmi Bank Ltd	5,000	0.44
Ansal Properties & Infrastructure Ltd.	16,000	3.55	Dhanus Technologies Ltd.	5,000	1.45
Anus Laboratories	2,000	0.54	Dish Tv India Ltd.	20,000	1.63
Aptech Ltd	10,750	3.49	Divis Laboratories Ltd.	3,100	4.43
Arrowebtx Ltd	3,000	1.52	DLF Ltd	44,036	36.13
Arvind Mills	59,400	3.81	Dolat Investment Ltd	70,000	1.77
Asian Electronics	2,000	3.44	Educomp Solution Ltd.	1,750	7.61
Asian Oilfields	10,000	3.08	Eicher Motors Ltd.	5,000	2.38
Assam Co	20,000	0.63	Eid Parry India Ltd.	5,500	1.22
Aurobindo Pharma	5,000	2.63	Eih Ltd	17,000	3.27
Autoline Industries	1,000	0.27	Electrosteel Castings Ltd.	18,000	1.36
Axis Bank Ltd	5,400	5.38	Escorts Ltd	5,000	0.76
Azteco Ltd	2,000	0.16	Essar Oil Ltd	309,010	64.45
Bafna pharmaceuticals Ltd.	9,000	0.41	Essar Shipping Ports & Logistics Ltd.	45,000	5.36
Bajaj Auto Ltd.	500	0.31	Essar Steel Ltd.	20,000	1.38
Bajaj Auto Finance Ltd	6,171	2.41	Eveready Industries India Ltd.	10,000	0.69
Bajaj Hindustan Ltd.	20,000	5.16	Everest Kanto Cylinder Ltd.	600	0.19
Bajaj Holdings And Investments Ltd.	500	0.29	Everonn Systems Ltd	1,000	0.74
Balaji Telefilms Ltd.	2,000	0.38	Fame India Ltd (Formerly Shrinagar Ltd)	15,001	1.23
Balasure Alloys Ltd.	2,000	0.15	Fdc Ltd	10,000	0.44
Ballarpur Industries Ltd.	5,000	0.16	First Leasing Company of India Ltd.	5,000	0.35
Balmer Lawrie & Company Ltd.	10,000	0.66	Fortis Healthcare Ltd.	12,500	1.32
Balrampur Chini Mills Ltd.	18,600	1.90	Future Capital Holdings Ltd.	1,000	0.57
Bank Of India	2,000	0.62	Future Polyesters Ltd.	10,000	0.42
Bank Of Maharashtra	15,000	0.87	Great Eastern Shipping Company Ltd.	3,146	1.32
			Gail India Ltd.	12,000	6.00
			Gateway Distriparks Ltd.	5,000	0.79

SCHEDULE 6 : INVESTMENTS (Continued)

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

Particulars	Qty.	Cost (Rupees in Million)	Particulars	Qty.	Cost (Rupees in Million)
Gemini Communication Ltd.	10,000	1.09	Indiabulls Securities Ltd.	64,000	6.29
Geojit Financial Services Ltd	3,500	0.23	Indian Oil Corporation Ltd.	11,100	4.44
Geojit Securities	5,000	0.40	Indian Tobacco Company Ltd	6,750	1.31
Geometric Ltd	10,000	0.59	Indraprastha Gas Ltd.	10,000	1.57
GIC Housing Finance Ltd	15,000	1.35	Industrial Finance Corporation of India Ltd.	335,382	24.98
Gitanjali Gems Ltd.	26,500	8.35	Infosys Technologies Ltd	13,800	22.34
Glaxosmith Pharmaceuticals Ltd.	3,900	4.16	ING Vysya Bank Ltd	5,000	1.58
Glenmark Pharmaceuticals Ltd.	7,200	3.68	Inox Leasing & Finance Ltd.	55,000	9.89
GMR Infrastructure Ltd.	133,750	27.04	Intense Technologies Ltd. (Formerly Fortune Info)	2,500	0.30
Godrej Industries Ltd.	10,000	4.71	IRB Infrastructure Developers Ltd	1,000	0.19
Gokul Refoils & Solvent Ltd.	6,000	1.32	Ispat Industries Ltd.	69,800	2.96
Grasim Industries Ltd.	1,710	4.90	ITI Ltd	15,000	1.16
Great Eastern Shipping Ltd	10,000	5.50	IVRCL Infrastructure & Projects Ltd	8,601	3.57
Great Offshore Ltd.	3,000	2.46	J K Industries Ltd.	5,000	0.69
Greaves Cotton Ltd.	7,654	2.98	Jai Corp Ltd	5,833	5.29
Gruh Finance Ltd	5,000	0.90	Jaiprakash Associates Ltd.	34,250	13.85
Gss America Infotech Ltd.	2,500	1.08	Jaiprakash Hydro Power Ltd.	60,000	4.90
Gtl Infra Ltd	45,000	2.34	Jaiprakash Industries	3,000	5.41
Gujarat Alkalies & Chemicals Ltd.	8,088	1.61	Jb Chemicals And Pharmaceuticals Ltd.	25,000	2.35
Gujarat Ambuja Cement	10,310	1.24	Jet Airways India Ltd.	1,600	1.35
Gujarat Gas Company Ltd.	2,000	0.71	Jhs Svendgaard Laboratories Ltd.	10,000	0.57
Gujarat Industries Power Company Ltd.	5,000	0.72	Jindal Drilling & Industries Ltd.	1,526	1.69
Gujarat Mineral Development Corporation Ltd.	2,000	0.98	Jindal Steel And Power Ltd	300	1.81
Gujarat Narmada Flyash Company Ltd.	5,000	1.09	JM Financial Services Ltd	1,100	2.60
Gujarat Nre Coke Ltd.	118,135	17.56	Jupiter Bioscience Ltd.	6,310	1.30
Gujarat Siddhi Cement Ltd.	60,000	2.47	Jyothi Lab.Ltd.	1,589	0.85
Gujarat State Fertilizers Ltd	11,154	2.52	K S Oils Ltd	17,000	1.25
Gujarat State Petronet Ltd.	61,000	5.57	Kei Industries Ltd	20,000	1.94
Gulf Oil Corporation Ltd.	2,000	0.72	Kiri Dyes And Chemicals Ltd.	3,000	0.53
Gvk Power And Infrastructure Ltd.	37,000	3.39	Klg Systel Ltd.	500	0.17
Gwalior Chemical Industries Ltd.	20,000	2.27	Kolte Patil Developers Ltd.	27,500	6.84
H.D.F.C.	15,325	13.89	Kotak Mahindra Bank Ltd.	26,939	28.58
Hcl Technologies Ltd.	7,700	2.19	Lanco Infratech Ltd	60,764	31.56
Housing Development & Infrastructure Ltd.	18,000	13.05	Larsen And Turbo Ltd	6,300	19.21
Heg Ltd	3,000	1.56	Lok Housing & Constructions Ltd	41,140	12.10
Himachal Futuristic Communications Ltd.	25,000	0.63	Lupin Ltd	2,100	1.28
Himatsingka Sedie Ltd	10,000	1.22	Madras Aluminium Ltd	500	0.35
Hindalco Ltd.	40,815	7.72	Madras Cements Ltd.	8	0.03
Hinduja Tmt	6,000	5.03	Mahanagar Telephone Nigam Ltd	66,400	9.37
Hindustan Construction Company Ltd.	46,927	8.15	Maharashtra Seamless Ltd	2,000	0.62
Hindustan Motors Ltd.	50,000	3.13	Mahindra Lifespace Developers Ltd.	500	0.29
Hindustan Oil Exploration Company Ltd.	62,500	9.12	Man Industries India Ltd.	12,000	1.98
Hindustan Organic Chemicals Ltd.	5,000	0.41	Mangalore Refinery & Petrochemicals Ltd.	20,000	1.96
Hindustan Petroleum Corp Ltd	3,000	0.75	Marg Construction	5,500	2.58
Hindustan Unilever Ltd.	11,000	2.18	Marksans Pharma Ltd.	18,000	0.86
Hindustan Zinc Ltd.	20,000	1.46	Maruti Suzuki Ltd	13,620	11.79
Hotel Leela Venture Ltd	20,000	1.46	Mastek Ltd	2,000	0.60
House Of Pearl Fashions Ltd.	5,000	1.41	Max India Ltd	1,000	0.17
I Flex Ltd.	2,800	3.40	Mcleaod Russel India Ltd.	10,000	0.67
IDBI Bank Ltd.	41,600	5.67	Mercator Lines Ltd.	180,691	22.70
ICI Bank Ltd	28,461	29.19	Mid-Day Multimedia	25,000	1.06
Icra Ltd	500	0.51	Mirc Electronics Ltd.	20,000	0.65
Icsa India Ltd.	2,000	1.24	Mold Tek Technologies Ltd.	10,000	1.85
Idea Cellular Ltd.	48,620	5.42	Moser Baer India Ltd.	9,900	2.38
Infrastructure Development Finance Company Ltd.	17,000	3.60	Mphasis Ltd	1,600	0.37
Igate Global Solutions Ltd.	7,000	2.04	Mukund Ltd	25,000	3.61
II&Fs Investment Managers Ltd.	36,063	9.17	Mundra Port And Special Economic Zone Ltd	11,300	10.87
Ind Bank Merchant Banking Services Ltd	20,000	0.68	Mysore Cements Ltd.	10,000	0.57
India Bulls Finance Ltd	35,500	25.57	Nagarjuna Fertilizers & Chemicals Ltd.	240,000	12.45
India Cements Ltd.	24,500	4.49	Nagarjuna Construction Company Ltd.	2,000	0.45
India Infoline Ltd.	10,637	12.42	National Aluminium Company Ltd.	6,395	2.62
Indiabulls Real Estate Ltd.	15,000	10.56	National Thermal Power Corp Ltd	36,500	8.46
			Net4India Ltd	5,000	0.61

SCHEDULE 6 : INVESTMENTS (Continued)

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

Particulars	Qty.	Cost (Rupees in Million)	Particulars	Qty.	Cost (Rupees in Million)
Network 18 Media & Investments Ltd.	12,500	4.99	Simplex Con Ltd.	2,000	1.30
New Delhi Television Ltd	3,000	1.26	Spice Communications Ltd.	63,500	3.00
Neyveli Lignite Corporation Ltd.	52,950	8.50	Spicejet Ltd. (Royal Airways)	32,000	3.01
Nifty Bmark Exch Tr	500	0.21	SRF Ltd	3,684	0.37
NIIT Technologies Ltd.	33,437	7.22	State Bank Of India	4,398	7.43
Nirlon Ltd	7,000	0.75	Steel Authority Of India Ltd	82,800	18.62
Nirma Ltd	3,000	0.68	Sterlite Industries Ltd	2,752	2.22
NOCIL Ltd.	10,000	0.52	Suashis Diamonds Ltd.	3,000	0.89
Noida Toll Bridge Company Ltd.	45,000	2.50	Subex System	3,000	1.04
Oil & Natural Gas Corporation Ltd.	7,735	9.12	Sujana Metal Products Ltd.	20,000	0.89
Omaxe Ltd	20,000	7.26	Sujana Towers Ltd	1,000	0.21
Onmobile Global Ltd	2,000	1.07	Sun Pharma Advanced Research Company Ltd.	35,000	4.86
Orbit Corporation Ltd.	3,010	1.65	Sun Pharmaceutical Industries Ltd.	1,350	1.68
Orchid Chemicals & Pharmaceuticals Ltd.	15,000	4.85	Sun Tv Network Ltd.	5,000	1.91
Org Informatics Ltd.	3,000	0.24	Suryachakra Power Corporation Ltd.	10,000	0.26
Oswal Chemicals and Fertilizers Ltd.	30,000	1.37	Suven Life Sciences Ltd.	15,000	0.63
Pantaloon Retail India Ltd.	500	0.26	Suzlon Energy Ltd.	2,500	0.72
Parsvnath Developers Ltd.	15,300	6.63	Swan Mills Ltd.	400,000	48.63
Patel Roadways Ltd.	8,677	0.96	Syndicate Bank	58,819	6.87
Patni Computer Systems Ltd.	5,000	1.46	Tamil Nadu Newsprint & Papers Ltd.	5,000	0.66
Peninsula Land Ltd	2,000	0.22	Tata Chemicals Ltd	14,825	4.69
Petronet LNG Ltd	25,000	2.41	Tata Elxsi Ltd	1,571	0.34
PNB Gilts Ltd.	25,000	1.28	Tata Infomedia	5,000	1.18
Polaris Software Lab Ltd	44,400	3.71	Tata Investment Corporation Ltd.	652	0.39
Power Grid Corporation of India Ltd.	100,525	13.05	Tata Motors Ltd.	8,240	5.95
Power Trading Corporation	55,739	5.67	Tata Power Company Ltd.	12,133	14.23
Praj Industries Ltd.	12,600	2.51	Tata Sponge Iron Ltd.	294	0.07
Prajay Engineers Syndicate Ltd.	2,000	0.14	Tata Steel Ltd	26,578	20.04
Prism Cement Ltd.	10,000	0.60	Tata Tea Ltd.	500	0.47
PSL Ltd	12,500	5.24	Tata Teleservices Maharashtra Ltd.	115,000	5.96
Punj Lloyd Ltd	16,750	8.42	Tel Eighteen India Ltd.	100	0.04
Punjab National Bank	23,207	13.00	Teledata Informatics Ltd.	25,000	1.51
Pyramid Saimira Theatre Ltd	2,000	0.65	Timex Group India Ltd.	10,000	0.39
Radha Madhav Corporation Ltd.	9,632	1.35	Titagarh Wagons Ltd	300	0.21
Radioo Khaitan Ltd.	10,000	1.71	Titan Industries Ltd.	1,506	1.75
Rajesh Exports Ltd.	1,100	0.98	Torrent Power Ltd.	35,416	5.56
Ram Informatics Ltd	2,851	0.05	Transformers and Rectifiers India Ltd.	2,000	1.59
Ranbaxy Laboratories Ltd.	21,600	10.08	Triveni Engineering & Industries Ltd.	40,500	5.45
Rastriya Chemical and Fertilizers	30,469	2.98	Tulsi Extrusions Ltd	8,000	1.07
Raymond Ltd	19,506	8.26	Twilight Litaka Pharmaceuticals Ltd	3,631	0.35
RDE Industries	5,000	1.15	Uco Bank	30,000	2.28
Redington India Ltd.	22,596	8.91	Union Bank Of India	42,000	7.86
Reliance Capital Ltd.	23,372	42.33	Unitech Ltd	38,100	13.23
Reliance Communications Ltd.	64,367	42.67	United Breweries Holding Ltd	1,000	0.33
Reliance Infrastructure Ltd	22,850	27.99	United Phosphorous Ltd.	2,500	0.83
Reliance Industries Ltd	33,614	85.35	United Spirits Ltd (Mcdowell And Co)	10,371	18.61
Reliance Natural Resources Ltd.	81,050	9.30	Unity Infraprojects Ltd.	2,000	1.78
Reliance Petroleum Ltd	227,640	40.83	Usha Martin Ltd.	500	0.05
Reliance Power Ltd.	59,000	20.51	Utv Software Communicatons Ltd.	6,800	5.44
Religare Enterprises Ltd.	10,564	6.85	Vakrangee Softwares Ltd.	7,722	1.77
Renuka Ltd.	7,056	4.71	Varun Shipping Ltd.	5,000	0.38
Rohit Ferro Tech Ltd.	12,802	1.02	Visa Steel Ltd	75,000	3.14
Rolta India Ltd.	12,235	6.92	Voltas India Ltd	56,200	10.53
Royal Orchid Hotels Ltd.	5,000	0.85	Tata Communications Ltd.	4,200	2.26
Ruchi Soya Industries Ltd.	35,100	4.13	Waren Tea Ltd	10,000	1.21
Rural Electrification Corporation Ltd.	5,000	0.59	Wearology Ltd	3,220	0.30
S.Kumars Nationwide Ltd.	1,000	0.11	Welspun Gujarat Stahl Rohren Ltd.	34,300	15.12
Sasken Communications Technologies Ltd.	24,839	3.57	Welspun India Ltd.	10,000	1.13
Satyam Computer Services Ltd.	3,400	1.37	Wire and Wireless India Ltd.	37,800	1.60
Selan Exploration Ltd	54,839	11.27	Wockhardt Ltd	1,826	0.53
Sesa Goa Ltd.	3,591	13.26	Yashraj Containeurs Ltd.	10,050	1.12
Shaw Wallace Electronics Ltd.	4,385	1.83	Yes Bank Ltd.	44,126	7.89
Shipping Corporation of India Ltd	2,000	0.51	Zandu Pharmaceutical Works Ltd.	138	2.11
Shiv-Vani Ltd	2,000	0.82	Zee Entertainment Enterprises Ltd.	24,500	6.81
Shree Ashtavinayak Cine Vision Ltd.	5,000	2.07			
Shree Renuka Sugars Ltd	18,000	2.21			
Shriram Epc Ltd.	1,053	0.35			
Siemens Ltd.	2,920	5.20			

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES		
A. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores & Spares	9,913.95	8,119.11
Work in Process	765.07	988.43
Finished Goods	3,470.00	3,172.89
Material in Transit and in Bonded warehouse	1,337.25	1,361.29
Drilling and Production Materials	164.71	206.29
Crude Oil	37.66	88.43
(A)	<u>15,688.64</u>	<u>13,936.44</u>
B. Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	114.01	93.65
Considered Doubtful	449.95	410.96
	<u>563.96</u>	<u>504.61</u>
Less : Provision for doubtful debts	449.95	410.96
	<u>114.01</u>	<u>93.65</u>
Others- Considered Good	15,714.88	13,048.89
(B)	<u>15,828.89</u>	<u>13,142.54</u>
C. Cash and Bank Balances		
Cash on hand	12.29	13.64
Cheque/Drafts on hand /in Transit	423.94	410.38
Balances With Scheduled Bank		
In Current Accounts	1,373.10	1,243.76
In Fixed Deposits	2,035.72	7,184.74
In Dividend/Interest Warrant Account (Per Contra)	35.71	38.10
Balances with Non-Scheduled Bank in Current Accounts		
China Merchants Bank (Maximum Balance Outstanding during the year Rs.7.48 million, Previous year Rs. 4.99 million)	2.08	0.46
(C)	<u>3,882.84</u>	<u>8,891.08</u>
D. Other Current Assets		
Interest Accrued	66.56	59.67
Insurance Claim Receivable	57.94	36.08
Other Receivable	61.24	131.31
(D)	<u>185.74</u>	<u>227.06</u>
E. Loans and Advances (Unsecured, considered good)		
Advances to Subsidiary Companies (Net)	19,163.38	2,298.16
Advances recoverable in Cash or in kind or for value to be received	19,751.83	9,786.09
Balance with Central Excise / Customs Department	643.14	150.50
Advance Fringe Benefit Tax (Net of Provision)	0.10	0.02
Other Deposits	374.01	279.36
(E)	<u>39,932.46</u>	<u>12,514.13</u>
TOTAL (A to E)	<u>75,518.57</u>	<u>48,711.25</u>
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors *		
Due to Micro, Small and Medium Enterprises	9.56	-
Due to others	4,920.91	5,953.76
Bank Overdraft as per books	38.36	15.12
Interest Accrued but not due	293.06	293.82
Other Liabilities	2,485.64	1,638.74
Unclaimed Dividend/Interest (Per Contra)	35.71	38.10
* Including Acceptance of Rs.3,190.57 million (Previous year Rs. 2,845.28 million)	7,783.24	7,939.54
(A)	<u>7,783.24</u>	<u>7,939.54</u>
B. Provisions		
Provision for Income Tax (Net of Advance Tax)	730.72	472.39
Proposed Dividend - Equity	229.45	803.02
Proposed Dividend - Preference	36.81	36.81
Provision for Corporate Tax on Proposed Dividend	45.25	142.73

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
Provision for Warranty and Maintenance Expenses	401.11	380.64
Provision for Exchange Rate Fluctuation	-	1,023.91
Provision for Leave Encashment	31.28	37.66
Provision for Gratuity	45.09	35.06
(B)	<u>1,519.71</u>	<u>2,932.22</u>
TOTAL (A + B)	<u>9,302.95</u>	<u>10,871.76</u>
SCHEDULES TO PROFIT AND LOSS ACCOUNT		
	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
SCHEDULE 9 : OTHER INCOME		
Interest Income (TDS Rs.133.02 million, Previous year Rs.44.43 million)	600.44	211.84
Income From Investments & Securities Division (TDS Rs.70.03 million, Previous year Rs.43.24 million) (Refer Note B-12 of Schedule No.15)	(523.51)	205.76
Profit on Sale of Fixed Assets	66.37	-
Insurance Claim Received	26.14	64.93
Exchange Rate Fluctuation	-	883.23
Miscellaneous Income (TDS Rs 0.01 million, Previous year Rs.0.02 million)	118.78	297.86
TOTAL	<u>288.22</u>	<u>1,663.62</u>
SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	8,119.11	7,359.11
Add : Purchases	54,728.29	50,060.08
	<u>62,847.40</u>	<u>57,419.19</u>
Less : Closing Stock	9,913.95	8,119.11
(A)	<u>52,933.45</u>	<u>49,300.08</u>
B. (Increase)/Decrease in Stock		
Closing Stock :		
Finished Goods	3,507.66	3,261.32
Work in Process	765.07	988.43
	<u>4,272.73</u>	<u>4,249.75</u>
Opening Stock :		
Finished Goods	3,261.32	3,099.54
Work in Process	988.43	831.47
	<u>4,249.75</u>	<u>3,931.01</u>
(B)	<u>(22.98)</u>	<u>(318.74)</u>
TOTAL (A+B)	<u>52,910.47</u>	<u>48,981.34</u>
SCHEDULE 11 : PRODUCTION & EXPLORATION EXPENSES - OIL AND GAS		
Production Expenses	401.53	358.41
Royalty	362.63	384.83
Cess	499.54	566.53
Production Bonus	95.80	107.80
Government Share in Profit Petroleum	10,264.76	6,763.18
Abandonment Costs	-	47.64
Exploration Expenses	711.32	487.47
Insurance Expenses	44.02	22.05
TOTAL	<u>12,379.60</u>	<u>8,737.91</u>
SCHEDULE 12 : SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	986.53	882.85
Contribution to Provident and other Funds	89.11	72.80
Staff Welfare	82.54	97.83
TOTAL	<u>1,158.18</u>	<u>1,053.48</u>

	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES		
Power, Fuel & Water	867.73	731.61
Freight & Forwarding	1,075.18	958.76
Rent	158.72	135.23
Rates & Taxes	69.66	129.74
Repairs to Building	31.71	31.74
Repairs to Plant & Machinery	85.13	95.24
Repairs & Maintenance-others	62.55	54.37
Insurance Expenses	68.13	85.85
Advertisement & Publicity	1,045.77	965.46
Sales Promotion Expenses	215.49	190.11
Discount & Incentive Schemes	2,107.60	1,990.38
Bank Charges	307.58	265.21
Auditors' Remuneration	10.80	8.33
Donation	91.70	71.58
(Includes Amount Paid to 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.2.5 million, Bharitya Janta Party Rs.25.00 million (Previous year Rs.5.00 million Rashtriya Janata Dal)		
Directors' Sitting Fees	1.32	1.18
Legal & Professional Charges	230.22	128.09
Royalty	69.60	72.14
Printing & Stationery	24.18	21.96
Warranty and Maintenance Expenses	606.66	581.48
Loss on Sale of Fixed Assets	-	1.45
Provision for doubtful debts	38.99	27.73
Exchange Rate Fluctuation	342.29	-
Miscellaneous Expenses	304.62	244.19
TOTAL	7,815.63	6,791.83
SCHEDULE 14 : INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	3,629.35	2,709.99
On Others	381.68	396.52
TOTAL	4,011.03	3,106.51

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 issued by the Institute of Chartered Accountants of India, as referred to in Section 211 (3C) of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements 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, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

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 but net of Cenvat/Value added tax.

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:

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

b) In respect of joint ventures in the form of jointly controlled entities, the income on investments in incorporated jointly controlled entities is recognised when the right to receive the same is established and investment in such joint venture is carried at cost after providing for any permanent diminution in value.

4. Exploration, Development Costs and Producing Properties:

The Company follows the "Successful Efforts Method" of accounting for oil and gas exploration, development and production activities as explained below:

- Exploration costs involved in drilling and equipping exploratory and appraisal wells, test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Policy No. (c) below or expensed in the year when determined to be dry or of no further use.
- All costs relating to Development Wells are initially capitalised as Development Wells in Progress and transferred to Producing Properties on completion as per Policy No. (c) below. Costs includes recharge to the Joint Venture by the operator / Affiliate.
- Producing Properties are created in respect of an area / field having proved developed oil and gas reserves, when the area/field is ready to commence commercial production. Cost of successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

5. Abandonment Costs:

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

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

- Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- 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.
- Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

14. Foreign Currency Transactions:

- Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised, as the case may be, as income or expense for the year.
- Foreign Currency liabilities in respect 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 March 29, 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 & Loss Account.
- b) Finance Leases :
- (i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Profit & 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 :-**
- | | As at
30th Sept., 2008
(Rs. In Million) | As at
30th Sept., 2007
(Rs. In Million) |
|---|---|---|
| 1. Contingent Liabilities not provided for: | | |
| a) Letters of Guarantees | 45,206.98 | 30,893.07 |
| b) Letters of Credit opened | 1,337.13 | 3,593.37 |
| c) Customs Penalty - Stayed by High Court | 0.88 | 11.85 |
| d) Customs Duty demands under dispute
[Amount paid under protest Rs. 0.40 million (Previous year Rs. 3.94 million)] | 249.49 | 95.96 |
| e) Income Tax demands under dispute
[Amount paid under protest Rs. NIL (Previous year Rs.102.16 million)] | 349.38 | 102.16 |
| f) Excise Duty and Service Tax demand under dispute
[Amount paid under protest Rs.2.87 million (Previous year Rs. 2.43 million)] | 275.57 | 221.81 |
| g) Sales Tax demands under dispute
[Amount paid under protest Rs. 23.96 million (Previous year Rs. 34.20 million)] | 326.36 | 213.41 |
| h) Others | 51.42 | 51.42 |
| i) During the year, 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 for USD 11.92 million (INR 474.69 million) for the period August 16, 2002 to March 31, 2006, out of which USD 0.6 Million (INR 24.76 million) relates to Ravva Block. The Operator has filed writ petition with Hon'ble High Court of Chennai. Further, the Operator has received SCN for the period April 1, 2006 to March 31, 2007 for USD 3.43 million (INR 136.59 million), out of which USD 1.95 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 Ravva Oil & Gas Field Joint-Venture is contesting the demands and believes that its position is likely to be upheld. 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 0.63 million (INR 25.38 million). | | |
| j) Ravva Oil & Gas Field Joint-Venture has received a demand notice for USD 0.54 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. 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 USD 0.13 million (INR 5.38 million). | | |
| k) 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. | | |
| 2. a) There was a dispute regarding (i) deductibility of Oil and Natural Gas Corporation Ltd. (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. 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. 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. The Company filed a supplementary application on July 7th, 2005 followed by an amendment application on August 8th, 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable to GOI as well as to determine the interest, if any, payable on the same to GOI. 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 an affidavit on May 10th, 2005 before the Kuala Lumpur 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 whereas the Company has challenged the jurisdiction of the Kuala Lumpur High Court and therefore the maintainability of such an appeal at that Court.
- b) There is a dispute between the Company and GOI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.71 million. The Company has filed an Interim Application on July 7th, 2005 before the Hon'ble Arbitral Tribunal for final determination of such amount, pending which no provision has been made by the Company.
- c) 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. The dispute was referred to an International Arbitration in accordance with the provisions of 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 Company had earlier filed a supplementary application on July 7th, 2005 and an amendment application on August 8th, 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable by GOI/its Nominees as well as to determine the interest, if any, payable on the same. 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 directive from the Hon'ble Arbitral Tribunal in this regard.
- d) 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 for change of sites of arbitration from London (U.K.) to Kuala Lumpur (Malaysia). GOI has challenged London as the permanent seat of arbitration for resolution of disputes under the Ravva PSC and has claimed for declaration of Kuala Lumpur as the permanent seat of arbitration. Whereas the Company honours the award dated November 15th, 2003 of the Hon'ble Arbitral Tribunal, passed with mutual consent of both the GOI and the Company, permanently fixing the seat of Arbitration at London in respect of disputes stated in (a), (b) and (c) above. The Hon'ble Arbitral Tribunal vide its' letter dated March 28th, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. Hon'ble Delhi High Court has held, vide order dated April 30th, 2008, that it has the jurisdiction to hear the matters under dispute 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 ultimate outcome of the matter can not be predicted, however, the Company believes that its' position is likely to be upheld.
- e) In respect of the Disputes stated in (a) and (b) above, 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 at (a) and Interim Award dated February 12th, 2004 and Partial Award dated December 23rd, 2004 in the Dispute stated above at (b). 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.
- Any further sum required to be paid or returnable in respect of dispute above at (a) to (e) 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. 528.59 million (Previous year Rs. 623.50 million).
4. Capital Work in Progress includes advances for capital assets Rs. 3,489.92 million (Previous year Rs. 646.40 million). Interest and other finance charges capitalised during the year Rs.544.61 million (Previous year Rs. 582.23 million).
5. A) During the year 2006 the Company had, during the year ended 30th September, 2006, issued
- a) 90,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 7th March, 2011 [outstanding Bonds 41,820 (Previous year 89,000)].
- 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. 410.00 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 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 [outstanding Bonds 66,651 (Previous year 104,901)].
- 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. 410.00 as adjusted in accordance with the anti-dilution provisions.
- ii) 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) Redeemable at maturity date on 25th July, 2011 at 127.65% of its principle amount, if not redeemed or converted earlier.
- B) During the year, the holders of 85,430 Bonds (Previous year 1099 Bonds) have exercised their option and have converted the Bonds into Equity Shares at the fixed rate of exchange.
6. The Company has made a provision of Rs.1,349.00 million (Previous year Rs.1,231.70 million) towards Current Income Tax, after taking into consideration, the benefits admissible under the provisions of the Income Tax Act, 1961 and the same is, in the opinion of the Management, adequate. The Company has also made a provision of Rs. 1.00 million (Previous year Rs.1.00 million) towards Wealth Tax.
7. The Company has reviewed the fixed assets for Impairment and has identified some of the machinery and equipments, which have been impaired. Consequently, an amount of Rs. 998.90 million (Previous year Rs. NIL) has been assessed as impairment loss and had been recognized in the Profit and Loss Account. The related Deferred Tax Credit of Rs. 339.52 million (Previous year Rs. NIL) has been included in the provision for Deferred Tax in the Profit & Loss Account.

	As at 30th Sept., 2008 (Rs. in Million)	As at 30th Sept., 2007 (Rs. in Million)
8. The major components of deferred tax liabilities/assets are as under:		
A. Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets & amortisation	5,142.56	5,292.65
	<u>5,142.56</u>	<u>5,292.65</u>
B. Deferred Tax Assets		
i) Related to Unabsorbed Depreciation and Business Loss	-	651.73
ii) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	33.65	19.63
iii) Diminution in value of investments charged in Profit & Loss Account	272.43	54.84
iv) Tax credit available u/s 115JAA	-	1,011.88
v) Other	592.18	975.57
	<u>898.26</u>	<u>2,713.65</u>
Net Deferred Tax Liability	<u>4,244.30</u>	<u>2,579.00</u>

9. Joint Venture Disclosure:

Unincorporated Joint Ventures:

- Ravva Oil and Gas Field: The Production Sharing Contract (PSC) in respect of Ravva Oil and Gas Field was entered into on 28th October, 1994 (Effective Date) between the President of India on behalf of the Government of India and the contractor parties viz. Oil and Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company), Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The contractor parties have pursuant to the PSC, entered into a Joint Operating Agreement on the Effective Date. Cairn Energy India Pty Ltd. is the Operator. The participating interest of the Company in the said PSC is 25%.
- The Consortium comprising the Company, Oilex NL Australia, 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 3 well exploration have been successfully drilled. The Participating interest of the Company in the said venture is 25%. The Capital Commitments of the Company based on estimated minimum work programme for the year 2008-09 in relation to it's participating interest is Rs. 492.18 million (Previous year Rs.251.04 million).
- Great Artesian Oil and Gas Ltd (GOG) held 100% of EPP 27 offshore Otway Basin, South Australia. The Company, Oilex NL, Gujarat State Petroleum Corporation Ltd. and GOG have entered into Farm-in agreement and Joint Operating Agreement in February, 2006. The acquisition of 2D Seismic Data reprocessing and drilling of one exploration well was carried out. However, due to lack of availability of a rig to undertake the drilling, it had been necessary to seek a suspension/ extension of the permit which ended on 24th February, 2007 and was extended upto 24th August, 2008. PIRSA after discussion with Australian Government has recommended that the JV enter into a Good Standing Arrangement and spend the penalty amount of AU\$ 5,253,061 as the minimum expenditure on a committed primary term work programme on an Exploration block in Federal Australian Waters in next 2 years. For this the JV is required to bid successfully. The participating interest of the Company is 20%. Pending the Good Sharing Agreement and the bid, the company has provided for it's share in the aforesaid penalty, of AU\$ 1.58 million i.e. Rs.62.08 million.
- The Consortium comprising the Company, Oilex NL, Australia, Gujarat State Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded a Block WA-388-P for a term of 6 years from Government of Western Australia. Joint operating Agreement has been signed by all of Joint venture parties in March 2007. The acquisition of Seismic Data is in progress. The participating interest of the Company was 20%. A Farm-out Agreement has been entered into with Sasol Petroleum Australia Ltd. on 12th August, 2008 whereby, Sasol will carry the JV partners upto certain costs of Rose 3D seismic data after the completion of 3D survey in the JPDA 06-103 Block. In return Sasol will get a 30% participating interest in the Block and will takeover from Oilex as operator, after fulfillment of all obligations under the said Agreement. The Capital Commitments of the Company for next three years based on six year work programme is Rs. 61.61 million (Previous year Rs. 163.30 million).

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 latest technical assessment of current costs available with the Company 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.

Incorporated jointly controlled Entities :

VB (Brasil) Petroleo Private Limitada ("VB Brasil"), a 50:50 joint venture company incorporated in Brazil along with Bharat PetroResources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd., acquired 100% equity of EnCana Brasil Petroleo Limitada (name changed to IBV Brasil Petroleo Limitada) from EnCana Corporation and 749739 Alberta Limited (the "Vendors") under a Share Sale Agreement dated September 8, 2007 wherein the effective date was agreed as January 1, 2007 (the "Effective Date"). The acquisition transaction was completed by VB Brasil on September 18, 2008 (the "Closing Date") for a consideration of US\$ 165 million plus operating costs from the Effective Date till the Closing Date amounting to US\$ 117.85 million. IBV Brasil Petroleo Limitada has interests in four concessions with ten deep water offshore exploration blocks in Brazil. The national oil company of Brazil is the operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one remaining 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 financial interest in the said jointly controlled entity VB (Brasil) Petroleo Private Limitada is as under:

The Company's 50% share of	30th Sept. 2008 (Rs. in million)	30th Sept. 2007 (Rs. in million)
Assets	6,988.27	-
Liabilities	7,303.77	-
Income	-	-
Expenses	339.10	-
Tax	-	-

10. The Exceptional items in profit and loss account represents;

- The amount of interest on delayed payment of profit petroleum and royalty on oil and gas of Rs.391.78 million deducted by the Government of India in respect of which the application is pending before the Hon'ble Arbitral Tribunal for final determination of such amount.
 - Exchange rate difference on ECB and FCCB amounting to Rs. 886.32 million which is only a provision made and may reverse in case, the exchange rate moving back to earlier levels.
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 off the related expenditure has been shown as "Income/(Loss) from Investments & Securities Division" under "Other Income".

	For the year ended 30th Sept., 2008 (Rs. in Million)	For the year ended 30th Sept., 2007 (Rs. in Million)
12. The Income from Investments and Securities Division includes:		
i. Dividends:		
on Long Term Investments	9.88	15.71
on Current Investments	2.56	1.28
ii. Debenture/Bond - Interest/Premium		
on Long Term Investments (TDS Rs. 0.17 million (Previous year Rs. 3.19 million))	3.18	8.03
iii. Gain / (Loss) on Sale of Investments		
Long Term	78.66	492.11
Current	114.12	254.78
13. Earnings Per Share:		
i. Net Profit attributable to Equity Shareholders		
Net Profit as per Profit & Loss Account	8,542.95	8,552.19
Add: Excess provision of Income Tax for earlier year written back	7.32	35.37
Less : Short provision of Fringe Benefit Tax	0.17	-
	8,550.10	8,587.56
Less : Dividend on Preference Shares including Tax on the same	43.06	43.06
Net Profit attributable to Equity Shareholders	8,507.04	8,544.50
Add : Changes (net) Related to FCCBs	246.69	22.30
Adjusted Net Profit for Diluted EPS	8,753.73	8,566.80
ii. Weighted Average number of equity shares for Basic EPS	227,224,997	221,019,058
Weighted Average number of equity shares for Diluted EPS	238,903,247	239,963,551
iii. Basic Earnings per Share	Rs. 37.44	Rs. 38.66
Diluted Earnings per Share	Rs. 36.64	Rs. 35.70
iv. Reconciliation of weighted average Numbers of Equity Shares outstanding during the period		
For Basic Earnings Per Share	227,224,997	221,019,058
Add : Adjustment on account of FCCBS	11,678,250	18,944,493
For Diluted Earnings Per Share	238,903,247	239,963,551

14. Employee Benefits

- During the year the Company has adopted the revised Accounting Standard 15 (AS-15) "Employee Benefits" as issued by Institute of Chartered Accountants of India. Pursuant to the adoption, the difference between the transitional Liability and the liability that would have been recognised at the same date as per pre-revised AS-15 is adjusted against the opening balance of General Reserve.

b) Disclosure

i) Defined Contribution Plans :

Amount of Rs.89.11million (Previous year Rs. 72.80 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 :

	30th September, 2008	
	Funded Gratuity (Rs. in Million)	Non Funded Leave Encashment (Rs. in Million)
a) The amounts recognised in the Balance Sheet as at 30th September, 2008		
1 Present Value of Defined Benefit Obligation	79.46	31.28
2 Fair value of plan assets	34.37	-
3 Funded Status - Surplus/(Deficit)	(45.09)	(31.28)
4 Net Assets/(Liability) 30th September, 2008	(45.09)	(31.28)

	30th September, 2008	
	Funded Gratuity (Rs. in million)	Non Funded Leave Encashment (Rs. in million)
b) The amounts recognised in Profit and Loss for the year ended 30th September, 2008		
1 Current Service Cost	8.71	6.68
2 Interest Cost	5.92	2.37
3 Actuarial (gain)/ Losses	4.06	5.21
4 Actual Return on Plan Assets	(3.08)	-
5 Total expenses	15.61	14.26
c) The changes obligations during the year ended on 30th September, 2008		
1 Present value of Defined Benefit Obligation at the beginning of the year	71.92	29.09
2 Current Service Cost	8.71	6.68
3 Interest Cost	5.92	2.37
4 Actuarial (Gain)/ Losses	4.06	5.21
5 Benefit Payments	11.15	12.07
6 Present value of Defined Benefit Obligation at the end of the year	79.46	31.28
d) The changes in Plan Assets during the year ended on 30th September, 2008		
1 Plan Assets at the beginning of the year	31.16	-
2 Contribution by Employer	9.14	-
3 Actual Benefit paid	9.23	-
4 Plan Assets at the end of the year	34.37	-
5 Actual return on Plan Assets	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. This being first year of implementation of revised AS -15, Previous year's figures have not been given.

15. a) The Financial Institutions have a right to convert, at their option, the whole outstanding amount of term loans or a part not exceeding 20% of defaulted amount of loan, whichever is lower, into fully paid up equity shares of the Company at par on default in payments / repayments of three consecutive installments of principal and / or interest thereon or on mismanagement of the affairs of the Company.
- b) The Financial Institutions have a right to convert at their option, the whole or a part of outstanding amount of Preference Shares, into fully paid up equity shares of the Company as per SEBI guidelines, on default in payment of dividend or a default in redemption of Preference Shares or any combination thereof.
16. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
17. Funds mobilised by issue of Foreign Currency Convertible Bonds have been utilised for the object of the issue i.e. for expansion of glass shell manufacturing facilities, expansion of consumer electronics and household appliances business and global CPT business.
18. In the opinion of the Board, the value of realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than 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.

	For the year ended 30th Sept.,2008 (Rs. in Million)	For the year ended 30th Sept.,2007 (Rs. in Million)
	19. Auditors' Remuneration: (Including Service Tax)	
a) Audit Fees	6.18	5.06
b) Tax Audit Fees	1.52	1.24
c) Out of Pocket Expenses	0.18	0.18
d) Other Services	2.92	1.85
	10.80	8.33

	As on 30th Sept.,2008 (Rs. in Million)	As on 30th Sept.,2007 (Rs. in Million)
	20. 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.	86,966	NIL
b) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	2,840	NIL

- 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
- d) The amount of interest due and payable for the period of delay in making payment.
- e) The amount of interest accrued and remaining unpaid at the end of each accounting year.
- 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

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

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

22. Related Party Disclosures:

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

a) List of Related Parties:

i) Subsidiary Companies:

- Paramount Global Limited
- Videocon Global Limited
- Sky Billion Trading Limited
- Videocon (Mauritius) Infrastructure Ventures Limited
- Middle East Appliances LLC
- Powerking Corporation Limited
- Mayur Household Electronics Appliances Private Limited
- Godavari Consumer Electronics Appliances Private Limited
- Pipavav Energy Private Limited (w.e.f. March 26, 2008)
- Datacom Solutions Pvt. Ltd.(Subsidiary of Videocon International Electronics Limited) (w.e.f. December 12, 2007)
- Datacom Telecommunications Pvt. Ltd. (Subsidiary of Datacom Solutions Pvt. Ltd.) (w.e.f. February 1, 2008)
- Venus Corporation Limited
- Eagle Corporation Limited (Upto 15th March 2008)
- Global Energy Inc
- Videocon Display Research Co.Ltd.
- Videocon Global Energy Holdings Ltd. (w.e.f. January 7, 2008)
- Videocon Energy Resources Limited (w.e.f. January 23, 2008)
- Videocon Electronics (Shenzhen) Ltd. (Chinese name - Wei You Kang Electronic (Shenzhen) Co.Ltd.) (w.e.f. April 17, 2008)
- Videocon International Electronics Limited (w.e.f. December 11, 2007)
- Eagle E Corp Limited (w.e.f. August 25, 2008)
- Videocon Energy Ventures Limited (w.e.f. September 8, 2008)
- Videocon Hydrocarbon Holdings Limited (Subsidiary of Videocon Global Energy Holdings Ltd. from January 7, 2008 to September 14, 2008 and Subsidiary of Videocon Energy Ventures Limited w.e.f. September 15, 2008)
- Investcon Singapore Holdings Limited (Subsidiary of Videocon (Mauritius) Infrastructure Ventures Limited) (w.e.f. October 9, 2007)
- Technologies Display Americas LLC * (Upto 15th March 2008)
- Technologies Displays Mexicana S.A. de.CV * (Upto 15th March 2008)
- VDC Technologies S.P.A. * (Upto 15th March, 2008)
- TTD International S. A. *(Upto 15th March, 2008)
- TDP S.P.z.o.o *(Upto 15th March,2008)
- TTD International Ltd. *(Upto 15th March,2008)
- TGDC Guangdong Displays Co. Ltd.* (Upto 15th March,2008)
- Thomson Display Technology Research & Development Co. Ltd. *(Upto 15th March,2008)
- VDC Technologies Deutschland GmbH ** (Upto 15th March 2008)
- VDC Technologies Iberica S. L. ** (Upto 15th March 2008)
- * Subsidiaries of Eagle Corporation Ltd.
- ** Subsidiary of VDC Technologies SPA

ii) Associate and Joint Venture:

- Rawva Oil & Gas Field (unincorporated) Joint Venture - Participating Interest 25%
- WA-388-P Joint Venture - Participating Interest 20% (w.e.f. September 18, 2008)
- Block 56 Joint Venture Oman - Participating Interest 25%
- EPP27 Joint Venture - Participating Interest 20%
- JPDA 06-103 Joint Venture - Participating Interest 25%
- VB (Brazil) Petroleo Private Ltd. - Percentage of holding 50% (w.e.f. December 2, 2007)
- Videocon Infinity Infrastructure Pvt. Ltd. - Percentage of holding 50% (w.e.f. June 2, 2008)
- Evans Fraser & Co. (India) Ltd. - Percentage of holding 41.67% (Upto August 5, 2008)

iii) Key Management Personnel:

- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Pradeepkumar 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	22,151.06 (27,085.95)		
Purchase of Goods	207.09 (702.24)		
Interest Received	NIL (15.70)		
Investments /Share Application Money During the year	1,683.05 (85.66)	24.37 (NIL)	
Advances/Loans given	17,697.06 (2,039.45)	0.05 (NIL)	
Advances/Loans Received	1.29 (NIL)		
Transactions with Joint Ventures - Contribution towards share of expenditure		2,167.16 (1,735.31)	
Remuneration			24.93
Outstanding as at 30th September 2008			
Trade Receivables	4,785.26 (7,490.12)		
Trade Payables	NIL (583.39)		
Advances/Loans given	19,164.67 (2,298.16)	0.05 (52.55)	
Advances/Loans Received	1.29 (NIL)		
Receivable from unincorporated Joint Venture		NIL (35.11)	
Payable to unincorporated Joint Venture		3.86 (2.14)	
Investments/Share Application Money Receivable from unincorporated Joint Venture	2,624.14 (14,516.78)	24.37 (40.63)	
Payable to unincorporated Joint Venture		3.86 (2.14)	

- c) Disclosure in respect of Material Related Party Transactions during the year :
- Sales include to VDC Technologies S.P.A. Rs. 2,959.53 million (Previous year Rs.2,726.29 million), Mayur Household Electronics Pvt. Ltd. Rs.17,638.26 million (Previous year Rs.19,109.46 million).
 - Purchases from VDC Technologies S.P.A. Rs. 34.10 million (Previous year Rs.NIL), TTD International Ltd. Hongkong Rs.46.63 million (Previous year Rs. 585.12 million), Technologies Display Americas LLC Rs.98.73 million (Previous year Rs. NIL).
 - Interest received from Videocon Global Ltd. Rs. NIL (Previous Year Rs. 15.70 million).
 - Purchase of Investments/Share Application Money includes subscription to Videocon Global Ltd. Rs.1,525.98 million (Previous year Rs. NIL), Sky Billion Trading Limited Rs. NIL (Previous year Rs. 49.61 million), Videocon Display Research Co.Ltd. Rs. NIL (Previous year Rs. 22.97 million), Global Energy Inc Rs. NIL (Previous year Rs. 13.04 million).
 - Advances/Loans given includes to Datacom Solutions Pvt. Ltd. Rs.8,471.33 million (Previous year Rs. NIL), Pipavav Energy Private Limited Rs.1,856.72 million (Previous year Rs. NIL), Paramount Global Limited Rs. 2,774.62 million (Previous year Rs. 758.14 million), Godavari Consumer Electronics Appliances Private Limited Rs.4,594.39 million (Previous year Rs. NIL), Videocon Global Ltd. Rs. NIL (Previous year Rs. 430.75 million), Eagle Corporation Limited Rs. NIL (Previous year Rs. 850.55 million).
 - Advances/Loans received from Videocon Global Ltd. Rs.1.29 million (Previous year Rs. NIL).
 - Contribution Towards Share of Expenditure (Joint Venture) includes Block 56 Joint Venture - Oman Rs.242.79 million (Previous year Rs. 49.39 million), Ravva Oil & Gas Field Rs.1,926.66 million (Previous year Rs. 1,661.35 million).
 - Trade receivable includes Mayur Household Electronics Pvt. Ltd. Rs.4,506.18 million (Previous year Rs. 5,887.49 million), VDC Technologies S.P.A. Rs. NIL (Previous year Rs. 955.41 million).
 - Trade payable includes TTD International Ltd Hongkong Rs.NIL (Previous year Rs. 520.59 million).
 - Outstanding Advances/Loans given includes to Datacom Solutions Pvt. Ltd. Rs.8,471.33 million (Previous year Rs. NIL), Paramount Global Limited Rs. 4,242.23 million (Previous year Rs. 1,467.61 million), Godavari Consumer Electronics Appliances Private Limited Rs.4,594.39 million (Previous year Rs. NIL), Eagle Corporation Limited Rs. NIL (Previous year Rs. 830.55 million).

- Outstanding Advances/Loans received from Videocon Global Ltd. Rs.1.29 million (Previous year Rs. NIL)
 - Outstanding in Investments/Share Application Money includes Videocon Global Ltd. Rs.1,525.98 million (Previous year Rs. NIL), Eagle Corporation Ltd. Rs. NIL (Previous year Rs. 13,575.65 million).
 - Receivable from unincorporated Joint Venture includes Ravva Oil & Gas Field Rs. NIL (Previous year Rs.35.11 million).
 - Payable to operator of Unincorporated Joint Venture in respect of EPP27 offshore otway Basin, South Australia Rs. 0.41 million (Previous year Rs. 0.40 million), Block 56 - Oman Rs.2.17 million (Previous year Rs. 1.30 million), Block WA-388-P, Australia Rs. 1.28 million (Previous year Rs. 0.44 million).
23. 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.

24. **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)

Sr. No.	Name of the Company		30.09.2008	30.09.2007	Maximum Balance During the year
1	Paramount Global Ltd.	Subsidiary	4,242.23	1,467.61	6,907.95
2	Eagle Corporation Ltd.	Subsidiary upto 15th March,2008	-	830.55	1,505.62
3	Pipavav Energy Pvt. Ltd.	Subsidiary	1,856.72	-	1,856.72
4	Datacom Solutions Pvt. Ltd.	Subsidiary of Videocon International Electronics Ltd.	8,471.33	-	8,714.29
5	Godavari Consumer Electronics Appliances Private Limited	Subsidiary	4,594.39	-	4,594.39

Notes :-

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

B. Investment by the loanee in the shares of the Company.

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

25. **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 on 30.09.2008	As on 30.09.2007
Crude Oil	Million Metric Tonnes	1.89	2.19
Natural Gas	Million Cubic Metres	419.69	490.81

26. During the year the Company has changed the accounting policy in respect of accounting for provision for Abandonment Cost. According to the revised policy, the full eventual estimated liability towards cost relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as cost of producing property and as liability for abandonment cost, based on the latest technical assessment available and the same is amortised using the "unit of production method". Hitherto, the abandonment costs were provided for as liability and not capitalised as producing property. Consequent to this change in accounting policy, the gross fixed asset are higher by Rs 1,004.36 millions, the net fixed assets and the current liabilities are higher by Rs 217.24 million. There is no impact on the profit for the year due to this change in the accounting policy.
27. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by Institute of Chartered Accountants of India the disclosure with respect to provisions are as follows:

	Exchange Rate Fluctuation (Rs. in million)	Warranty & Maintenance Expenses (Rs. in million)
a) Amount at the beginning of the year	1,023.91	380.64
	(-)	(360.55)
b) Additional provision made during the year	-	392.01
	(1,023.91)	(371.23)
c) Amount used	1,023.91	371.54
	(-)	(351.14)
d) Amount at the end of the year	-	401.11
	(1,023.91)	(380.64)

Figures in bracket are in respect of Previous year.

28. 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" to be used by employees for a period of 4 years. The lease rentals charged during the year are Rs. 1.02 million.
- iii) The maximum obligation on long-term non-cancellable operating leases entered on or after April 1, 2001 payable as per the rentals stated in respective agreements is Rs. NIL.

29. 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)

		30th Sept., 2008		30th Sept., 2007	
	Unit	Quantity	Rs. in Million	Quantity	Rs. in Million
a) Crude Oil	MT	529,099		602,649	
b) Natural Gas	Cu.Mtr	209,294,447		199,822,632	
c) TV Sets including Assemblies and sub assemblies thereof and Glass Shells	Nos	34,139,422		31,011,900	
d) Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	5,532,776		4,803,885	
e) Air Conditioners	Nos	399,106		359,375	

II. Stocks of Finished Goods at Close:

a) Crude Oil	MT	9,505	37.66	19,342	88.43
b) Natural Gas	Cu.Mtr	-	-	-	-
c) TV Sets including Asemblies and sub assemblies thereof and Glass Shells	Nos	1,490,537	1,755.63	985,691	1,483.76
d) Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	317,209	1,305.07	238,247	1,173.25
e) Air Conditioners	Nos	36,568	409.31	39,072	515.88
TOTAL			3,507.67		3,261.32

III. Stocks of Finished Goods at Beginning: (including addition on Amalgamation)

a) Crude Oil	MT	19,342	88.43	29,569	84.53
b) Natural Gas	Cu.Mtr.	-	-	-	-
c) TV Sets including Asemblies and sub assemblies thereof and Glass Shells	Nos	985,691	1,483.76	1,346,583	1,985.83
d) Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	238,247	1,173.25	226,214	748.33
e) Air Conditioners	Nos	39,072	515.88	23,221	280.85
TOTAL			3,261.32		3,099.54

IV. Sales/Services Rendered (Including Duty Drawback and Cash Compensatory support)

a) Crude Oil	MT	538,936	18,002.11	612,876	13,056.67
b) Natural Gas	Cu.Mtr.	190,834,898	1,073.89	181,991,600	1,045.24
c) TV Sets including Asemblies and sub assemblies thereof and Glass Shells	Nos	33,634,576	51,494.84	31,372,792	45,608.49
d) Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	5,453,814	23,711.97	4,791,852	21,275.12
e) Air Conditioners	Nos	401,610	6,320.13	343,524	5,560.21
f) Other Sales & Service Income			448.34		556.85
TOTAL			101,051.28		87,102.58

V. Flared/Consumed/Normal Loss

a) Natural Gas	Cu.Mtr.	18,459,549		17,831,032	
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VI. Raw Material Components and Spares Consumption including for products manufactured through third parties

a) Printed Circuit Board (All types)	Nos	8,929,193	6,251.03	7,540,602	5,823.81
b) Active & Passive Components */**			16,004.20		14,910.42
c) Plastic and Wooden Parts	Nos	10,053,448	21,598.00	9,341,424	20,121.92
d) Other Raw Materials **			9,080.22		8,443.93
TOTAL			52,933.45		49,300.08

* Inclusive of job charges paid

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

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

VII. Value of Imported and Indigenous

Raw Materials, Components and Spares Consumed *

	30th Sept., 2008		30th Sept., 2007	
	Percentage	Rs. in Million	Percentage	Rs. in Million
a) Imported	20.23	10,708.73	19.26	9,495.19
b) Indigenous	79.77	42,224.72	80.74	39,804.89
TOTAL		52,933.45		49,300.08

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

	30th Sept., 2008		30th Sept., 2007	
		Rs. in Million		Rs. in Million
a) C.I.F. Value of Imports				
Raw Materials		11,411.61		7,152.70
Capital Goods (including advances)		217.88		590.20
b) Expenditure incurred in Foreign Currency: (on payment basis)				
for Cash Call paid to the Operator for the project		1,751.23		1,340.57
Interest & Bank Charges		478.45		743.42
Royalty		69.52		63.25
Travelling		28.15		32.72
Dividend- 874 shareholders holding 39,964,109 Shares (Previous year – 631 shareholders holding 49,346,401 shares)		139.87		172.71
Others		16.91		41.20
c) Other Earning/Receipts in Foreign Currency:				
F.O.B. Value of exports (on receipt basis)		6,077.34		4,364.32
Interest		3.43		16.92

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

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

I. Registration Details	
Registration No.	103624
Balance Sheet Date	30.09.2008
State Code	11
II. Capital Raised During the year (Amounts Rs. in Thousand)	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	83,571
Amalgamation	-
Share Application Money	-
III. Position of Mobilisation & Deployment of Funds (Amounts Rs. in Thousand)	
Total Liabilities	152,438,209
Total Assets	152,438,209
Sources of Funds	
Paid-up Capital	2,753,108
Reserves & Surplus	65,384,861
Deferred Tax Liability (Net)	4,244,294
Secured Loans	44,012,544
Unsecured Loans	36,043,402

Application of Funds	
Net Fixed Assets	59,266,706
Investments	26,955,880
Net Current Assets	66,215,623
IV. Performance of Company (Amounts Rs. in Thousand)	
Turnover	97,824,761
Total Expenditure	84,876,982
Profit Before Tax	12,947,780
Profit After Tax	8,542,953
Earnings Per Share in Rs.	Rs. 37.44
Dividend Rate %	10%
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)	8521.00
Product Description	DVD/VCD
d) Item Code No. (ITC Code)	8528.1008
Product Description	Glass Shell Panels & Funnels for C.P.T.

As per our report of even date
For KHANDELWAL JAIN & CO.
 Chartered Accountants

For KADAM & CO.
 Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
 Partner
 Membership No. 104180

U.S.KADAM
 Partner
 Membership No. 31055

V.N.DHOOT
 Chairman and
 Managing Director

S. PADMANABHAN
 Director

Place : Mumbai
 Date : February 26, 2009

VINOD KUMAR BOHRA
 Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES
Statement of Subsidiaries of Videocon Industries Ltd.

1	Name of Subsidiary	Videocon Energy Ventures Ltd. (On Consolidated basis) (w.e.f.18th Sept.,2008)	Paramount Global Ltd.	Middle East Appliances LLC	Global Energy Inc	Videocon Display Research Co.Ltd.
2	The financial year of the Subsidiary Companies ended on	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08
3	Holding Company's Interest					
	No. of Shares held by Videocon Industries Ltd. With its nominees in the subsidiaries at the end of the financial year of the subsidiary Companies	1,000 Shares of the face value of US\$1.00 each fully paid	12,800,000 Shares of the face value of us\$1.00 each fully paid	2,251,800 Shares of the face value of Oman Riyal 1.00 each fully paid	1,000 Shares of the face value of US\$1.00 each fully paid	1,200 Shares of the face value of JPY 500000 each fully paid
	Extent of the interest of holding company at the end of financial year of the subsidiary companies	100%	100%	100%	100%	100%
4	The net aggregate amount of the Subsidiary Companies Profit/(Loss) so far as it concern the members of the Holding co.					
a	Not dealt with in the Holding Company's accounts :					
	i For the current financial period ended	US\$ (289,874/-) in Rs.(12,420,284/-)	US\$ (6,816,202/-) in Rs.(278,576,122/-)	US\$(2,243,715/-) in Rs.(91,689,978/-)	US\$(6,164,713/-) in Rs.(251,949,970/-)	US\$128,491/- In Rs.5,251,392/-
	ii For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	US\$ (1,988,493/-) in Rs.(65,609,971/-)	US\$ (1,127,072/-) in Rs.(47,688,562/-)	US\$(139,290/-) in Rs.(5,546,214/-)	US\$(95,232/-) In Rs.(3,911,091/-)
b	Dealt with in Holding Company's accounts :					
	i For the current financial period ended	NIL	NIL	NIL	NIL	NIL
	ii For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL

Cont...

Cont..

1	Name of Subsidiary	Sky Billion Trading Ltd.	Videocon Global Energy Holdings Ltd.(w.e.17th Jan.,2008)	Videocon Global Ltd.	Venus Corporation Ltd.	Powerking Corporation Ltd.	Videocon (Mauritius) Infrastructure Ventures Ltd. (on consolidated basis)	Videocon Energy Resources Ltd.(w. e.23rd Jan.,2008)	Videocon Electronics(Shenzhen) Ltd.(Wei You Kang Electronics (Shenzhen) Co.Ltd.)(w.a.1.17th April,2008)	Eagle E-corp Ltd. (w.e.1.23th Aug.,2008)
2	The financial year of the Subsidiary Companies ended on	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08	30th Sept.08
3	Holding Company's Interest									
	No. of Shares held by Videocon Industries Ltd. With its nominees in the subsidiaries at the end of the financial year of the subsidiary Companies	1,072,000 Shares of the face value of US\$1.00 each fully paid	1,000 Shares of No par value	2,500 Shares of the face value of US\$1.00 each fully paid	2,982 Shares of the face value of US\$1.00 each fully paid	2,711 Shares of the face value of US\$1.00 each fully paid	500,000 Shares of the face value of US\$1.00 each fully paid	1,000 Shares of No par value	30,000 Shares of the face value of US\$1.00 each fully paid	10,000 Shares of the face value of US\$1.00 each fully paid
	Extent of the interest of holding company at the end of financial year of the subsidiary companies	100%	100%	100%	100%	100%	100%	100%	100%	100%
4	The net aggregate amount of the Subsidiary Companies Profit/(Loss) so far as it concern the members of the Holding co.									
a	Not dealt with in the Holding Company's accounts :									
	i For the current financial period ended	US\$4,790,139/- In Rs.(195,771,545/-)	US\$253,726/- In Rs.(10,508,740/-)	US\$7,274,314/- In Rs.297,299,021/-	US\$3,877,685/- In Rs.(158,479,815/-)	US\$2,573,822/- In Rs.105,191,945/-	US\$9807IN RS(404912/-)	US\$40,929/- In Rs.(1,695,602/-)	NIL	US\$1,876/- In Rs.(82,894/-)
	ii For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	US\$ 56,442/- In Rs.2,384,859/-	NIL	US\$25,727,552/- In Rs.1,068,313,437/-	US\$3,114,884/- In Rs.(124,536,548/-)	US\$6,378,136/- (in Rs.241,723,287/-)	US\$42,236/-IN RS(1,795609/-)	NIL	NIL	NIL
b	Dealt with in Holding Company's accounts :									
	i For the current financial period ended	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	ii For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to exemption received from Ministry of Company Affairs, under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

(Rs.in Million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Share Application Money	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend	Country
1	Mayur Household Electronics Appliances Pvt.Ltd.	INR	1.00	0.10	1,000.00	354.76	6,016.71	4,661.85	-	18,167.21	499.51	154.51	345.00	-	INDIA
2	Godavari Consumer Electronics Appliances Pvt. Ltd.	INR	1.00	0.10	1,000.00	225.78	5,919.53	4,693.65	-	9,788.30	320.35	99.00	221.35	-	INDIA
3	Pipavav Energy Pvt.Ltd. (w.e.f 26th March, 2008)	INR	1.00	0.10	276.39	-	1,858.33	1,581.84	-	-	(0.61)	-	-	-	INDIA
4	Videocon International Electronics Ltd.(On consolidated basis)(w.e.f 11th Dec., 2007)	INR	1.00	0.50	6,000.00	(0.77)	25,300.72	19,300.99	-	-	(0.61)	-	(0.61)	-	INDIA
5	Videocon Energy Ventures Ltd. (On consolidated basis)(w.e.f 8th Sept, 2008)	USD	47.32	0.05	4.64	(14.19)	0.49	9.99	-	-	(12.42)	-	(12.42)	-	BRITISH ISLAND
6	Paramount Global Ltd.	USD	47.32	605.70	-	(500.85)	11,735.77	11,810.74	179.82	198.27	(278.58)	-	(278.58)	-	HONGKONG
7	Middle East Appliances Llc	RO	123.28	388.86	-	(159.25)	896.15	666.54	-	646.38	(91.70)	-	(91.70)	-	SULTANATE OF OMAN
8	Global Energy Inc	USD	47.32	0.05	14.15	(298.31)	78.06	362.17	-	0.24	(251.95)	-	(251.95)	-	CAYMAN ISLAND
9	Videocon Display Research Co.Ltd.	JYP	0.44	26.69	-	1.28	195.40	167.43	-	403.84	4.22	(1.03)	5.25	-	JAPAN
10	Sky Billion Trading Ltd.	USD	47.32	50.73	-	(242.46)	3,399.24	3,590.97	-	-	(195.77)	-	(195.77)	-	HONGKONG
11	Videocon Global Energy Holdings Ltd.(w.e.f 7th Jan, 2008)	USD	47.32	0.05	4.68	(12.01)	8,769.78	8,777.06	-	10.90	(10.51)	-	(10.51)	-	BRITISH ISLAND
12	Videocon Global Ltd.	USD	47.32	0.12	1,798.16	1,561.65	10,110.69	6,750.76	-	1,373.26	297.30	-	297.30	-	BRITISH ISLAND
13	Venus Corporation Ltd.	USD	47.32	0.14	-	(330.89)	2,054.38	2,385.13	-	-	(158.48)	-	(158.48)	-	CAYMAN ISLAND
14	Powerking Corporation Ltd.	USD	47.32	0.13	-	(180.07)	3,829.71	4,009.65	-	429.13	105.19	-	105.19	-	CAYMAN ISLAND
15	Videocon (Mauritius) Infrastructure Ventures Ltd. (On Consolidated Basis)	USD	47.32	25.08	-	(2.46)	107.12	84.59	0.09	-	(0.40)	-	(0.40)	-	MAURITIUS
16	Videocon Energy Resources Ltd.(w.e.f 23rd Jan, 2008)	USD	47.32	0.47	22.49	(1.94)	21.03	0.00	-	-	(1.70)	-	(1.70)	-	BRITISH ISLAND
17	Videocon Electronics (Shenzhen) Limited (Chinese Name: Wei You Kang Electronics (Shenzhen) Co.Ltd. (w.e.f 17th April, 2008)	CNY	6.90	1.41	-	-	1.41	-	-	-	-	-	-	-	CHINA
18	Eagle ECorp Ltd. (w.e.f 25th August, 2008)	USD	47.32	0.47	-	(0.09)	0.39	0.00	-	-	(0.08)	-	(0.08)	-	BRITISH ISLAND

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 2008 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 the Subsidiaries, whose financial statements reflect total assets of Rs. 80,468.19 million as at 30th September 2008, total revenues of Rs. 46,366.49 million and cash flows amounting Rs. 2,001.49 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" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, and its subsidiaries included in Consolidated Financial Statements.

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 2008;
- 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

U.S.KADAM

Partner

Membership No.: 31055

Place : Mumbai

Date : February 26, 2009.

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

Particulars	Schedule No.	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
I. SOURCES OF FUNDS			
1. Share Holders' Funds			
a. Share Capital	1	2,753.11	2,669.54
b. Reserves & Surplus	2	66,004.40	51,187.97
c. Capital Reserve on Consolidation		-	15,486.57
2. Minority Interest		540.00	296.73
3. Share Application Money Pending Allotment		8,022.49	2,081.46
4. Deferred Tax Liability (Net)		4,237.77	2,579.13
5. Loan Funds			
a. Secured Loans	3	77,014.12	45,090.45
b. Unsecured Loans	4	36,378.09	24,437.05
TOTAL		194,949.98	143,828.90
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a. Gross Block		134,177.28	132,839.90
b. Less : Depreciation / Amortisation / Impairment		43,328.48	57,698.19
c. Net Block		90,848.80	75,141.71
2. Investments	6	24,528.42	6,525.13
3. Goodwill on Consolidation		103.79	-
4. Current Assets, Loans and Advances	7		
a. Inventories		16,048.24	21,362.59
b. Sundry Debtors		17,685.26	26,095.37
c. Cash and Bank Balances		16,205.40	19,212.16
d. Other Current Assets		240.73	227.06
e. Loans and Advances		42,565.98	21,883.66
		92,745.61	88,780.84
Less : Current Liabilities and Provisions	8		
a. Current Liabilities		11,498.34	22,395.35
b. Provisions		1,778.30	4,223.43
		13,276.64	26,618.78
Net Current Assets		79,468.97	62,162.06
Significant Accounting Policies and Notes to Accounts	15		
TOTAL		194,949.98	143,828.90

As per our report of even date
For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
 Membership No. 104180

Place : Mumbai
 Date : February 26, 2009

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Partner
 Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
*Chairman and
 Managing Director*

S. PADMANABHAN
Director

VINOD KUMAR BOHRA
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

Particulars	Schedule No.	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
I. Income			
Sales / Income from Operations		122,370.52	125,971.29
Less : Excise Duty		3,514.73	4,249.40
Net Sales		118,855.79	121,721.89
Other Income	9	952.79	4,887.85
TOTAL		119,808.58	126,609.74
II. Expenditure			
Cost of Goods Consumed/Sold	10	65,590.35	77,065.08
Production & Exploration Expenses - Oil and Gas	11	12,637.99	8,757.85
Salaries, Wages & Employees' Benefits	12	4,179.59	6,566.26
Manufacturing & Other Expenses	13	11,468.71	13,836.69
Interest & Finance Charges	14	5,326.04	4,565.37
Depreciation / Amortisation / Impairment	5	8,340.06	7,755.94
Less : Transferred from Revaluation Reserve		535.15	1,170.71
TOTAL		7,804.91	6,585.23
III. Profit before Exceptional Items and Taxation		12,800.99	9,233.26
Less : Exceptional Items (Refer Note No.B-7 of Schedule No. 15)		1,278.10	-
Add: Share of Profit in Associate Company		50.80	31.18
Add: Adjustment on disposal/cessation of Subsidiaries/Associates		2,880.45	18.01
Provision for Taxation			
Current Tax		1,616.84	1,282.77
Deferred Tax		1,765.02	1,085.70
Fringe Benefit Tax		22.93	23.89
IV. Profit before Minority Interest		11,049.35	6,890.09
Add/(Less): Minority Interest		(60.04)	100.77
V. Profit for the year		10,989.31	6,990.86
Add: Excess provision for Income Tax for earlier years written back		7.32	68.08
Less: Short provision for Fringe Benefit Tax for earlier years		0.17	-
Add: Transferred from Debenture/Bonds Redemption Reserve		-	530.55
Balance brought forward		12,222.09	7,615.16
VI. Balance available for Appropriation		23,218.55	15,204.65
VII. Appropriations			
Proposed Dividend - Equity		229.45	803.02
Proposed Dividend - Preference		36.81	36.81
Corporate Tax on Proposed Dividend		45.25	142.73
Dividend and Dividend Tax Paid for Earlier Period		0.07	-
Debenture/Bond Redemption Reserve		135.00	-
Transfer to General Reserve		2,000.00	2,000.00
Balance Carried to Balance Sheet		20,771.97	12,222.09
TOTAL		23,218.55	15,204.65
Basic Earnings per Share		Rs. 48.21	Rs. 31.74
Diluted Earnings per Share (Nominal Value per Share Rs.10/-) (Refer Note No.B-8 of Schedule No. 15)		Rs. 46.88	Rs. 29.33
Significant Accounting Policies and Notes to Accounts	15		

As per our report of even date

For KHANDELWAL JAIN & CO.

Chartered Accountants

SHIVRATAN AGARWAL

Partner

Membership No. 104180

For KADAM & CO.

Chartered Accountants

U.S.KADAM

Partner

Membership No. 31055

For and on behalf of the Board

V.N.DHOOT

Chairman and

Managing Director

S. PADMANABHAN

Director

VINOD KUMAR BOHRA

Company Secretary

Place : Mumbai

Date : February 26, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008

Particulars	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)	Particulars	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES			C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Profit before Tax and Exceptional Items	12,800.99	9,233.26	Increase in Equity Share Capital including on account of amalgamation	83.57	1.08
a) Depreciation / Amortisation / Impairment	7,804.91	6,585.23	Increase in Share Application Money	5,941.03	2,079.91
b) Interest and Finance Charges	5,326.04	4,565.37	Increase in Minority Interest	243.27	-
c) Provision for Leave Encashment	(78.60)	13.51	Securities Premium Received	3,770.85	47.66
d) Provision for Warranty and Maintenance Expenses	(4.38)	15.39	Increase in Secured Term Loans from Banks	33,838.14	(287.75)
e) Provision for Retirement Benefits	(1,008.05)	(550.96)	Increase in Unsecured Loans	11,646.04	8,588.51
f) Provision for Restructuring Cost	(79.89)	17.63	Increase in Working Capital Loans from Banks	-	712.79
g) Provision for Contingencies	(72.45)	(60.19)	Increase in Revaluation Reserve	-	118.75
h) Provision for Exchange Rate Fluctuation	(1,023.91)	1,023.91	Increase In Foreign Currency Translation Reserve on Consolidation	1,258.02	-
i) Miscellaneous Expenditure written off	-	0.05		56,780.92	11,260.95
j) Diminution in value of Investments	640.16	40.30	Less:		
k) Share of Profit in Associate company	50.80	31.18	Decrease in Share Capital Suspense including on account of amalgamation	-	0.004
l) Minority Interest for the year	(60.04)	100.77	Decrease in Capital Reserve on Consolidation	15,590.36	92.33
m) Interest Received	(900.18)	(551.24)	Decrease in Revaluation Reserve - Associate Equity	158.54	-
n) Income from Investments and Securities Division	(116.65)	(246.06)	Decrease in Minority Interest	-	146.29
o) Exceptional Items	(1,278.10)	-	Decrease in Foreign Currency Translation Reserve on Consolidation	-	1,088.28
p) Profit on Sale of Fixed Assets	(146.36)	(1,294.54)	Transfer of Deferred Tax Liabilities on disposal/cessation of subsidiary	17.88	-
Cash flow from Operating Activities before Working Capital changes	21,854.29	18,923.61	Redemption of Secured Non Convertible Debentures	1,107.96	1,628.94
Adjustments:			Decrease in Working Capital Loans from Banks	806.51	-
a) Inventories	5,314.35	(905.80)	Payment of Dividend	842.22	809.91
b) Sundry Debtors	8,410.11	7,652.71	Corporate Tax on Dividend	142.80	113.23
c) Other Current Assets	(13.67)	328.69	Interest and Finance Charges Paid	5,326.04	4,565.37
d) Loans & Advances	(20,682.16)	(7,211.82)		23,992.31	8,444.35
e) Current Liabilities	(10,894.62)	(7,500.43)	Net Cash flow from Financing Activities (C)	32,788.61	2,816.60
Cash flow from Operating Activities	3,988.30	11,286.96	Net Change in Cash and Cash Equivalents (A+B+C)	(3,006.76)	(758.49)
Less: Income Tax Paid	1,113.44	1,104.10	Opening Balance of Cash and Cash Equivalents	19,212.16	19,970.65
Less: Fringe Benefit Tax Paid	23.26	23.92	Closing Balance of Cash and Cash Equivalents	16,205.40	19,212.16
Net Cash flow from Operating Activities (A)	2,851.60	10,158.94			
B. CASH FLOW FROM INVESTING ACTIVITIES					
Sale of Fixed Assets/ Adjustment on account of disposal/cessation of subsidiaries (Net)	16,780.14	3,204.60			
Adjustment on Account of Producing Properties	550.19	-			
Interest Received	900.18	551.24			
Adjustment on Disposal of Subsidiaries	2,880.45	18.01			
Income from Investments and Securities Division	116.65	246.06			
	21,227.61	4,019.91			
Less:					
Increase in Fixed Assets including Capital Work-in-progress (including net additions on amalgamation)	39,975.46	13,607.99			
Increase in Producing Properties	1,255.66	979.33			
Increase in Investments (Net)	18,643.46	3,166.61			
	59,874.58	17,753.93			
Net Cash flow from Investing Activities (B)	(38,646.97)	(13,734.02)			

As per our report of even date
For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
Partner
 Membership No. 104180

U.S.KADAM
Partner
 Membership No. 31055

V.N.DHOOT
*Chairman and
 Managing Director*

S. PADMANABHAN
Director

Place : Mumbai
 Date : February 26, 2009

VINOD KUMAR BOHRA
Company Secretary

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees 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
	6,000.00	6,000.00
Issued, Subscribed and Paid-up:		
Equity Share:		
229,450,764 (Previous year 221,093,701) Equity Shares of Rs. 10/- each fully paid up.	2,294.51	2,210.94
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) 156,438,326 (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 107,452) 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	1.49
(A)	2,293.02	2,209.45
Preference Shares		
4,523,990 (Previous year 4,523,990) 8% 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
76,870 (Previous year 76,870) 8% 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)	460.09	460.09
Total (A+B)	2,753.11	2,669.54
SCHEDULE - 2 - RESERVES & SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	693.69	9,285.52
Add : Addition during the year	-	118.75
Less : Adjustment for change in Associate's/Subsidiary's equity	158.54	-
Less : Deduction on account of Disposal / Sale of Revalued Assets.	-	0.98
Less : Transferred to General Reserve	-	7,538.89
Less : Transferred to Profit & Loss Account	535.15	1,170.71
(A)	-	693.69
Capital Subsidy		
As per last Balance Sheet	5.50	5.50
(B)	5.50	5.50
Securities Premium Account		
As per last Balance Sheet	25,523.96	25,565.06
Add : Addition on Conversion of FCCBs	3,770.85	47.66
Less : Premium payable on Redemption of Convertible Bonds	206.50	88.76
	29,088.31	25,523.96
Less : Call and / or allotment money in arrears - by others	16.90	16.90
(C)	29,071.41	25,507.06

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
Capital Redemption Reserve		
As per last Balance Sheet	537.50	537.50
(D)	537.50	537.50
Debenture/Bonds Redemption Reserve		
As per last Balance Sheet	1,812.50	2,343.05
Add/(Less) : Transferred from/(to) Profit & Loss Account.	135.00	(530.55)
(E)	1,947.50	1,812.50
Legal Reserve		
As per last Balance Sheet	0.01	0.01
(F)	0.01	0.01
Capital Reserve		
As per last Balance Sheet	1.52	1.52
(G)	1.52	1.52
Foreign Currency Translation Reserve		
As per last Balance Sheet	(790.51)	297.77
Add/(Less) during the year	1,258.02	(1,088.28)
(H)	467.51	(790.51)
General Reserve		
As per Last Balance Sheet	11,198.61	1,659.72
Add : On account of transitional provisions under Accounting Standard 15	2.87	-
Add : Transferred from Revaluation Reserve	-	7,538.89
Add : Transferred from Profit & Loss Account	2,000.00	2,000.00
(I)	13,201.48	11,198.61
Profit & Loss Account		
As per Account annexed	20,771.97	12,222.09
(J)	20,771.97	12,222.09
TOTAL (A to J)	66,004.40	51,187.97
SCHEDULE 3 - SECURED LOANS		
A. Non-Convertible Debentures	1,248.28	2,356.24
B. Term Loans from Banks & Financial Institutions	59,413.33	36,100.02
C. External Commercial Borrowings	4,448.08	3,803.80
D. Corporate Loan from Banks	1.97	82.23
E. Vehicle Loans from Banks	30.71	12.24
F. Finance Lease	-	47.66
G. Short Term Loans from Banks	9,990.00	-
H. Working Capital Loans From Banks	1,881.75	2,688.26
TOTAL	77,014.12	45,090.45

NOTES:

A. Non Convertible Debentures :

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

- Rs. 404.45 million (Previous year Rs.613.73 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 Company, 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.
- Rs.302.33 million (Previous year Rs.640.81 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. V. N. Dhoot and Mr. P. N. Dhoot.
- Rs.61.50 million(Previous year Rs.211.70 million) are secured by way of a first charge on the entire immovable and movable properties of the Company ranking pari passu with existing charge holders except prior charge on specified movables created in favour of Company's bankers for borrowings of working capital and exclusive charge created on specific machinery financed/to be financed by the banker/s and/or financial institution/s and the personal guarantee of Mr. V.N.Dhoot.
- Rs.480.00 million (Previous year Rs.890.00 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 guaranteed by Mr. V. N. Dhoot.

The Debenture referred to in (i) to (iv) above are redeemable at par, in one or more installments on various dates with the earliest redemption being on 1st October, 2008 and last date being 1st January, 2012. These debentures are redeemable as follows: Rs.732.15 million in financial year 2008-09, Rs.386.56 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 :-

- i) The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all movables assets, present and future (except book debts), subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges rank pari passu inter-se for all intents and purposes. The above loans are guaranteed by Mr. V. N. Dhoot and Mr. P. N. Dhoot. In addition to the above, a part of term loan from State Bank of India is further secured by way of pledge of shares of KAIL Ltd. and Applicomp (India) Ltd. belonging to and held by the Company. 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 Company, subject to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and the assignment/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 subsidiaries is secured by mortgage of share capital of that subsidiary, corporate guarantee of the parent company and hypothecation of shares of a joint venture company held by the parent company.
- ii) Term loans availed by foreign subsidiaries aggregating to Rs. 22,822.44 million (previous year Rs.12,692.68 million) are also 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. 9,535.99 million (previous year Rs. 1,937.88 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 guarantee of Mr. V. N. Dhoot and Mr. P. N. Dhoot.

D. Corporate Loan from Banks :-

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

E. 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. V. N. Dhoot.

F. Short Term Loan From Banks :-

The above loan is secured by Negative Lien on the Telecom Licence and Pledge/Non Disposal undertaking of shares of the Company (Datacom Solutions Private Limited) held by Parent Company and Personal Guarantee of Shri. V.N.Dhoot, Shri.P.N.Dhoot and Shri R.N.Dhoot.

G. 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 guarantee of Mr. V. N. Dhoot and Mr. P. N. Dhoot.

Installments of loans from banks and financial institutions falling due within one year Rs. 12,832.02 million (Previous Year Rs. 5246.60 million)

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
SCHEDULE - 4 UNSECURED LOANS		
A. From Banks and Financial Institutions	30,507.81	15,623.08
B. Foreign Currency Convertible Bonds	5,132.85	7,763.79
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds (Refer Note no. B-4 of Schedule 15)	562.13	267.13
D. From Others	76.40	681.21
E. Sales Tax Deferral	98.90	101.84
TOTAL	36,378.09	24,437.05

Note :-

The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (modified) Scheme. Out of total outstanding, Rs.77.64 million is repayable in five equal annual installments commencing from 30th May, 2009 and the balance in two quarterly installments commencing from 31st Dec,2009.

SCHEDULE 5 - FIXED ASSETS

(Rupees in Million)

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTISATION							NET BLOCK		
	As at 30.09.2007	Addition on Amalgamation/ Acquisition	Additions During the Year	Deduction During the Year	Currency Translation Adjustment	As at 30.09.2008	Upto 30.09.2007	Addition on Amalgamation/ Acquisition	For the Year	Deduction/ Adjustment	Impairment	Currency Translation Adjustment	Upto 30.09.2008	As at 30.09.2008	As at 30.09.2007
TANGIBLE ASSETS															
Freehold Land	1,759.60	-	219.62	1,668.88	-	310.34	-	-	-	-	-	-	-	310.34	1,759.60
Leasehold Land	63.44	-	-	2.71	4.26	64.99	9.17	-	3.34	-	-	0.41	12.92	52.07	54.27
Building **	11,774.08	-	510.16	5,740.63	19.10	6,562.71	3,412.25	-	265.97	2,000.14	-	0.52	1,678.60	4,884.11	8,361.83
Leasehold Improvement	39.32	-	-	-	-	39.32	38.38	-	0.38	-	-	-	38.76	0.56	0.94
Plant & Machinery *	94,856.60	-	9,839.62	25,583.79	81.29	79,193.72	45,666.04	-	6,103.54	17,223.76	998.79	12.85	35,557.46	43,636.26	49,190.56
Furnace	1,995.27	-	-	-	-	1,995.27	1,465.24	-	211.29	-	-	-	1,676.53	318.74	530.03
Electrical Installation	2,699.52	-	4.51	2,550.93	-	153.10	2,113.57	-	54.14	2,087.22	-	-	80.49	72.61	585.95
Office Equipments	486.86	0.24	47.98	241.83	-	293.25	278.31	0.01	22.37	123.18	-	-	177.51	115.74	208.55
Computers Systems	411.54	2.02	29.78	0.15	-	443.19	285.88	0.81	45.45	0.06	-	-	332.08	111.11	125.66
Furniture & Fixtures	394.94	2.13	39.04	255.09	1.38	182.40	197.03	0.46	32.52	118.51	-	0.35	111.85	70.55	197.91
Vehicles	588.03	4.37	172.90	61.97	0.17	703.50	330.12	1.83	54.66	35.88	-	0.17	350.90	352.60	257.91
Other	381.75	0.05	6.13	370.92	3.00	200.1	4.38	-	8.32	-	-	1.21	13.91	6.10	377.37
LEASED ASSETS															
Computer Systems	6.27	-	-	-	-	6.27	6.07	-	0.09	-	0.11	-	6.27	-	0.20
INTANGIBLE ASSETS															
Goodwill (on amalgamation)	235.98	-	-	-	-	235.98	235.98	-	-	-	-	-	235.98	-	-
Computer Software	585.78	-	41.10	425.57	3.89	205.20	356.99	-	57.15	322.27	-	0.53	92.40	112.80	228.79
Other	2,223.45	418.01	905.95	3,129.30	-	418.11	1,424.51	0.04	62.46	1,486.97	-	-	0.04	418.07	798.94
Sub Total	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	62,678.51
Producing Properties	2,524.82	-	1,255.66	-	-	3,780.48	1,874.27	-	538.32	(550.19)	-	-	2,962.78	817.70	650.55
Expenses Pending Allocation	-	-	-	-	-	1,292.32	-	-	-	-	-	-	-	1,292.32	-
Capital Work-in-Progress	11,812.65	-	-	-	-	38,277.12	-	-	-	-	-	-	-	38,277.12	11,812.65
Total Assets as at 30th September, 2008	132,839.90	426.82	13,072.45	40,031.77	113.09	134,177.28	57,698.19	3.15	7,460.00	22,847.80	998.90	16.04	43,328.48	90,848.80	75,141.71
As at 30th September, 2007	125,148.74	-	14,718.84	17,635.65	(3,729.50)	118,502.43	67,458.08	-	6,906.59	15,724.61	-	(2,817.14)	55,823.92	62,678.51	650.55
Producing Properties	1,545.50	-	979.32	-	-	2,524.82	1,040.32	-	833.95	-	-	-	1,874.27	650.55	-
Capital Work-in-Progress	12,026.54	-	-	-	-	11,812.65	-	-	-	-	-	-	-	11,812.65	-
Total As at 30th September, 2007	138,720.78	-	15,698.16	17,635.65	(3,729.50)	132,839.90	68,498.40	-	7,740.54	15,724.61	-	(2,817.14)	57,698.19	75,141.71	-

*Gross Block of Plant and Machinery includes Rs. 9,244.75 million (Previous year Rs.9,244.75 million) being the amount added on revaluation on 01.04.1998 and 01.10.2002 by erstwhile Videocon International Ltd., amalgamated with the Company.

**Gross Block of Building includes Rs. NIL (Previous year Rs. 118.75 million) being the amount added on revaluation on 30.09.2007 by Subsidiary Technologies display mexicana S.A. de.CV.

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENTS		
IN GOVERNMENT & TRUST SECURITIES	-	0.41
QUOTED		
1. IN EQUITY SHARES (Fully Paid up) - TRADE	57.37	78.36
2. IN EQUITY SHARES (Fully Paid up) - OTHERS	1,640.64	1,773.79
3. IN MUTUAL FUNDS UNITS	10.00	10.00
UNQUOTED		
1. IN EQUITY SHARES (Fully Paid up)-TRADE *	635.72	404.43
2. IN EQUITY SHARES (Fully Paid up)-OTHERS	369.28	176.95
3. IN JOINT VENTURES	0.05	-
4. IN PREFERENCE SHARES (Fully Paid up)	0.38	0.38
5. IN DEBENTURES	50.00	60.00
6. OTHER INVESTMENTS	0.52	0.52
SHARE APPLICATION MONEY PENDING ALLOTMENT	15,106.63	3,301.18
APPLICATION MONEY (UNITS)	-	100.00
CURRENT INVESTMENTS		
UNQUOTED		
1. IN BONDS	50.00	-
2. IN UNITS OF MUTUAL FUNDS/PORTFOLIOS	6,607.83	619.11
TOTAL INVESTMENTS	24,528.42	6,525.13
Aggregate Book Value of Quoted Investments	1,708.01	1,862.56
Aggregate Market Value of Quoted Investments	2,147.17	2,303.83
Aggregate Book Value of Unquoted Investments / Application Money	22,820.41	4,662.57

* Out of total investments, 1,156,000 equity shares amounting to Rs.18.27 million of KAIL Ltd. and 17,023,500 equity shares of Appliomp (India) Ltd. amounting to Rs.170.24 million are pledged with Banks as security for availment of loans.

SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES

A. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores & Spares	10,201.57	12,830.07
Work in Process	765.07	1,769.55
Finished Goods	3,526.21	4,908.78
Material in Transit and in Bonded warehouse	1,353.02	1,559.47
Drilling and Production Materials	164.71	206.29
Crude Oil	37.66	88.43
(A)	16,048.24	21,362.59
B. Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	165.34	806.00
Considered Doubtful	449.95	865.27
	615.29	1,671.27
Less : Provision for doubtful debts	449.95	846.88
	165.34	824.39
Others - Considered Good	17,519.92	25,270.98
(B)	17,685.26	26,095.37

	As at 30th Sept., 2008 (Rupees in Million)	As at 30th Sept., 2007 (Rupees in Million)
C. Cash and Bank Balances		
Cash on hand	13.16	16.14
Cheque/Drafts on hand /in Transit	423.94	466.55
Balances with Banks		
In Current Accounts	1,809.52	3,415.67
In Fixed Deposits	4,387.08	13,334.22
Margin Money	-	3.60
In Earmarked Accounts	9,535.99	1,937.88
(Refer Note No. B (ii) in Schedule 3)		
In Dividend/Interest Warrant Account (Per Contra)	35.71	38.10
(C)	16,205.40	19,212.16
D. Other Current Assets		
Interest Accrued	117.44	59.67
Insurance Claim Receivable	57.94	36.08
Other Receivable	65.35	131.31
(D)	240.73	227.06
E. Loans and Advances (Unsecured, considered good)		
Advances recoverable in Cash or in kind or for value to be received	41,460.29	21,434.06
Balance with Central Excise / Customs Department	643.14	150.50
Advance Fringe Benefit Tax (Net of Provision)	0.19	0.03
Other Deposits	462.36	299.07
(E)	42,565.98	21,883.66
TOTAL (A TO E)	92,745.61	88,780.84

SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities		
Sundry Creditors *		
Due to Micro, Small and Medium Enterprises	9.55	-
Due to others	5,618.42	15,858.23
Advance from Customers	-	100.51
Bank Overdraft as per books	180.56	1,177.63
Income Received in Advance	-	1.64
Interest Accrued but not due	448.93	464.70
Other Liabilities	5,205.17	4,754.54
Unclaimed Dividend/Interest (Per Contra)	35.71	38.10
(A)	11,498.34	22,395.35
*Including Acceptance of Rs. 3,190.57 million (Previous year Rs. 4,077.12 million)		
B. Provisions		
Provision for Income Tax (Net of Advance Tax)	975.20	479.12
Proposed Dividend - Equity	229.45	803.02
Proposed Dividend - Preference	36.81	36.81
Provision for Corporate Tax on Proposed Dividend	45.25	142.73
Provision for Warranty and Maintenance Expenses	401.11	405.49
Provision for Leave Encashment	31.75	118.93
Provision for Retirement Benefits	58.73	1,061.08
Provision for Restructuring cost	-	79.89
Provision for Contingencies / other provisions	-	72.45
Provision for Exchange Rate Fluctuation	-	1,023.91
(B)	1,778.30	4,223.43
TOTAL (A+B)	13,276.64	26,618.78

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)		Year ended on 30th Sept., 2008 (Rupees in Million)	Year ended on 30th Sept., 2007 (Rupees in Million)
SCHEDULE 9 : OTHER INCOME			SCHEDULE 12 : SALARY, WAGES AND EMPLOYEES' BENEFITS		
Service Charges Received	24.39	101.55	Salary, Wages and Other Benefits	3,518.29	5,224.39
Interest Income (TDS Rs.133.02 million, Previous year Rs.44.43 million)	900.18	551.24	Contribution to Provident and other Funds	537.50	1,074.14
Income From Investments & Securities Division (TDS Rs.70.03 million, Previous year Rs.43.24 million)	(523.51)	205.76	Staff Welfare	123.80	267.73
Insurance Claim Received	26.13	64.93	TOTAL	4,179.59	6,566.26
Exchange Rate Fluctuation	-	1,054.83			
Profit on Sale of Fixed Assets	146.36	1,294.54			
Miscellaneous Income (TDS Rs 0.01 million, Previous year Rs.0.02 million)	379.24	1,615.00			
TOTAL	952.79	4,887.85			
SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD			SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES		
A. Material and Components Consumed			Rent,Rates and Taxes	473.64	891.04
Opening Stock	12,830.07	9,558.40	Power, Fuel & Water	1,598.22	2,918.86
Add : Purchases	69,111.35	79,313.10	Repairs to Building	31.88	38.41
Less: Adjustment on account of disposal/cessation of Subsidiaries	8,587.32	-	Repairs to Plant & Machinery	85.13	95.68
	73,354.10	88,871.50	Repairs & Maintenance-others	171.53	397.81
Less: Closing Stock	10,201.57	12,830.07	Bank Charges	349.53	379.33
(A)	63,152.53	76,041.43	Directors' Sitting Fees	1.32	1.22
B. (Increase)/Decrease in Stock			Royalty	90.41	108.96
Closing Stock :			Printing & Stationery	25.10	22.47
Finished Goods	3,563.87	4,997.21	Freight & Forwarding	1,405.56	1,988.66
Work in Process	765.07	1,769.55	Advertisement & Publicity	1,101.64	974.20
	4,328.94	6,766.76	Sales Promotion expenses	233.00	330.37
Opening Stock :			Discount & Incentive Schemes	2,173.29	2,346.57
Finished Goods	4,997.21	6,302.96	Legal & Professional Charges	406.94	479.18
Work in Process	1,769.55	1,487.45	Donation	91.91	71.86
	6,766.76	7,790.41	Insurance Expenses	234.02	463.02
(B)	2,437.82	1,023.65	Auditors' Remuneration	24.59	49.81
TOTAL (A+B)	65,590.35	77,065.08	Provision for doubtful debts	71.00	56.23
			Warranty and Maintenance Expenses	608.76	585.23
			Miscellaneous Expenditure written off	0.03	0.05
			Product Development	14.23	0.59
			Exchange Rate Fluctuation	1,080.04	-
			Miscellaneous Expenses	1,196.94	1,637.14
			TOTAL	11,468.71	13,836.69
SCHEDULE 11 : PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS					
Production Expenses	401.53	358.41			
Royalty	362.64	384.83			
Cess	499.54	566.53			
Production Bonus	95.80	107.80			
Government Share in Profit - Petroleum	10,264.76	6,763.18			
Abandonment Costs	-	47.64			
Exploration Expenses	969.71	507.41			
Insurance Expenses	44.01	22.05			
TOTAL	12,637.99	8,757.85			
			SCHEDULE 14 : INTEREST AND FINANCE CHARGES		
			On Fixed Period Borrowings	4,474.06	3,723.30
			On Others	851.98	842.07
			TOTAL	5,326.04	4,565.37

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Consolidation

- 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".
- The financial statements of the subsidiary companies used in the preparation of the Consolidated Financial Statement are drawn upto the same reporting date as that of the Company i.e. 30th September, 2008.
- The CFS have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 27 "Financial Reporting of Interests in Joint Venture" and Accounting Standard 23 "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- Principles of Consolidation:

The CFS have been prepared on the following basis:

 - 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.
 - 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.
 - 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 the Company's separate financial statements except in respect of depreciation and retirement benefits, where it was not practicable to use uniform accounting policies in case of certain foreign subsidiaries. However, the amount of impact of these differences is not material.
 - 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.
 - 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.
 - 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.
 - 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.
 - 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.
- 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, 2008 are as under:

Name of the subsidiary	Country of incorporation	Percentage of Holding As at	
		30th Sept. 2008	30th Sept.2007
Paramount Global Ltd.	Hong Kong	100%	100%
Middle East Appliances LLC	Sultanate of Oman	100%	100%
Global Energy Inc	Cayman Islands	100%	100%
Videocon Display Research Co. Ltd.	Japan	100%	100%
Sky Billion Trading Ltd.	Hong Kong	100%	100%
Videocon Global Ltd.	British Virgin Islands	100%	100%
Venus Corporation Ltd.	Cayman Islands	100%	100%
Powerking Corporation Ltd.	Cayman Islands	100%	100%

Videocon (Mauritius) Infrastructure Ventures Ltd.	Mauritius	100%	100%
Mayur Household Electronics Appliances Pvt Ltd.	India	100%	100%
Godavari Consumer Electronics App. Pvt Ltd.	India	100%	100%
Videocon Global Energy Holdings Ltd. (w.e.f. January 7, 2008)	British Virgin Islands	100%	NIL
Videocon Energy Resources Ltd. (w.e.f. January 23, 2008)	British Virgin Islands	100%	NIL
Videocon Electronics (Shenzen) Ltd. (Chinese name - Wei You Kang Electronics (Shenzen) Ltd.) (w.e.f. April 17, 2008)	China	100%	NIL
Videocon International Electronics Ltd. (w.e.f. December 11, 2007)	India	100%	NIL
Eagle Ecorp Limited (w.e.f. August 25, 2008)	British Virgin Islands	100%	NIL
Videocon Energy Ventures Ltd. (w.e.f. September 8, 2008)	British Virgin Islands	100%	NIL
Pipavav Energy Private Limited (w.e.f. March 26, 2008)	India	100%	NIL
Videocon Hydrocarbon Holdings Ltd. * (w.e.f. January 7, 2008)	British Virgin Islands	100%	NIL
Investcon Singapore Holdings Limited ** (w.e.f. October 9, 2007)	Singapore	100%	NIL
Datacom Solutions Private Ltd. *** (w.e.f. December 12, 2007)	India	64%	NIL
Datacom Telecommunications Private Ltd. **** (w.e.f. February 1, 2008)	India	99.88%	NIL
Eagle Corporation Ltd (Upto March 15, 2008) (Technologies Displays Americas LLC-State of Delaware, Technologies Displays Mexicana S.A. de.CV-Mexico, VDC Technologies S.P.A.-Italy, TTD International S.A.-France, TDP S.P.z.o.o.-Poland, TTD International Ltd.-Hongkong, TGDC Guandong Displays Co. Ltd.-China, Thomson Display Technology Research & Development Co. Ltd.-China, VDC Technologies Deutschland GmbH-Germany, VDC Technologies Iberica, S. L., Spain are the subsidiaries / step-down subsidiaries of Eagle Corporation Ltd.)	Cayman Island	10%	100%

* Subsidiary of Videocon Global Energy Holdings Ltd. from January 7, 2008 to September 14, 2008 and Subsidiary of Videocon Energy Ventures Ltd. w.e.f. September 15, 2008.

** Subsidiary of Videocon (Mauritius) Infrastructure Ventures Ltd.

*** Subsidiary of Videocon International Electronics Ltd.

**** Subsidiary of Datacom Solutions Pvt. Ltd.

Name of the Associate	Country of incorporation	Percentage of Holding As at 30th Sept. 2008
VB (Brazil) Petroleo Private Ltda. (w.e.f. December 2, 2007)	Brazil	50.00%
Videocon Infinity Infrastructure Pvt. Ltd. (w.e.f June 2, 2008)	India	50.00%
Evans Fraser & Co. (India) Ltd. (Upto August 5, 2008)	India	18.25%

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 issued by the Institute of Chartered Accountants of India, as referred to in Section 211 (3C) of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements 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, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

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 but net of Cenvat/Value added tax.

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:

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

b) In respect of joint ventures in the form of jointly controlled entities, the income on investments in incorporated jointly controlled entities is recognised when the right to receive the same is established and investment in such joint venture is carried at cost after providing for any permanent diminution in value.

5. Exploration, Development Costs and Producing Properties:

The Company follows the "Successful Efforts Method" of accounting for oil and gas exploration, development and production activities as explained below:

a) Exploration costs involved in drilling and equipping exploratory and appraisal wells, test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Policy No. (c) below or expensed in the year when determined to be dry or of no further use.

b) All costs relating to Development Wells are initially capitalised as Development Wells in Progress and transferred to Producing Properties on completion as per Policy No. (c) below. Costs includes recharge to the Joint Venture by the operator / Affiliate.

c) Producing Properties are created in respect of an area / field having proved developed oil and gas reserves, when the area/field is ready to commence commercial production. Cost of successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

6. Abandonment Costs:

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as cost of producing property and liability for abandonment cost based on evaluation by experts at current costs. 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 April 1, 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 fixed 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. 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.

10. 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.

11. 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. Other borrowing costs are recognised as an expense in the period in which they are incurred.

12. 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.

13. CENVAT/ Value Added Tax:

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

14. 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.

15. 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 March 29, 2008 on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the profit and loss account.

16. 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.

17. 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 is 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.
- 18. Taxation:**
Income tax comprises of Current Tax, Deferred Tax and Fringe Benefit Tax.
Current Tax :
Provision for Current Tax and Fringe Benefit Tax is calculated on the basis of the provisions of local laws of respective entity.
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.
- 19. Share Issue Expenses:**
Share issue expenses are written off to Securities Premium Account.
- 20. Premium on Redemption of Bonds / Debentures:**
Premium on Redemption of Bonds / Debentures are written off to Securities Premium Account.
- 21. 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.
- 22. Accounting for Leases:**
Where the company is lessee:
- a) Operating Leases: Rentals in respect of all operating leases are charged to Profit & Loss Account.
- b) Finance Leases:
- (i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Profit & 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".
- 23. Warranty:**
Provision for the estimated liability in respect of warranty on sale of consumer electronics and Home Appliances product is made in the year in which the revenues are recognised, based on technical evaluation and past experience.
- 24. 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.
- 25. 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.
- 26. Other Accounting Policies:**
These are consistent with the generally accepted accounting practices.
- B) NOTES TO ACCOUNTS:**

f) Excise Duty and Service Tax demand under dispute [Amount paid under protest Rs. 2.87 million (Previous year Rs. 2.43 million)]	275.57	221.81
g) Sales Tax demands under dispute [Amount paid under protest Rs. 23.96 million (Previous year Rs. 34.20 million)]	326.36	213.41
h) Others	51.42	51.42
i) During the year, 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 for USD 11.92 million (INR 474.69 million) for the period August 16, 2002 to March 31, 2006, out of which USD 0.6 Million (INR 24.76 million) relates to Ravva Block. The Operator has filed writ petition with Hon'ble High Court of Chennai. Further, the Operator has received SCN for the period April 1, 2006 to March 31, 2007 for USD 3.43 million (INR 136.59 million), out of which USD 1.95 million (INR 76.79 million) relates to Ravva Block. Detailed reply to this SCN has been filed with Commissioner 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 Ravva Oil & Gas Field Joint-Venture is contesting the demands and believes that its position is likely to be upheld. 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 0.63 million (INR 25.38 million).		
j) Ravva Oil & Gas Field Joint-Venture has received a demand notice for USD 0.54 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. 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 USD 0.13 million (INR 5.38 million).		
k) 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.		
2. a) There was a dispute regarding (i) deductibility of Oil and Natural Gas Corporation Ltd. (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. 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. 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. The Company filed a supplementary application on July 7th, 2005 followed by an amendment application on August 8th, 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable to GOI as well as to determine the interest, if any, payable on the same to GOI. 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 an affidavit on May 10th, 2005 before the Kuala Lumpur 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 whereas the Company has challenged the jurisdiction of the Kuala Lumpur High Court and therefore the maintainability of such an appeal at that Court.		
b) There is a dispute between the Company and GOI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.71 million. The Company has filed an Interim Application on July 7th, 2005 before the Hon'ble Arbitral Tribunal for final determination of such amount, pending which no provision has been made by the Company.		
c) 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. The dispute was referred to an International Arbitration in accordance with the provisions of 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 Company had earlier filed a supplementary		

	As at 30th Sept., 2008 (Rs. in Million)	As at 30th Sept., 2007 (Rs. in Million)
1. Contingent Liabilities not provided for:		
a) Letters of Guarantees	19,043.17	13,051.89
b) Letters of Credit opened	1,375.81	5,552.55
c) Customs Penalty - Stayed by High Court	0.88	11.85
d) Customs Duty demands under dispute [Amount paid under protest Rs. 0.40 million (Previous year Rs. 3.94 million)]	249.49	95.96
e) Income Tax demands under dispute [Amount paid under protest Rs. NIL (Previous year Rs. 102.16 million)]	349.38	102.16

application on July 7th, 2005 and an amendment application on August 8th, 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable by GOI/its Nominees as well as to determine the interest, if any, payable on the same. 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 directive from the Hon'ble Arbitral Tribunal in this regard.

- d) 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 for change of sites of arbitration from London (U.K.) to Kuala-Lumpur (Malaysia). GOI has challenged London as the permanent seat of arbitration for resolution of disputes under the Ravva PSC and has claimed for declaration of Kuala-Lumpur as the permanent seat of arbitration. Whereas the Company honours the award dated November 15th, 2003 of the Hon'ble Arbitral Tribunal, passed with mutual consent of both the GOI and the Company, permanently fixing the seat of Arbitration at London in respect of disputes stated in (a),(b) and (c) above. The Hon'ble Arbitral Tribunal vide its letter dated March 28th, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. Hon'ble Delhi High Court has held, vide order dated April 30th, 2008, that it has the jurisdiction to hear the matters under dispute 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 ultimate outcome of the matter can not be predicted, however, the Company believes that its' position is likely to be upheld.
- e) In respect of the Disputes stated in (a) and (b) above, 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 at (a) and Interim Award dated February 12th, 2004 and Partial Award dated December 23rd, 2004 in the Dispute stated above at (b). 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. Any further sum required to be paid or returnable in respect of dispute above at (a) to (e) 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. In case of Parent Company, The Company has reviewed the fixed assets for Impairment and has identified some of the machinery and equipments, which have been impaired. Consequently, an amount of Rs. 998.90 million (Previous year Rs. NIL) has been assessed as impairment loss and had been recognized in the Profit and Loss Account. The related Deferred Tax Credit of Rs. 339.52 million (Previous year Rs. NIL) has been included in the provision for Deferred Tax in the Profit & Loss Account.

4. A) The Company had, during the year ended 30th September, 2006, issued
- a) 90,000 Foreign Currency Convertible Bonds of US\$ 1000 each (Bonds) due on 7th March, 2011 [outstanding Bonds 41,820 (Previous year 89,000)]
- 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 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 [outstanding Bonds 66,651 (Previous year 104,901)].
- 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) 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) Redeemable at maturity date on 25th July, 2011 at 127.65% of its principle amount, if not redeemed or converted earlier.

- B) During the year, the holders of 85,430 Bonds (Previous year 1099 Bonds) have exercised their option and have converted the Bonds into Equity Shares at the fixed rate of exchange.

As at	As at 30th Sept., 2008 (Rs. in Million)	30th Sept., 2007 (Rs. in Million)
5. The major components of deferred tax liabilities/assets are as under:		
a) Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets & amortisation	5,142.70	5,292.78
	5,142.70	5,292.78
b) Deferred Tax Assets		
i) Related to Unabsorbed Depreciation and Business Loss	-	651.73
ii) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	33.65	19.63
iii) Diminution in value of investments charged in Profit & Loss Account	272.43	54.84
iv) Tax Credit available U/S 115 JAA	-	1,011.88
v) Other	598.85	975.57
	904.93	2,713.65
Net Deferred Tax Liability	4,237.77	2,579.13

6. Joint Venture Disclosure:

Unincorporated Joint Ventures

- a) Ravva Oil and Gas Field: The Production Sharing Contract (PSC) in respect of Ravva Oil and Gas Field was entered into on 28th October 1994 (Effective Date) between the President of India on behalf of the Government of India and the contractor parties viz. Oil and Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company), Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The contractor parties have pursuant to the PSC, entered into a Joint Operating Agreement on the Effective Date. Cairn Energy India Pty Ltd. is the Operator. The participating interest of the Company in the said PSC is 25%.
- b) The Consortium comprising the Company, Oilex NL Australia, GAIL India Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded the Block #56, on the Eastern Flank 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 3 well exploration have been successfully drilled. The Participating interest of the Company in the said venture is 25%. The Capital Commitments of the Company based on estimated minimum work programme for the year 2008-09 in relation to it's participating interest is Rs. 492.18 million (Previous year Rs.251.04 million).
- c) Great Artesian Oil and Gas Ltd (GOG) held 100% of EPP 27 offshore Otway Basin, South Australia. The Company, Oilex NL, Gujarat State Petroleum Corporation Ltd. and GOG have entered into Farm-in agreement and Joint Operating Agreement in February, 2006. The acquisition of 2D Seismic Data reprocessing and drilling of one exploration well was carried out. However, due to lack of availability of a rig to undertake the drilling, it had been necessary to seek a suspension/ extension of the permit which ended on 24th February, 2007 and was extended upto 24th August, 2008. PIRSA after discussion with Australian Government has recommended that the JV enter into a Good Standing Arrangement and spend the penalty amount of A\$ 5,253,061 as the minimum expenditure on a committed primary term work programme on an Exploration block in Federal Australian Waters in next 2 years for this the JV is required to bid successfully. The participating interest of the Company is 20%. Pending the Good Sharing Agreement and the bid, the company has provided it's share in the aforesaid penalty, of A\$ 1.58 million i.e. Rs.62.08 million.
- d) The Consortium comprising the Company, Oilex NL, Australia, Gujarat State Petroleum Corporation Ltd, Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded a Block WA-388-P for a term of 6 years from Government of Western Australia. Joint operating Agreement has been signed by all of Joint venture parties in March 2007. The acquisition of Seismic Data is in progress. The participating interest of the Company was 20%. A Farm out Agreement has been entered into with Sasol Petroleum Australia Ltd. on 12th August 2008 whereby, Sasol will carry the JV partners upto certain costs of Rose 3D seismic data after the completion of 3D survey in the JPDA 06-103 Block. In return Sasol will get a 30% participating interest in the Block and will takeover from Oilex as operator, after fulfillment of all obligations under the said Agreement. The Capital Commitments of the Company for next three years based on six year work program is Rs. 61.61 million (Previous year Rs. 163.30 million).

- e) The consortium, comprising the subsidiary (Special Purpose Vehicle) of the Company, Global Energy Inc. Oilex (JPDA 06-103) Limited, GSFC (JPDA) Limited and Bharat Petro Resources JPDA Limited, has been awarded block JPDA 06-103 situated within the Bonaparte Basin, East Timor. The PSC has been signed on 15th November, 2006 and Joint Operating Agreement has been signed on 5th January, 2007. The participating interest of Global Energy Inc. is 25%. Contract for 3D Seismic Data has been awarded. The capital commitments based on committed minimum work programme for five years period in relation to participating interest of Global Energy Inc is Rs.738.78 million (Previous Year Rs.716.72 million).

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 latest technical assessments at current costs available with the Company 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.

Incorporated jointly controlled Entities :

VB (Brasil) Petroleo Private Limitada ("VB Brasil"), a 50: 50 joint venture company incorporated in Brazil along with Bharat PetroResources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd., acquired 100% equity of EnCana Brasil Petroleo Limitada (name changed to IBV Brasil Petroleo Limitada) from EnCana Corporation and 749739 Alberta Limited (the "Vendors") under a Share Sale Agreement dated September 8, 2007 wherein the effective date was agreed as January 1, 2007 (the "Effective Date"). The acquisition transaction was completed by VB Brasil on September 18, 2008 (the "Closing Date") for a consideration of US\$ 165 million plus operating costs from the Effective Date till the Closing Date amounting to US\$ 117.85 million. IBV Brasil Petroleo Limitada has interests in four concessions with ten deep water offshore exploration blocks in Brazil. The national oil company of Brazil is the operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one remaining 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 financial interest in the said jointly controlled entity VB (Brasil) Petroleo Private Limitada is as under:

The Company's 50% share of	30th Sept. 2008 (Rs. in million)	30th Sept. 2007 (Rs. in million)
Assets	6,988.27	-
Liabilities	7,303.77	-
Income	-	-
Expenses	339.10	-
Tax	-	-

7. The Exceptional items in profit and loss account represents

- a) The amount of interest on delayed payment of profit petroleum and royalty on oil and gas of Rs.391.78 million recovered by the Government of India in respect of which the application is pending before the Hon'ble Arbitral Tribunal for final determination of such amount.
- b) Exchange rate difference on ECB and FCCB amounting to Rs. 886.32 million which is only a provision made and may reverse in case, the exchange rate moving back to earlier levels.

	For the year ended 30th Sept., 2008 (Rs. in Million)	For the year ended 30th Sept., 2007 (Rs. in Million)
8. Earnings Per Share:		
i.) Net Profit attributable to Equity Shareholders		
Net Profit as per Profit & Loss Account	10,989.31	6,990.86
Add: Excess provision of Income Tax for earlier year written back	7.32	68.08
Less : Short provision of Fringe Benefit Tax	0.17	-
	10,996.46	7,058.95
Less : Dividend on Preference Shares including Tax on the same	43.06	43.06
Net Profit attributable to Equity Shareholders	10,953.40	7,015.88
Add : Changes (net) Related to FCCBs	246.69	22.30
Adjusted Net Profit for Diluted EPS	11,200.09	7,038.18
ii.) Weighted Average number of equity shares for Basic EPS	227,224,997	221,019,058
Weighted Average number of equity shares for Diluted EPS	238,903,247	239,963,551
iii.) Basic Earnings per Share	Rs. 48.21	Rs. 31.74
Diluted Earnings per Share	Rs. 46.88	Rs. 29.33
iv.) Reconciliation of weighted average Numbers of Equity Shares outstanding during the period		
For Basic Earnings Per Share	227,224,997	221,019,058
Add : Adjustment on account of FCCBs	11,678,250	18,944,493
For Diluted Earnings Per Share	238,903,247	239,963,551

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

(Rupees in million)

Name of the Company	Effect on Consolidated Profit / (loss)	Net Assets at 30th Sept. 2008
a) Acquisitions		
Videocon Global Energy Holdings Ltd.	(10.51)	(7.27)
Videocon Energy Resources Ltd.	(1.70)	21.03
Videocon Electronics (Shenzhen) Ltd.	-	1.41
Videocon International Electronics Ltd.	(0.61)	6,000.50
Datacom Solutions Private Ltd. (Subsidiary of Videocon International Electronics Ltd.)	-	960.00
Datacom Telecommunications Private Ltd. (Subsidiary of Datacom Solutions Pvt. Ltd.)	-	0.50
Eagle E-Corp Ltd.	(0.08)	0.38
Videocon Energy Ventures Ltd.	(0.00)	0.04
Pipavav Energy Private Ltd.	-	276.48
Videocon Hydrocarbon Holdings Ltd. (Subsidiary of Videocon Energy Ventures Ltd.)	(12.42)	(9.50)
Investcon Singapore Holdings Ltd. (Subsidiary of Videocon (Mauritius) Infrastructure Ventures Ltd.)	(0.07)	(0.05)
b) Disposals / Cessation		
Eagle Corporation Ltd. (Ceased to be subsidiary due to dilution)	45.47	N.A.

10. 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.
11. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
12. In the opinion of the Board, the value of realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than 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.
13. Related Party Disclosures
- As required under Accounting Standard 18 on "Related Party Disclosure", the disclosure of transaction with related parties as defined in the Accounting Standard are given below.
- a) List of Related Parties
- i) Associate and Joint Venture
- Ravva Oil & Gas Field (unincorporated) Joint Venture - Participating Interest 25%
 - WA-388-P Joint Venture - Participating Interest 20% (w.e.f. September 18, 2008)
 - Block 56 Joint Venture Oman - Participating Interest 25%
 - EPP27 Joint Venture - Participating Interest 20%
 - JPDA 06-103 Joint Venture - Participating Interest 25%
 - VB (Brasil) Petroleo Private Ltda. - Percentage of holding 50% (w.e.f. December 2, 2007)
 - Videocon Infinity Infrastructure Pvt. Ltd. - Percentage of holding 50% (w.e.f. June 2, 2008)
 - Evans Fraser & Co. (India) Ltd. - Percentage of holding 41.67% (Upto August 5, 2008)

ii) Key Management Personnel

- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Pradeepkumar N. Dhoot - Whole time Director
- Mr. K. R. Kim - Chief Executive Officer (w.e.f. 1st September, 2008)
- Mr. P. K. Gupta - Vice President
- Mr. Amit Gupta - Vice President
- Mr. Shekhar Jyoti - Vice President
- Mr. Toshihiro Ueki
- Mr. Pradzynski Michal (Upto March 15, 2008)
- Mr. Albino Bessa (Upto March 15, 2008)
- Mr. Neeraj Kumar (Upto March 15, 2008)
- Mr. Andrea Lo Sasso (Upto March 15, 2008)

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.

(Rupees in million)

Nature of Transaction	Associates/ Joint Venture	Key Management Personnel
Contribution towards share of expenditure	2,425.55 (1,735.31)	
Remuneration		49.50 (53.52)
Outstanding as at 30th September 2008		
Receivable from unincorporated Joint Venture	NIL (35.11)	
Payable to unincorporated Joint Venture	3.86 (2.14)	
Payable to Incorporated Joint Venture	17.62 (0.59)	

c) Disclosure in Respect of material Related party Transactions during the year:

1. Contribution Towards Share of Expenditure (Joint Venture) includes Block 56 Joint Venture - Oman Rs.242.79 million (Previous year Rs. 49.39 million), Ravva Oil & Gas Field Rs.1,926.66 million (Previous year Rs. 1,661.35 million), and Block JPDA 06-103 Joint Venture 252.10 million (Previous year Rs.19.95 million).
2. Receivable from unincorporated Joint Venture includes Ravva Oil & Gas Field Rs. NIL (Previous year Rs.35.11 million).
3. Payable to operator of Unincorporated Joint Venture in respect of EPP27 offshore otway Basin, South Australia Rs. 0.41 million (Previous year Rs. 0.40 million), in respect of Block 56 - Oman Rs.2.17 million (Previous year Rs. 1.30 million), in respect of Block WA-388-P, Australia Rs. 1.28 million (Previous year Rs. 0.44 million) and in respect of JPDA06-103 Rs. 1.02 million (Previous year Rs. 0.18 million).

14. 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 on 30.09.2008	As on 30.09.2007
Crude Oil	Million Metric Tonnes	1.89	2.19
Natural Gas	Million Cubic Metres	419.69	490.81

15. During the year the Company has changed the accounting policy in respect of accounting for provision for Abandonment Cost. According to the revised policy, the full eventual estimated liability towards cost relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as cost of producing property and as liability for abandonment cost, based on the latest technical assessment available and the same is amortised using the "unit of production method". Hitherto, the abandonment cost were provided for as liability and not capitalised as producing property.

Consequent to this change in accounting policy, the gross fixed asset are higher by Rs. 1,004.36 millions, the net fixed assets and the current liabilities are higher by Rs 217.24 million. There is no impact on the profit for the year due to this change in the accounting policy.

16. 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:

	Exchange Rate Fluctuation (Rs. in million)	Warranty & Maintenance Expenses (Rs. in million)
a) Amount at the beginning of the year	1,023.91	405.49
b) Additional provision made during the year	-	392.01
	(1,023.91)	(393.83)
c) Amount used	1,023.91	396.38
	(-)	(378.44)
d) Unused amount reversed during the year	-	-
	(-)	(-)
e) Amount at the end of the year	-	401.11
	(1,023.91)	(405.49)

Figures in bracket are in respect of Previous year.

17. A. 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. 20.40 million (Previous year Rs.174.50 million.)
- iii) The maximum obligation on long-term non-cancellable operating leases entered on or after April 1, 2001 payable as per the rentals stated in respective agreements are as follows.

(Rs. in million)

Minimum Lease Payments	As at 30.09.08	As at 30.09.07
Not later than 1 year	14.87	227.98
Later than 1 year and not later than 5 years	0.46	949.64
More than 5 year	-	1,864.47
Total	15.33	3,042.09

B. Finance Lease

- i. Reconciliation between minimum lease payment at Balance Sheet date and it's Present Value.

(Rs. in Million)

a. Total of minimum Lease Payment at the Balance Sheet date	-	(48.69)
b. Less : Finance Charge	-	(3.34)
Total present value of minimum lease payments.	-	(45.35)

(Rs. in Million)

ii. Total of minimum Lease Payment at the Balance Sheet date	Minimum lease payment	Present value of minimum lease payment
a. Payable not later than one year	-	-
	(15.00)	(13.29)
b. Payable Later than 1 year and not later than 5 years	-	-
	(33.69)	(32.06)

Figures in bracket are in respect of Previous year.

18. Segment Information

- i) The Company and its subsidiaries have identified three reportable segments viz. Crude Oil & Natural Gas, Consumer Electronics & Home Appliances and Telecommunications. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.
- 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"
 - 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".
 - Primary Segment Information - Business segment:

(Rs. In Million)

Particulars	Consumer Electronics & Home Appliances		Crude Oil & Natural Gas		Telecommunications		Others		Total	
	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007
1. Segment Revenue										
- External Segment	103,294.52	111,869.38	19,076.00	14,101.91	-	-	-	-	122,370.52	125,971.29
- Inter Segment	-	-	-	-	-	-	-	-	-	-
Total Segment	103,294.52	111,869.38	19,076.00	14,101.91	-	-	-	-	122,370.52	125,971.29
2. Segment Result before Interest	11,868.25	6,415.19	5,743.21	4,427.70	-	-	-	-	17,611.46	10,842.89
Less: Interest Expenses	-	-	-	-	-	-	-	-	5,326.04	4,565.37
Add/(Less) Other Unallocable	-	-	-	-	-	-	-	-	515.57	2,955.74
Profit before Exceptional Items and Taxation	-	-	-	-	-	-	-	-	12,800.99	9,233.26
Add/(Less) : Exceptional Items	-	-	-	-	-	-	-	-	(1,278.10)	-
Add: Share of Profit in Associate Company	-	-	-	-	-	-	-	-	50.80	31.18
Add: Adjustment on Disposal Cessation of Subsidiaries/ Associates	-	-	-	-	-	-	-	-	2,880.45	18.01
Less : Provision for Current Tax	-	-	-	-	-	-	-	-	1,616.84	1,282.77
Less : Provision for Deferred Tax	-	-	-	-	-	-	-	-	1,765.02	1,085.70
Less : Provision for Fringe Benefit Tax	-	-	-	-	-	-	-	-	22.93	23.89
Profit before Minority Interest	-	-	-	-	-	-	-	-	11,049.35	6,890.09
Add/(Less): Minority Interest	-	-	-	-	-	-	-	-	(60.04)	100.77
Profit for the year									10,989.31	6,990.86
	Consumer Electronics & Home Appliances		Crude Oil & Natural Gas		Telecommunications		Unallocable		Total	
	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007	30th Sept. 2008	30th Sept. 2007
3. Other Information										
Segment Assets	127,876.08	147,959.68	12,536.46	3,630.22	20,217.73	-	47,596.34	18,857.77	208,226.61	170,447.68
Segment Liabilities	71,401.45	86,440.28	9,776.43	1,655.69	19,257.73	-	39,033.49	13,007.63	139,469.10	101,103.60
Capital Expenditure	11,764.77	14,638.42	1,271.06	984.07	36.62	-	-	75.67	13,072.45	15,698.16
Depreciation	7,156.22	5,604.97	576.47	913.97	-	-	72.22	66.29	7,804.91	6,585.23

ii) Secondary Segment Information

(Rs. in Million)

	Particulars	Within India	Outside India	Total
a.	Segment Revenue - External Turnover	108,479.39	13,891.14	122,370.52
b.	Segment Assets	180,039.52	28,187.09	208,226.61
c.	Segment Liabilities	112,581.98	26,887.12	139,469.10
d.	Capital Expenditure	10,188.87	2,883.58	13,072.45

As per Accounting Standard 17 on segment reporting (AS-17) issued by the Institute of Chartered Accountants of India, the Company has reported segment information on consolidated basis including the business conducted through its subsidiaries.

- 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 for full year, consequent to their cessation to be subsidiaries of the Company and include operations of certain subsidiaries for part of the year, consequent to their acquisition / formation as stated in Note No. A-1 (e) above.
- Figures in respect of previous year have been regrouped and recasted wherever necessary to make them comparable with those of current year.

PROXY FORM

VIDEOCON INDUSTRIES LIMITED

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

Regd. Folio No./Client ID No.

I/Weof

..... in the district of

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

named Company hereby appoint of

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

..... of in the

district of as my/our proxy to vote for me/our behalf at
the 20th ANNUAL GENERAL MEETING of the Company to be held on Monday, March 30, 2009 at 12.00 Noon at
Registered Office of the Company at 14 K.M. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan,
District Aurangabad – 431 105 (Maharashtra), and at any adjournment thereof.

Signed this day of2009.

Affix
Rupee 1/-
Revenue
Stamp

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

ATTENDANCE SLIP

VIDEOCON INDUSTRIES LIMITED

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

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

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

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company to be held on Monday, March 30, 2009 at
12.00 Noon at Registered Office of the Company at 14 K.M. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan,
District Aurangabad – 431 105 (Maharashtra),

.....
Member's / Proxy's Name in Block Letters

.....
Member's / Proxy Signature

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

TEAR HERE

BOOK-POST

If undelivered, please return to :

MCS LIMITED

(Unit : Videocon Industries Limited)

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