## Auditors' Report pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of
**VIDEOCON INDUSTRIES LIMITED**

### 1. Report on the Financial Results

We have audited accompanying standalone financial results of **Videocon Industries Limited** (**'the Company'**) for the quarter and 18 months period ended on 30th June, 2013, prepared by the Company pursuant to the requirement of Clause 41 of the Listing Agreement with the Stock Exchanges except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us.

Attention is drawn to Note No. 2 to the financial results regarding the fact that the figures for the quarter ended 30th June, 2013 as reported in these financial results are the balancing figures between audited figures in respect of the full 18 months financial period ended 30th June, 2013 and the published year to date figures upto the end of the fifth quarter of the financial period. Also, the figures of preceding five quarters are reviewed and not subjected to audit.

### 2. Management's Responsibility for the Financial Results

These financial results have been prepared on the basis of the audited financial statements for the 18 months period ended 30th June, 2013 and reviewed quarterly financial results of the Company for each of the preceding five quarters. Management is responsible for the preparation of these financial results which give true and fair view of the net profit/loss and other financial information in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India, in compliance with Clause 41 of the Listing Agreement.

This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of financial results that give a true and fair view and are free from material misstatement, whether due to error or fraud.

### 3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial results based on our audit of the financial statement of the Company for the period ended 30th June, 2013. We

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

KADAM & CO. Chartered Accountants

conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

**4. Basis of Qualified Opinion**

*As mentioned in Note No. 3, to the financial results, the Company has upto 30th June, 2013, directly and through its subsidiaries, made investments of Rs. 4,933.75 Crore and advanced loans of Rs. 78.27 Crore to Videocon Telecommunications Limited (VTL), the subsidiary. VTL had been awarded licenses by the Department of Telecommunications (DoT) to provide Unified Access Service (UAS) in 21 circles in India w.e.f. from 25th January, 2008, which were valid for 20 years. The VTL had also been allotted spectrum in 20 circles and had launched its commercial operations in 17 circles.*

*The Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012 ("Judgment") in two separate writ petitions, quashed the UAS licenses granted on or after 10th January, 2008 pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to licensees which included the 21 UAS licenses issued and allocation of spectrum to VTL.*

*The Hon'ble Supreme Court of India vide its Judgment had also directed the Central Government to grant fresh UAS licenses and spectrum allocation by auction. The DoT, had issued a Notice Inviting Applications for auction of spectrum. VTL participated in the said auction, has been awarded the Unified Licenses (Access Services) for six circles with effect from 16th February 2013 which are valid for a period of 20 years. VTL has also been allotted spectrum in these 6 circles. VTL is continuing its commercial operations.*

*VTL has been continuously incurring losses and has huge accumulated losses as at 30th June, 2013. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital funding requirements. The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan.*

*However, in view of the accumulated losses of the VTL, we are unable to express an opinion on the extent of realisability of aforesaid investments in and advances to VTL. The consequential effect of the above on assets and liabilities as at 30th June, 2013 and the loss for the period ended on that date is not ascertainable.*

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

KADAM & Co. Chartered Accountants

5. **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, these financial results; *except for the effect of the matters described in the Basis of Qualified Opinion paragraph 4 above;*

(i) are prepared in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and

(ii) give a true and fair view of the net profit/loss and other financial information of the Company for the period ended 30th June, 2013.

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

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

**SHIVRATAN AGARWAL**
PARTNER
Membership No. 104180

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

**U. S. KADAM**
PARTNER
Membership No. 31055

Place : Mumbai
Date : 29th August, 2013

# VIDEOCON INDUSTRIES LIMITED

Registered office : 14KM Stone, Aurangabad - Paithan Road,
Village Chittegaon, Taluka Paithan, Dist. Aurangabad - 431 105

VIDEOCON

## STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2013

PART I [Rs. in Crore]

| Particulars | Quarter ended | | | 18 Months ended | 12 Months ended |
|---|---|---|---|---|---|
| | 30.06.2013 | 31.03.2013 | 30.06.2012 | 30.06.2013 | 31.12.2011 |
| | Audited | Unaudited | Unaudited | Audited | Audited |
| **1. Income from operations** | | | | | |
| a) Net sales/income from operations (net of excise duty) | 3,032.45 | 3,002.57 | 3,018.02 | 18,117.61 | 12,638.78 |
| b) Other operating income | 10.03 | 6.93 | 6.36 | 39.66 | 11.44 |
| **Total income from operations (net)** | **3,042.48** | **3,009.50** | **3,024.38** | **18,157.27** | **12,650.22** |
| **2. Expenses** | | | | | |
| a) Cost of materials consumed | 1,008.90 | 1,001.02 | 903.15 | 5,664.37 | 4,056.30 |
| b) Purchases of stock-in-trade | 976.57 | 972.49 | 979.59 | 5,913.38 | 3,850.18 |
| c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (32.98) | (8.24) | (4.97) | (57.73) | (14.04) |
| d) Employee benefits expense | 71.11 | 70.94 | 62.47 | 397.99 | 225.35 |
| e) Depreciation and amortisation expense | 146.00 | 145.73 | 135.12 | 824.35 | 607.56 |
| f) Other expenses | 504.24 | 580.58 | 561.22 | 3,232.88 | 2,280.02 |
| **Total expenses** | **2,673.84** | **2,762.52** | **2,636.58** | **15,975.24** | **11,005.37** |
| **3. Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)** | **368.64** | **246.98** | **387.80** | **2,182.03** | **1,644.85** |
| 4. Other income | 241.44 | 35.25 | 57.39 | 418.27 | 106.31 |
| **5. Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)** | **610.08** | **282.23** | **445.19** | **2,600.30** | **1,751.16** |
| 6. Finance costs (net) | 602.84 | 536.19 | 390.08 | 2,714.82 | 977.79 |
| **7. Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)** | **7.24** | **(253.96)** | **55.11** | **(114.52)** | **773.37** |
| 8. Exceptional items | - | - | - | - | - |
| **9. Profit/(Loss) from ordinary activities before tax (7+8)** | **7.24** | **(253.96)** | **55.11** | **(114.52)** | **773.37** |
| 10. Tax expense | (3.39) | (55.00) | 5.00 | (42.89) | 233.46 |
| **11. Net Profit/(Loss) from ordinary activities after tax (9-10)** | **10.63** | **(198.96)** | **50.11** | **(71.63)** | **539.91** |
| 12. Extraordinary items (net of tax expenses) | - | - | - | | - |
| **13. Net Profit/(Loss) for the period (11-12)** | **10.63** | **(198.96)** | **50.11** | **(71.63)** | **539.91** |
| 14. Paid-up equity share capital (FV Rs.10/- per share) | 318.76 | 318.76 | 318.76 | 318.76 | 303.01 |
| 15. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year | - | - | - | 9,807.16 | 9,619.04 |
| **16.i. Earnings per share (before extraordinary items) (of Rs. 10/- each) (not annualised)** | | | | | |
| a) Basic | 0.33 | (6.24) | 1.62 | (2.38) | 17.73 |
| b) Diluted | 0.33 | (6.24) | 1.62 | (2.38) | 17.73 |
| **16.ii. Earnings per share (after extraordinary items) (of Rs. 10/- each) (not annualised)** | | | | | |
| a) Basic | 0.33 | (6.24) | 1.62 | (2.38) | 17.73 |
| b) Diluted | 0.33 | (6.24) | 1.62 | (2.38) | 17.73 |

...Contd.

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

KADAM & CO. Chartered Accountants

# VIDEOCON INDUSTRIES LIMITED

Registered office : 14KM Stone, Aurangabad - Paithan Road,
Village Chittegaon, Taluka Paithan, Dist. Aurangabad - 431 105

VIDEOCON



**PART II - Select Information for the Quarter Ended 30th June, 2013**

| Particulars | Quarter ended | | | 18 Months ended | 12 Months ended |
|---|---|---|---|---|---|
| | 30.06.2013 | 31.03.2013 | 30.06.2012 | 30.06.2013 | 31.12.2011 |
| | Audited | Unaudited | Unaudited | Audited | Audited |
| **A. PARTICULARS OF SHAREHOLDING** | | | | | |
| 1. Public shareholding [including Global Depository Receipts (GDR's)] | | | | | |
| - Number of equity shares | 97,583,255 | 97,596,255 | 111,993,349 | 97,583,255 | 96,243,349 |
| - Percentage of equity shareholding | 30.61% | 30.62% | 35.13% | 30.61% | 31.76% |
| 2. Promoters and Promoter Group shareholding | | | | | |
| a) Pledged/Encumbered | | | | | |
| - Number of shares | 146,220,520 | 145,260,520 | 133,337,547 | 146,220,520 | 132,313,547 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 66.11% | 65.68% | 64.48% | 66.11% | 63.99% |
| - Percentage of shares (as a % of the total share capital of the Company) | 45.87% | 45.57% | 41.83% | 45.87% | 43.66% |
| b) Non-encumbered | | | | | |
| - Number of shares | 74,967,894 | 75,914,894 | 73,440,773 | 74,967,894 | 74,464,773 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 33.89% | 34.32% | 35.52% | 33.89% | 36.01% |
| - Percentage of shares (as a % of the total share capital of the Company) | 23.52% | 23.81% | 23.04% | 23.52% | 24.57% |

| Particulars | Quarter ended 30.06.2013 |
|---|---|
| **B INVESTOR COMPLAINTS** | |
| Pending at the beginning of the quarter | 6 |
| Received during the quarter | 275 |
| Disposed off during the quarter | 274 |
| Remaining unresolved at the end of the quarter | 7 |

Notes:

1. The above results have been approved by the Board of Directors at its meeting held on 29th August, 2013.
2. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial period upto 30th June, 2013 and the unaudited published year-to-date figures upto 31st March, 2013 being the date of the end of the fifth quarter of the financial period.
3. In respect of Auditors' qualifications in the Auditors' Report for the period/quarter ended 30th June, 2013, regarding the extent of realisability of the investments made in and the advances given to Videocon Telecommunications Limited (VTL), the subsidiary, the explanation of management is as under:

   The Company has, directly and through its subsidiaries, made investments of Rs. 4,933.75 Crore and has also given advances to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted the license for providing Unified Access Services (UAS) in 21 circles by the Department of Telecommunications (DoT), Government of India in 2008 and was also allotted spectrum in 20 circles. The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012, quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licensees, which also include the 21 UAS licenses granted to VTL and the spectrum allotted to it. The Hon'ble Supreme Court of India had also directed the Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter.

   DoT conducted the auction of spectrum in November, 2012. VTL participated in the auction and has been declared as a successful bidder in 6 circles and has been awarded spectrum in these circles. VTL is continuing its commercial operations. As VTL has huge accumulated losses, its ability to continue as going concern is dependent on its ability to fund its operating requirements. The management is confident of mobilizing necessary resources for continuing operations of VTL as per the business plan. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments and advances to VTL.
4. Figures of "Reserves excluding Revaluation Reserve' as at 30th June, 2013, "Earnings Per Share" and "Capital Employed" in Segment wise details for the quarter and period ended on that date are subject to the necessary adjustment on account of dividend on equity shares if and when proposed by the Board of Directors of the Company as per the provisions of the Companies Act, 1956 and the consequent dividend distribution tax.

...Contd.

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

KADAM & CO. Chartered Accountants

5. Tax expense for the quarter and period ended 30th June, 2013 represents provision for current, deferred and excess/short provision of earlier years.

6. The current accounting year of the Company has been extended and hence, the current accounting year is for the period of 18 (Eighteen) months from 01st January, 2012 to 30th June, 2013.

7. The figures have been regrouped/reclassified wherever necessary to make them comparable.

8. Segment-wise details of Revenue, Results and Capital Employed:

[Rs. in Crore]

| Particulars | Quarter ended | | | 18 Months ended | 12 Months ended |
|---|---|---|---|---|---|
| | 30.06.2013 | 31.03.2013 | 30.06.2012 | 30.06.2013 | 31.12.2011 |
| | Audited | Unaudited | Unaudited | Audited | Audited |
| i) Segment revenue | | | | | |
| a) Consumer electronics and home appliances | 2,778.75 | 2,649.42 | 2,653.24 | 16,163.85 | 11,154.83 |
| b) Crude oil and natural gas | 259.82 | 354.65 | 367.46 | 1,970.06 | 1,493.46 |
| c) Power | 3.91 | 5.43 | 3.68 | 23.36 | 1.93 |
| Total | 3,042.48 | 3,009.50 | 3,024.38 | 18,157.27 | 12,650.22 |
| Less: Inter segment revenue | - | - | - | - | - |
| Net sales/income from operations | 3,042.48 | 3,009.50 | 3,024.38 | 18,157.27 | 12,650.22 |
| ii) Segment results | | | | | |
| [Profit before tax and finance costs from each segment] | | | | | |
| a) Consumer electronics and home appliances | 290.99 | 201.68 | 281.42 | 1,620.88 | 1,255.18 |
| b) Crude oil and natural gas | 80.70 | 109.97 | 110.59 | 638.84 | 506.91 |
| c) Power | 2.03 | 3.28 | 1.75 | 12.19 | 0.54 |
| Total | 373.72 | 314.93 | 393.76 | 2,271.91 | 1,762.63 |
| Less: | | | | | |
| a) Finance costs | 602.84 | 536.19 | 390.08 | 2,714.82 | 977.79 |
| b) Other unallocable expenditure net of unallocable income (income) | (236.36) | 32.70 | (51.43) | (328.39) | 11.47 |
| Total profit before tax | 7.24 | (253.96) | 55.11 | (114.52) | 773.37 |
| iii) Capital employed | | | | | |
| [Segment assets less segment liabilities] | | | | | |
| [Based on estimates in terms of available data] | | | | | |
| a) Consumer electronics and home appliances | 6,773.07 | 6,769.54 | 6,887.38 | 6,773.07 | 6,825.38 |
| b) Crude oil and natural gas | 396.74 | 395.67 | 391.25 | 396.74 | 388.72 |
| c) Power | 552.62 | 552.04 | 551.12 | 552.62 | 550.62 |
| Total capital employed in segments | 7,722.43 | 7,717.25 | 7,829.75 | 7,722.43 | 7,764.72 |
| Unallocable corporate assets less corporate liabilities | 2,418.82 | 2,416.61 | 2,502.37 | 2,418.82 | 2,188.26 |
| Total capital employed | 10,141.25 | 10,133.86 | 10,332.12 | 10,141.25 | 9,952.98 |

Notes:

i) Segments have been identified in accordance with the Accounting Standard (AS) -17 "Segment Reporting", considering the organization structure and the return/risk profiles of the business.

ii) Segment revenue includes sales and other income directly identifiable and allocable to the segment.

iii) Other unallocable expenditure includes expenses incurred on common services provided to segments and corporate expenses. Unallocable income mainly includes income from investments and divestment income.

KHANDELWAL JAIN & CO MUMBAI CHARTERED ACCOUNTANTS

KADAM & CO. Chartered Accountants

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

**V. N. DHOOT**
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Date : 29th August, 2013