

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of **VIDEOCON INDUSTRIES LIMITED** (formerly Videocon Leasing & Industrial Finance Limited) will be held on Friday, 31st December, 2004 at the Registered Office of the Company at Auto Cars Compound, Adalat Road, Aurangabad - 431 005 at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet for the Financial Year ended on June 30, 2004 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Anirudha V Dhoot, who retires by rotation and being eligible, offers him self for re-appointment.
3. To appoint Auditors to hold office for the period commencing from this annual general meeting till the conclusion of next annual general meeting and to fix their remuneration.

Registered Office:

Auto Cars Compound
Adalat Road
Aurangabad - 431 005
Maharashtra.

Place : Ahmednagar

Date : 30th November, 2004

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and share transfer books of the Company will remain closed from Friday, December 24, 2004 to Friday,

December 31, 2004 (both days inclusive) for the purpose of Annual General Meeting.

3. As regards reappointment of Mr. Anirudha V Dhoot referred to in Item No.2 of the notice, the necessary disclosures forms part of Corporate Governance Report. The Board is of the opinion that his experience and knowledge will prove beneficial for the future growth and development of the Company. The Board recommends his appointment as Director of the Company.
4. The Unclaimed dividends upto the year 1995-1996 have been transferred to the General Revenue Account of the central government. In view of the amended section 205-C of the Companies Act, 1956 followed by the issue of Investor Education & Protection Fund (awareness and protection of the investors) Rules, notified by the Department of Company Affairs, any money transferred by the company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to a fund called "Investor Education & Protection Fund" set up by the Central Government.
5. The members are requested to:
 - a) Intimate to the Company changes, if any, in their Registered Addresses at an early date.
 - b) Quote Ledger Folio numbers/Depository and Client ID in all the correspondence.
 - c) Bring the Copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

By Order of the Board of Directors

P.N.DHOOT
Director

Registered Office:

Auto Cars Compound
Adalat Road
Aurangabad - 431 005
Maharashtra.

Place : Ahmednagar

Date : 30th November, 2004

By Order of the Board of Directors

P.N.DHOOT
Director

VIDEOCON INDUSTRIES LIMITED

(formerly Videocon Leasing & Industrial Finance Limited)

DIRECTORS' REPORT

To the Shareholders of

Videocon Industries Limited

The Board of Directors of Videocon Industries Limited have pleasure in placing before the shareholders the 16th Annual Report together with the Audited Accounts for the financial year ended June 30, 2004.

FINANCIAL RESULTS:

	2003-04	2002-03
Gross Income	2077.57	5841.34
Profit (Loss) before Interest, Tax and Depreciation	800.09	4557.55
Interest	759.53	4326.17
Depreciation	229.45	189.45
Profit/(Loss) before extraordinary item	(188.89)	41.93
Consideration for amalgamation	Nil	(1472.10)
Profit (Loss) before tax	(188.89)	(1430.17)
Provision for Taxation	Nil	Nil
Credit for Deferred Tax Asset	15.20	(709.36)
Profit (Loss) after Tax	(173.69)	(2139.53)

OPERATIONS:

During the year, name of the Company was changed from Videocon Leasing & Industrial Finance Limited to Videocon Industries Limited. The Company also changed its main objects in line with the proposed business strategy.

During the year under consideration, the company started the online lottery business as distributors.

After the initial preparations like networking etc., the commercial launch of the business was done in the month of April'04. However, being in the initial stage, the volume of activities remained low.

BUSINESS PROSPECTS:

The Company is in the process of consolidating its business strategy and hence proposes consolidation of commercial activities with the group companies by way of mergers/amalgamations/takeovers. The Board of Directors in their meeting held on August 16, 2004 in principle approved the proposal of amalgamation of Petrocon India Limited (formerly Videocon Petroleum Limited) with the company subject to necessary approvals of Hon'ble High Court of Mumbai and consent of Members, Debenture Holders, Creditors and Unsecured Creditors of the Company. The appointed date has been proposed as 31st March, 2004. The company is in process of completing the necessary formalities in this behalf.

FIXED DEPOSIT:

The Company has not accepted any fixed deposits from the public

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, there were no foreign exchange earnings and foreign exchange outgo amounted to Rs. 45.94 lacs.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company is not a manufacturing Company hence the particulars relating to Conservation of Energy and Technology Absorption Stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

INFORMATION TECHNOLOGY AND COMMUNICATION:

The Company uses information technology as a tool to improve efficiency and productivity. The Company has used effective IT tools to integrate its activities. The Company is planning to deploy comprehensive intranet system to facilitate internal information sharing.

HUMAN RESOURCES MANAGEMENT:

The Company believes in improving daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to explore and make the most of them. The Company further believes that human resources are the key resources for the success of any organization. Thus, the Company strives to create a culture of openness and empowerment amongst its employees and provide good and prospecting career development. The Company is committed towards the welfare of the employees and their families. A number of training programmes were held for the benefits of the staff at various levels.

The Company lays significant emphasis in nurturing the all-round development of Human Resources with special emphasis on training its employees to equip themselves to face the challenges in the competitive business environment and achieve the desired goals.

APPOINTMENT/REAPPOINTMENT OF DIRECTORS:

Mr. Anirudha V Dhoot retires by rotation at the ensuing Annual General Meeting. He being eligible, offers himself for reappointment.

Mr. Anirudha V Dhoot, 26, is a Master in Business Administration from Cardiff University, UK. He carries with him vast experience in the field of electronics, gaming solutions including online lotteries and entertainment business like multiplex cinema halls. He is also a member of FICCI in the western region. His directorship and committee positions are as hereunder:

Other Directorships:

Bharath Business Channel Limited
Dhoot Entertainment & Gaming Solutions Limited
Videocon International Electronics Limited
Millennium Appliances India Limited
Videocon Industrial Finance Limited

Committee Positions:

Member :

Videocon Industries Limited

- Audit Committee
- Shareholders Committee

Videocon Industrial Finance Limited

- Audit Committee

Millennium Appliances India Limited

- Audit Committee

Chairman : Nil

The Board is of the opinion that his experience and knowledge will prove beneficial for the future growth and development of the Company. The Board recommends his appointment as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of VIDEOCON INDUSTRIES LIMITED, state in respect of Financial Year 2003-04 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 loss 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;
- the Directors have prepared the annual accounts on a going concern basis;
- the Board has constituted an Audit Committee comprising of Three Independent Directors, inter alia for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;
- the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES:

None of the Employees is covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANIES:

Videocon Energy Holdings Limited (VEHL) and consequently Goa Energy Private Limited (formerly Talchar Minings Private Limited), which is a subsidiary of VEHL, ceased to be the subsidiaries of the Company w.e.f. 31st March, 2004. Videocon Securities Limited has become subsidiary since 15th day of June, 2004.

Also, on June 5, 2004, Petrocon India Ltd. (PIL) became subsidiary of the company within the meaning of Section 4 of the Companies Act, 1956, by virtue of amendment to the Articles of Association of that company, giving control to your company over composition of the Board of Directors of PIL.

Pursuant to the requirements of Section 212 of the Companies Act, 1956, the Annual Reports and Accounts of the subsidiary companies, viz, Popup Properties & Investments Private Limited, Videocon Securities Limited and Videocon (Mauritius) Infrastructure Ventures Limited for the financial year ended on June 30, 2004 and of Petrocon India Limited for the financial year ended on March 31, 2004 are annexed to the Balance Sheet.

CONSOLIDATED FINANCIAL STATEMENTS:

The Directors also present the consolidated financial statements, pursuant to clause 41 of Listing Agreement with the Stock Exchanges, duly incorporating the financial statements of the Popup Properties & Investments Private Limited, Videocon Securities Limited and proportionate share of the Company in Joint Venture Company India Floor Care & Appliances Limited.

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

AUDITORS' REPORT:

The Auditors' have given qualifications on Pending confirmation and reconciliation of certain debit and credit balances. The management is in the process of obtaining confirmations/reconciling the balances and no material impact thereof on the financial statements is envisaged.

AUDITORS:

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

CORPORATE GOVERNANCE:

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

COMPLIANCE CERTIFICATE:

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

ACKNOWLEDGEMENT:

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

Your 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

P.N.DHOOT
Director

Place : Ahmednagar
Date : 30th November, 2004

CORPORATE GOVERNANCE

The Company has been committed to good corporate governance practices well before these were mandated by the Securities and Exchange Board of India (SEBI) and the stock exchanges through clause 49 of their listing agreements. The Company believes in total transparency, integrity and accountability of the management team, thus, making management accountable to the shareholders for effective management of the companies, in the interests of the company and also with adequate concern for ethics and values.

The Company always upheld the rights of the shareholders to the information on performance of the company. Hence the company has started giving more emphasis to the system corporate accounting and disclosure practices.

a) The composition of Board of Directors is as follows:

Sl. No.	Name of Director	Category	Whether attended AGM held on 31-12-2003	Attendance in Board Meetings		Other Board		
				Held	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr.Pradeepkumar N Dhoot	Promoter Executive	No	10	9	14	2	7
2	Mr.Anirudha V Dhoot	Promoter Non-Executive	No	10	10	5	0	4
3	Mr.S K Shelgikar	Independent Non-Executive	No	10	6	-	-	-
4	Mr.Vivek D Dharm	Independent Non-Executive	Yes	10	10	7	2	1

b) 10 Board Meetings were held during the year 2003 – 2004 on the following dates : 27/07/2003, 13/09/2003, 30/09/2003, 31/10/2003, 10/11/2003, 27/11/2003, 31/12/2003, 30/01/2004, 31/03/2004, 29/04/2004.

c) Mr. Anirudha V Dhoot retires by rotation at the ensuing Annual General Meeting. The following necessary disclosure are made for the information of the shareholders:

Mr. Anirudha V Dhoot, 26, is a Master in Business Administration from Cardiff University,UK. He carries with him vast experience in the field of electronics, gaming solutions including online lotteries and entertainment business like multiplex cinema halls. He is also a member of FICCI in the western region. His directorship and committee positions are as hereunder:

Other Directorship:

- Bharath Business Channel Limited
- Dhoot Entertainment & Gaming Solutions Limited
- Videocon International Electronics Limited
- Millennium Appliances India Limited
- Videocon Industrial Finance Limited

Committee Positions

Member :

- Videocon Industries Limited
- Audit Committee
- Shareholders Committee

Board of Directors:

The Company has co-opted eminent people from different fields such as Finance, Marketing and Administration on its Board wherein majority comprises of Independent/ Non-Executive Directors.

The Board meetings are held at a regular intervals for planning, assessing and evaluating all important business and activities of the Company. The Board has constituted various committees.

Videocon Industrial Finance Limited

- Audit Committee

Millennium Appliances India Limited

- Audit Committee

Chairman : Nil

Audit Committee:

As per the requirement of Part II of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 the Company has formed an Audit Committee. The Committee comprises of Mr. Vivek D Dharm as Chairman, Mr. S K Shelgikar and Mr. Anirudha V Dhoot as Members.

The following areas are referred to 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.
- c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Changes, if any, in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.

VIDEOCON INDUSTRIES LIMITED

(formerly Videocon Leasing & Industrial Finance Limited)

- Observations, if any, in draft audit report.
 - Significant changes/amendments, if any, arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - 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) Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- e) 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.
- f) Discussion with internal auditors any significant findings and follow up there on.
- g) 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.
- h) Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) 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.

The Audit Committee shall exercise the following additional powers:

- (a) to investigate any activity within its terms of reference;
- (b) to seek information from any employee;
- (c) to obtain outside legal or other professional advice; and
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

During the financial year under consideration, Four meetings of the Committee were held, on 30th July 2003, 25th September, 2003, 29th January, 2004 and 27th April, 2004. The meetings were attended by Mr. Vivek D Dharm, Mr. Anirudha V Dhoot, Mr. S K Shelgikar and the auditors of the Company.

Remuneration of Directors:

No remuneration other than the sitting fees are paid to the directors.

Shareholders' Committee

A Sub-committee of the Board of directors of the Company consisting of Mr. Vivek D Dharm (Chairman of the Committee), Mr. S K Shelgikar and Mr. Anirudha V Dhoot has been constituted to administer the following activities:

- a. Transfer of Shares
- b. Transmission of shares
- c. Issue of Duplicate Share Certificates
- d. Change of Status
- e. Change of Name
- f. Transposition of Shares
- g. Sub-division of Shares
- h. Consolidation of Folios
- i. Shareholders requests for Dematerialisation of shares
- j. Shareholders requests for Rematerialisation of shares

The Board has delegated the power of Share Transfer to Registrar & Share Transfer agent viz., MCS Limited, who processes the transfers. The Committee also looks after Redressal of Investors Grievances and performance of the Registrar and Transfer Agents of the Company. The Company has also prescribed code of conduct for prevention of Insider Trading and the same is being monitored by the aforesaid committee.

Compliance Officer:

Mr. P N Dhoot, Director is the Compliance Officer.

Share Transfer Details:

The number of Shares transferred during the last financial year is given below:

a. Number of transfers	-	278
b. Average Number of Transfers per month	-	23
c. Number of Shares Transferred	-	82,645

Dematerialisation /Rematerialisation of Shares:

Details of Shares Dematerialised /Rematerialised during the last financial year is given below:

a. Number of Demat Transfers approved	-	1,728
b. Number of Sub-committee Meetings held	-	29
c. Number of Shares Dematted	-	5,913,283
d. Percentage of Shares Dematted	-	18%
e. Number of Remat requests approved	-	1
f. Number of Shares Rematted	-	20

Details of Complaints received and redressed during the year 2003 – 04:

Sl. No.	Particulars	Received	Redressed	Pending as on 30.06.2004
1.	Non receipt of refund orders	-	-	-
2.	Non receipt of dividend warrants	6	6	-
3.	Non receipt of share certificates	16	16	-
4.	Others	31	31	-
	Total	53	53	-

Note:

1. There are no complaints pending as on 30th June, 2004.
2. Representatives of your company are continuously in touch with MCS Limited, Share Transfer Agents of the Company, and review periodically the outstanding complaints.

General Body Meetings:

- a) Details of location, time and date of last three AGMs and Key Special Business transacted during the last three years at the Annual General Meetings are given below:

Date of AGM	Location	Time	No of Special Resolution Passed
29.09.2001	Auto Cars Compound, Adalat Road, Aurangabad.	11.00 a.m.	1
28.12.2002	Auto Cars Compound, Adalat Road, Aurangabad.	09.30 a.m.	Nil
31.12.2003	Auto Cars Compound, Adalat Road, Aurangabad.	09.30 a.m.	Nil

- b) Postal Ballot:

During the year the following special resolution(s) were passed by the Postal Ballot:

- a. Change in Main Object Clause of the Company.
- b. Change of Name of the company consequent to change in main object clause of the Company from Videocon Leasing & Industrial Finance Limited to Videocon Industries Limited.
- c. Voluntary Delisting of Shares from the Stock Exchanges of Ahmedabad, Madras and Pune.
- d. Authorising Board of Directors of the Company to give guarantee and/or provide any security in connection with any loans made to other bodies corporate by any Banks/Financial Institutions/Bodies Corporate and any other person and fixing a ceiling of Rs.3,000 Crores.

Disclosures:

- a) Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large.
- There are no transactions which may have potential conflicts with the interests of company at large. Transactions with related parties are disclosed in note no. 2 of Schedule 11B to the accounts in the annual report.
- b) Non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- NIL

Means of Communication:

The un-audited financial Results on quarterly basis and the Half-yearly results subjected to limited review by the auditors in the prescribed form, are taken on record by the Board of Directors at its meeting within one month of the close of every quarter/half-year respectively and the same are furnished to all the Stock Exchanges where the company's shares are listed. The results are also published within 48 hours in two newspapers, one in English and the other in Regional Language.

As per the requirements of newly inserted Clause 51 of the Listing Agreement with the Stock Exchanges the Company also submits the following Statements, Information and reports on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC), on-line as and when they are submitted to the Stock Exchanges:

- a. Full version of Annual Report including the Balance Sheet, Profit and Loss Account, Directors' Report and Auditor's Report, Cash Flow Statement;
- b. Corporate Governance Report;

- c. Quarterly and Half Yearly Un-Audited Financial Statements taken on record by the Board of Directors of the Company;
- d. Shareholding pattern;
- e. Statement of Action taken against the Company by any regulatory authority (So far no such action has been taken by any regulatory authority against the Company);
- f. Such other Statement, information or reports as may be specified by SEBI from time to time in this regard.

The Reports, Statements of the Company are available for information of the investors on the web: www.sebidifair.nic.in

General Shareholder Information:

1. Annual General Meeting

The 16th Annual General Meeting will be held on Friday, December 31, 2004 at 9.30 a.m. at Auto Cars Compound, Adalat Road, Aurangabad.

2. Financial Calendar

Previous Finance Calendar : July 2003 to June 2004
 Financial Calendar 2004-2005 : July 2004 to June 2005
 First Quarter Result : Last week of October, 2004
 Second Quarterly Result : Last week of January, 2005
 Third Quarterly Result : Last week of April, 2005
 Fourth Quarterly Result : Last week of July, 2005

3. Date of Book Closure

24.12.2004 to 31.12.2004 (both days inclusive)

4. Listing On Stock Exchanges

The equity shares of your company are listed on BSE, NSE, ASE, MSE. The Company has already applied to ASE and MSE for delisting of its equity shares from their bourses and application is pending with them.

The name and address of the respective stock exchanges are given below:

Sl. No.	Name and Address of the Stock Exchange(s)
1.	The Stock Exchange, Mumbai (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
2.	National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra - Kurla Complex, Bandra (East) Mumbai – 400 051
3.	The Madras Stock Exchange Ltd. (MSE) Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai – 600 001
4.	The Stock Exchange, Ahmedabad (ASE) Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 380 001

Stock Code at The Stock Exchange, Mumbai is: 511389
 Stock Code at The National Stock Exchange is: "VIDEOIND".

5. Market Price Data

Average monthly High and Low prices at BSE together with BSE SENSEX High & Low are given below:

Month	High	Low	Sensex High	Sensex Low
Jul '03	18.00	14.05	3,835.75	3,534.06
Aug '03	35.00	14.55	4,277.64	3,722.08
Sep '03	26.00	19.50	4,473.57	4,097.55
Oct '03	23.00	16.50	4,951.11	4,432.93
Nov '03	28.20	18.60	5,135.00	4,736.70
Dec '03	38.30	26.05	5,920.76	5,082.82
Jan '04	36.40	25.50	6,249.60	5,567.68
Feb '04	31.60	24.00	6,082.80	5,550.17
Mar '04	30.90	25.60	5,951.03	5,324.78
Apr '04	30.85	26.80	5,979.25	5,599.12
May '04	32.00	23.15	5,772.64	4,227.50
June '04	29.90	23.45	5,012.52	4,613.94

6. Registrar and Transfer Agents

M/s. MCS Limited
 Sri Venkatesh Bhavan, Plot No.27,
 Phase II, Road No.11
 MIDC Marol, Andheri(E),
 Mumbai – 400 093.
 Ph : (022)28321128, 28245988
 Fax : (022) 28350456

7. Share Transfer System

The share transfers of the Company are being processed by the Registrar and Share Transfer Agents, M/s.MCS Limited. The transfers are being approved once in a week.

8. a) Shareholding Pattern as on 30.06.2004 is as given below:

Sl. No.	CATEGORY	NO. OF SHARES HELD	%AGE OF HOLDING
A	PROMOTER'S HOLDING		
1.	Promoters		
	Indian Promoters	28659825	87.15
	Foreign Promoters	–	–
2.	Persons acting in Concert	581964	1.77
	Sub- Total	29241789	88.92
B	NON- PROMOTER'S HOLDING		
3	Institutional Investors		
a	Mutual Funds and UTI	–	–
b	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Inst/ Non Government Inst)	39461	0.12
c	FIs	–	–
	Sub- Total	39461	0.12
4	Others		
a	Private Corporate Bodies	1730904	5.26
b.	Indian Public	1864086	5.67
c.	NRIs/OCBs	8810	0.03
8.	Any other (please specify) Nil	–	–
	Sub- Total	3603800	10.96
	Grand Total	32885050	100.00

b) Distribution of Shareholding as on 30.06.2004 is as given below:

Share holding of Nominal Value of Rs.	Number of Share holders	% To Total	No. of Shares	Amount (in Rs.)	% To Total
UPTO 5,000	8341	96.29	978513	9785130	2.98
5,001 TO 10,000	106	1.22	85830	858300	.26
10,001 TO 20,000	57	.66	87700	877000	.27
20,001 TO 30,000	38	.44	95333	953330	.29
30,001 TO 40,000	19	.22	68062	680620	.21
40,001 TO 50,000	15	.17	68080	680800	.21
50,001 TO 100,000	23	.27	181748	1817480	.55
100,001 AND ABOVE	63	.73	31319784	313197840	95.24
TOTAL	8662	100.00	32885050	328850500	100.00

9. Dematerialization of Shares and Liquidity :

The Securities and Exchange Board of India (SEBI), through a notification have made it compulsory that any delivery in your Company's shares against stock exchange trades became compulsory in demat format. As on 30.06.2004, 47% of the outstanding shareholding have been dematerialized.

10. Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and like impact on equity

Nil

11. Address of Plant

Nil

12. Address for Correspondence

Auto Cars Compound
 Adalat Road
 Aurangabad – 431 005.
 Maharastra
 Tel : (0240) 2320750

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

VIDEOCON INDUSTRIES LIMITED

(formerly Videocon Leasing & Industrial Finance Limited)

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

ECONOMIC OVERVIEW:

Indian economy is projected to register the highest growth rate of the last decade in 2003-04 and at 8.1%, the growth rate is double than that of 2002-03. The three major indices of growth, inflation and balance of payments resulted in a re-silent Indian economy to which Agriculture was the major contributor.

In view of good monsoon, agriculture sector expected to record around 9% growth against 5.2% decline in 2002-03. Industry and services sectors are also expected to grow by about 6.5% and 8% respectively in 2003-04. In the Industry sector, manufacturing GDP is likely to grow by around 7% in 2003-04 against 6.2% growth in 2002-03. Capital goods import increased by 31% in April-December 2003. In the services segment, trade hotels and transport, with estimated growth rate of around 11% were the fastest growing sectors. The Gross national product at factor cost have registered a growth of 12% over 2002-03 levels whereas the Gross domestic product at factor costs have risen by 11.9% for the same period.

BUSINESS OPERATIONS:

In December 2003, the Company has altered its main object so as to enable the company to take up different activities or deal in electronic/electrical consumer durables and home appliances, all kinds of electrical and electronic goods, electrical and electronic components, assemblies, instruments, equipment, systems, appliances, gadgets, conductors, capacitors, resistors, micro processors, computers, and its accessories, spares, attachments, software, monitors, audio and video equipment and their accessories, video games, tapes cassettes audio and video tape duplicators, tele-printers, printers, photo copying machines, robots, watches, calculators, cinematograph films, recording equipments, reproducing equipment including their ramifications in cognate, technological advancements, Compressors, Glass Shells, picture tubes, house hold items, calculating machines, cellular phones, mobiles phones, pagers, facsimile machines, franking machines, cameras, television and wireless sets, cold storage's, textiles, handloom and power loom and other garments, invertors, generators, stationers, leather items, telecommunication equipments, office equipments, ferrous and non-ferrous metals including steels, industrial equipments, games and gaming solution of all types including online lotteries, film, tele-film and sops producers, wireless equipments, printing machines, monitors, digital diaries, epbax, sewing machines and their components, cements, building materials, industrial machines, and oil products including petroleum, petroleum products, fuel oil, cutting oils, greases and any other by-products, sub products or waste from any oil.

Name of the company also was changed to be in line with the changed main objects.

As part of the prospective business strategy, extensive discussions and negotiations were held with different group companies. Finally, it was proposed to merge Petrocon India Ltd. (PIL) with the company. PIL is engaged in the business of exploration of crude oil and natural gas and trading into consumer electronics.

The Board of Directors in their meeting held on August 16, 2004 in principle approved the proposal of amalgamation of Petrocon India Limited (formerly Videocon Petroleum Limited) with Videocon Industries Limited, subject to necessary approvals of Hon'ble High Courts of Mumbai and consent of Members, Debenture Holders, and Creditors of the Company. The appointed date was fixed has been proposed as 31st March, 2004 in consultation with PIL.

The company has already initiated steps to give effect to the proposed merger and will seek approval of the members and creditors as per the directions of the Hon'ble High Court.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

The management looks at reasonably good opportunities in the years to come especially with the proposed merger.

At this juncture, the management does not envisage any major threat or risk in the proposed business plan of the company.

INITIATIVES BY THE COMPANY:

- The company is taking following steps:-
- Diversifying into different activities;
 - Continuous education and training to employees
 - Emphasis on Cost Reduction

ADEQUACY OF INTERNAL CONTROL:

The company has a proper and adequate system of Internal Controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that all transactions are authorized, recorded and reported correctly.

The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures.

The internal control is supplemented by extensive internal audits, regular reviews by management, and well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

HUMAN RESOURCE DEVELOPMENTS:

The Company believes in improving daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to explore and make the most of them. The Company further believes that human resources are the key resources for the success of any organization. Thus, the Company strives to create a culture of openness and empowerment amongst its employees and provide good and prospecting career development. The Company is committed towards the welfare of the employees and their families. A number of training programmes were held for the benefits of the staff at various levels.

The Company lays significant emphasis in nurturing the all-round development of Human Resources with special emphasis on training its employees to equip themselves to face the challenges in the competitive business environment and achieve the desired goals. In line with this objective, the performance evaluation processes are being redefined to provide dynamic interventions in assessing and developing the individual targets and synchronizing these targets to the Company's objectives and mission.

CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward Looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice.

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
VIDEOCON INDUSTRIES LIMITED (Formerly Videocon Leasing & Industrial Finance Limited)

We have examined the compliance of conditions of Corporate Governance by the Videocon Industries Limited, for the year ended on 30th June 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

We state that no investor grievances are pending for a period exceeding one month against the company, as per the records maintained by the Investor Grievance Committee and as per the certificate of the Registrars and Transfer Agents of the Company.

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

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

HIRANYA ASHAR
Partner
Membership No.: 111092
Place: Ahmednagar
Date: 30th November, 2004

KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No.: 31055

AUDITORS' REPORT

To
The Members of

VIDEOCON INDUSTRIES LIMITED (Formerly Videocon Leasing & Industrial Finance Limited)

We have audited the attached Balance Sheet of VIDEOCON INDUSTRIES LIMITED, as at 30th June, 2004, 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.

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

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, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in above paragraph, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
- 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 of the Company;
- d) In our opinion, the Profit and Loss Account, Balance Sheet and Cash Flow Statement comply with the mandatory 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 June, 2004 of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) Attention is invited to the following note - As regards availability of sufficient future taxable income for realization of deferred tax asset, we have relied upon the opinion of the management based on business plans and profitability projections (Refer Note 3 of Schedule 11B)
- g) In our opinion and to the best of our information and according to explanations given to us, the said accounts, subject to Note 13 of Schedule 11B [Re. pending confirmations of some debit/credit balances and consequential impact thereof on the financial statements which is not ascertainable], and read with the other notes and the significant accounting policies thereon, give the information required by 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 June, 2004;
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

KADAM & CO.
Chartered Accountants

HIRANYA ASHAR
Partner
Membership No.: 111092
Place : Ahmednagar
Date : 30th November, 2004

U.S.KADAM
Proprietor
Membership No.:31055

ANNEXURE REFERRED TO THE AUDITORS' REPORT

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year the Company has not disposed off any substantial/major part of fixed assets.
- (ii) The company does not have any inventories.
- (iii) (a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the Clause (iii)(b) (c) & (d) 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 procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the fixed assets and for sales. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's activities.
- (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, custom duty, excise-duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th June, 2004 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of sale tax, income-tax, customs, wealth-tax, excise duty, cess which have not been deposited on account of disputes.
- (x) The accumulated losses of the Company as on 30th June, 2004, are more than fifty percent of its net worth. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either lodged for transfer or held with valid transfer forms.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from bank or financial institutions are, prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, no term loans were raised during the year.
- (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 used short term funds amounting to Rs. 613.38 Million for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any secured debentures.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

KADAM & CO.
Chartered Accountants

HIRANYA ASHAR
Partner
Membership No.:111092

U.S.KADAM
Proprietor
Membership No.:31055

Place : Ahmednagar
Date : 30th November, 2004

VIDEOCON INDUSTRIES LIMITED

(Formerly Videocon Leasing & Industrial Finance Limited)

BALANCE SHEET As at 30th June, 2004

Particulars	Schedule	(Rupees)	As at 30th June, 2004 (Rupees)	As at 30th June, 2003 (Rupees)
I. SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1		328,850,500	328,850,500
Reserves & Surplus	2		2,041,028	2,041,028
Loan Funds				
Unsecured Loans	3		900,685,020	999,586,489
Total			<u>1,231,576,548</u>	<u>1,330,478,017</u>
II. APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	4	1,166,218,987		1,143,741,906
Less: Depreciation		<u>66,979,264</u>		<u>44,034,252</u>
Net Block			1,099,239,723	1,099,707,654
Investments	5		82,905,784	88,347,723
Deferred Tax Asset (Net)			248,633,663	247,113,705
Current Assets, Loans & Advances				
Sundry Debtors	6	6,784,203		—
Cash and Bank Balances		2,824,468		1,590,310
Other Current Assets		404,750		444,727
Loans & Advances		<u>704,791,610</u>		<u>1,385,320,131</u>
			<u>714,805,031</u>	<u>1,387,355,168</u>
Less: Current Liabilities & Provisions				
Current Liabilities	7	1,328,034,500		1,888,859,095
Provisions		<u>154,590</u>		<u>—</u>
			<u>1,328,189,090</u>	<u>1,888,859,095</u>
Net Current Assets			(613,384,059)	(501,503,927)
Profit and Loss Account			414,181,436	396,812,862
Total			<u>1,231,576,548</u>	<u>1,330,478,017</u>
Significant Accounting Policies and Notes on Accounts	11			

As per our Report of even date

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

HIRANYA ASHAR
Partner
Membership No. 111092

For and on behalf of
KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board
P.N.DHOOT
Director

A.V.DHOOT
Director

Place : Ahmednagar
Date : 30th November, 2004

PROFIT & LOSS ACCOUNT for the year ended 30th June, 2004

Particulars	Schedule	Current year ended on 30th June, 2004 (Rupees)	Previous year ended on 30th June, 2003 (Rupees)
INCOME			
Sales, Services and Other Income	8	207,757,312	584,134,316
		<u>207,757,312</u>	<u>584,134,316</u>
EXPENDITURE			
Administrative & General Expenses	9	127,747,847	128,378,875
Interest & Finance Charges	10	75,952,985	432,616,712
Depreciation		22,945,011	18,945,589
		<u>226,645,844</u>	<u>579,941,176</u>
Profit/(Loss) before extra ordinary items		(18,888,532)	4,193,140
Less: Consideration for amalgamation		–	147,210,000
Profit/(Loss) before Tax		(18,888,532)	(143,016,860)
Provision for Current Tax		–	–
Credit/(Provision) for Deferred Tax		1,519,958	(70,935,768)
Profit/(Loss) for the year after Tax		(17,368,574)	(213,952,628)
Balance brought forward / addition on amalgamation		(396,812,862)	(182,860,234)
Balance Carried to Balance Sheet		(414,181,436)	(396,812,862)
Basic Earnings per Share		(0.53)	(6.51)
Diluted Earnings per Share		(0.53)	(5.86)
Significant Accounting Policies and Notes on Accounts	11		



VIDEOCON

As per our Report of even date

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

HIRANYA ASHAR
Partner
Membership No. 111092

For and on behalf of
KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board
P.N.DHOOT
Director

A.V.DHOOT
Director

Place : Ahmednagar
Date : 30th November, 2004

VIDEOCON INDUSTRIES LIMITED

(Formerly Videocon Leasing & Industrial Finance Limited)

SCHEDULES :

Schedule Nos. 1-11 annexed to and forming part of the Balance Sheet as at 30th June, 2004 and the Profit & Loss Account for the year ended 30th June, 2004.

	As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees
SCHEDULE - 1 : SHARE CAPITAL		
Authorised 35,000,000 (Previous year 35,000,000) Equity Shares of Rs. 10/- each.	<u>350,000,000</u>	<u>350,000,000</u>
Issued, Subscribed and Paid up 32,885,050 (Previous year 32,885,050) Equity Shares of Rs. 10/- each, fully paid up.	<u>328,850,500</u>	<u>328,850,500</u>
Of the above:		
a) 82,565 Equity Shares of Rs. 10/- each have been issued on conversion of 20% Unsecured Optionally Convertible Debentures.		
b) 12,513 Equity Shares of Rs. 10/- each have been issued on conversion of 14% Unsecured Optionally Convertible Debentures		
c) 16,439,972 Equity Shares of Rs. 10/- each were allotted pursuant to amalgamations without payments being received in cash.		
SCHEDULE - 2 : RESERVES & SURPLUS		
Capital Reserve Balance as per last Balance Sheet	25,000	25,000
Securities Premium Account Balance as per last Balance Sheet	<u>2,016,028</u>	<u>2,016,028</u>
	<u>2,041,028</u>	<u>2,041,028</u>
SCHEDULE - 3 : UNSECURED LOANS		
Optionally Convertible Debentures	-	1,897,830
6.25% (Previous year 9%) Non Convertible Debentures of Rs. 100/- each redeemable on 15.12.2004 with put/call option	<u>900,000,000</u>	<u>900,000,000</u>
Short Term Loan from Bank	-	96,722,090
Loans from Others	<u>685,020</u>	<u>966,569</u>
	<u>900,685,020</u>	<u>999,586,489</u>

SCHEDULE - 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 30th June, 2003	Additions during year	Deductions during year	As at 30th June, 2004	Up to 30th June, 2003	For the year	Deductions during year	Up to 30th June, 2004	As at 30th June, 2004	As at 30th June, 2003
Leasehold Land	210,000	-	-	210,000	-	-	-	-	210,000	210,000
Leasehold Premises	1,726,700	-	-	1,726,700	264,725	73,099	-	337,824	1,388,876	1,461,975
Office Building	1,137,290,953	-	-	1,137,290,953	42,305,055	18,544,628	-	60,849,683	1,076,441,270	1,094,985,898
Furniture & Fixtures	891,315	73,591	-	964,906	320,835	110,251	-	431,086	533,820	570,480
Office Equipments	2,426,608	4,248,582	-	6,675,190	284,556	545,204	-	829,760	5,845,429	2,142,052
Computer Systems	1,196,330	18,154,908	-	19,351,238	859,081	3,671,830	-	4,530,910	14,820,328	337,249
Total	1,143,741,906	22,477,081	-	1,166,218,987	44,034,252	22,945,011	-	66,979,264	1,099,239,723	1,099,707,654
Previous Year	1,138,322,048	10,369,858	4,950,000	1,143,741,906	25,110,547	18,945,589	21,884	44,034,252	1,099,707,654	1,113,211,501
					Face Value	As at 30th June, 2004 Quantity	Cost Price (Rupees)		As at 30th June, 2003 Quantity	Cost Price (Rupees)

SCHEDULE - 5 : INVESTMENTS (At Cost)

LONG TERM INVESTMENTS (Non Trade):

QUOTED						
1.	IN MUTUL FUND UNITS Prudential ICICI Mutual Fund	10	396	4,684	460,017	5,446,623
UNQUOTED						
1.	IN EQUITY SHARES (Fully Paid)					
	Chamba Investments Private Limited	10	20	200	20	200
	Cluster Trade & Investments Private Limited	10	10	100	10	100
	Ease Finance Limited	10	4,800	960,000	4,800	960,000
	Evans Fraser & Co. (India) Limited	100	900	5,850,000	900	5,850,000
	Holzmann Videocon Engineers Limited	10	340,600	3,406,000	340,600	3,406,000
	Indian Refrigerator Company Limited	10	1,900,000	19,000,000	1,900,000	19,000,000
	Koala Holdings Private Limited	10	10	100	10	100
	M U Finance Private Limited	10	30	300	30	300
	Roshi Finance Private Limited	10	200	2,000	200	2,000
	Tapli Holdings Private Limited	10	10	100	10	100
	Videocon Housing Finance Limited	10	1,250,000	12,500,000	1,250,000	12,500,000
	Ahmednagar Electronics Private Limited	10	49,900	499,000	49,900	499,000
2.	IN EQUITY SHARES OF SUBSIDIARY CO. (Fully Paid)					
	Popul Properties and Investments Private Limited	10	10,000	100,000	10,000	100,000
	Videocon Energy Holdings Limited	10	-	-	50,000	500,000
	Videocon Securities Limited	10	50,000	500,000	-	-
	Videocon (Mauritius) Infrastructure Venture Limited	1 US\$	530,000	22,583,300	530,000	22,583,300
LONG TERM INVESTMENTS (Trade):						
	IN EQUITY SHARES OF JOINT VENTURE (Fully Paid)					
	India Floor Care & Appliances Limited	10	1,750,000	17,500,000	1,750,000	17,500,000
	TOTAL			<u>82,905,784</u>		<u>88,347,723</u>
	Aggregate cost of quoted Investments			4,684		5,446,623
	Aggregate market value of quoted Investments			4,684		5,446,623
	Aggregate cost of unquoted Investments			82,901,100		82,901,100

	As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees
SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES		
a) Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months	–	–
Others	6,784,203	–
(a)	<u>6,784,203</u>	–
b) Cash & Bank Balances		
Cash on Hand	248,943	197,806
Balances with Scheduled Bank		
In Current Accounts	2,370,525	1,392,504
In Fixed Deposits	205,000	–
(b)	<u>2,824,468</u>	<u>1,590,310</u>
c) Other Current Assets	404,750	444,727
(c)	<u>404,750</u>	<u>444,727</u>
d) Loans & Advances (Unsecured, considered good)		
Intercompany Deposits	–	1,000,000
Share Application Money in Subsidiary	–	694,487,327
Advance to Subsidiary Company	545,309,866	545,306,866
Advances recoverable in Cash or in kind or for value to be received	143,570,264	131,171,226
Advance Tax and T.D.S.	8,194,274	11,459,413
Other Deposits	7,717,205	1,895,299
(d)	<u>704,791,610</u>	<u>1,385,320,131</u>
Total (a to d)	<u>714,805,031</u>	<u>1,387,355,168</u>

SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS

a) Current Liabilities		
Sundry Creditors	7,155,894	8,904
Advances from Customers	122,527,836	17,720,001
Income Received in Advance	18,608,728	27,577,528
Other Liabilities	1,178,050,312	1,843,384,429
Unclaimed Dividend	–	168,233
Unclaimed Debenture Redemption	1,691,730	–
(a)	<u>1,328,034,500</u>	<u>1,888,859,095</u>
b) Provisions		
Provision for Leave Encashment	154,590	–
(b)	<u>154,590</u>	–
Total (a + b)	<u>1,328,189,090</u>	<u>1,888,859,095</u>

	Current Year ended on 30th June, 2004 Rupees	Previous Year ended on 30th June, 2003 Rupees
--	---	--

SCHEDULE - 8 : SALES, SERVICES AND OTHER INCOME

Sales & Distribution of Lotteries	37,052,128	–
Income from Lease & Hire Purchases	–	71,822
Rent Received	55,882,970	47,232,906
[TDS Rs. 16,01,210/-, Previous year Rs. 29,64,813/-]		
Service Charges	83,642,989	63,259,040
[TDS Rs. 25,17,396/-, Previous year Rs. 29,10,160/-]		
Interest Income	373,591	774,129
[TDS Rs. 18,486/-, Previous year Rs. 65,459/-]		
Income from Investments (net)	18,515,331	468,566,696
[TDS Rs. Nil, Previous year Rs. 8,30,020/-]		
Miscellaneous Income	12,290,303	4,229,723
[TDS Rs. 56,454/-, Previous year Rs. Nil]		
	<u>207,757,312</u>	<u>584,134,316</u>

	Current Year ended on 30th June, 2004 Rupees	Previous Year ended on 30th June, 2003 Rupees
SCHEDULE - 9 : ADMINISTRATIVE & GENERAL EXPENSES		
Salaries and Allowances	12,541,151	2,363,351
Staff Welfare Expenses	609,083	65,145
Draw and Licence Fees	15,160,000	–
Prize Pay-out Expenses	28,104,098	–
Lottery Paper Roll Expenses	2,600,002	–
Repairs & Maintenance - others	4,436,224	39,946
Telephone, Telex & Postage Expenses	7,689,817	274,894
Printing & Stationery	532,143	192,906
Travelling & Conveyance Expenses	6,167,985	496,864
Advertisement & Publicity	10,370,730	260,645
Sales Promotion	4,389,677	2,396
Service Charges & Commission	1,399,792	22,954,343
Legal & Professional Charges	4,108,365	530,524
Rates & Taxes	26,401,649	8,026,124
Loss on Sale of Assets (Net)	–	2,058,256
Bad Debts Written off	–	89,351,074
Auditors' Remuneration	272,090	240,447
Miscellaneous Expenses	2,965,042	1,521,960
	<u>127,747,847</u>	<u>128,378,875</u>

SCHEDULE - 10 : INTEREST AND FINANCE CHARGES

On Fixed period Borrowings	58,888,857	429,895,728
On Others	16,791,068	2,159,192
Bank Charges & Commission	273,060	561,792
	<u>75,952,985</u>	<u>432,616,712</u>

SCHEDULE - 11 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A] SIGNIFICANT ACCOUNTING POLICIES :-**

- 1. Basis of Accounting:**
The accounts are prepared under historical cost convention using accrual system of accounting unless otherwise stated.
 - 2. Fixed Assets:**
All the fixed assets are stated at cost inclusive of incidental expenses less accumulated depreciation.
 - 3. Depreciation:**
The Company provides depreciation on fixed assets on written down value method at the rates specified in the Schedule XIV to Companies Act, 1956 except 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.
 - 4. Investments:**
Long Term Investments are stated at cost. Cost is inclusive of brokerage and fees. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of management.
 - 5. Provision for Current and Deferred Tax:**
Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date.
 - 6. 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.
 - 7. Recognition of Income and Expenditure:**
Items of Income and Expenditure are generally recorded on accrual basis. Revenue from marketing of online lotteries is shown at gross sales value.
 - 8. Employee Benefits:**
Provision is made for unutilised leave due to employees at the balance sheet date and is determined based on actuarial valuation.
 - 9. Other Accounting Policies:**
These are consistent with the generally accepted accounting practices.
- B] NOTES TO ACCOUNTS :-**
- 1. Contingent Liabilities**
Claims against the Company not acknowledged as debts Rs. 2939.31 Lacs (Previous year Rs. Nil)

VIDEOCON INDUSTRIES LIMITED

(Formerly Videocon Leasing & Industrial Finance Limited)

2. As required under Accounting Standard 18 on "Related Party Disclosure", the disclosures of transactions with the related parties as defined in the AS are given below:

Name of the Related Party	Nature of Relationship
Popup Properties and Investments Private Limited	Subsidiary
Videocon Energy Holdings Limited (upto 31.03.2004)	Subsidiary
Videocon Securities Limited	Subsidiary
Videocon (Mauritius) Infrastructure Ventures Limited	Subsidiary
Petrocon India Limited	Subsidiary (through Control)
Goa Energy Private Limited (upto 31.03.2004) (Formerly Talcher Mining Private Limited)	Sub-Subsidiary
India Floor Care & Appliances Limited	Joint Venture
Videocon India	Enterprise in which a Director is a Partner
Mr. P.N.Dhoot	Key Management Personnel

b) Transactions during the year:

Nature of Transactions with Subsidiaries	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
i) Advances		
Given/(returned) (net) during the year	(6,400.57)	0.03
Closing Balance	5,453.10	5,453.07
ii) Share Application money		
Given/(returned) (net) during the year	(6,944.87)	23.57
Closing Balance	-	6,944.87
3. The details of deferred tax liability/asset are as under:		
a) Deferred Tax Liability		
On account of Depreciation	958.22	684.08
	<u>958.22</u>	<u>684.08</u>
b) Deferred Tax Asset		
On account of Unabsorbed Losses/Depreciation	3,444.56	3,076.23
Others	-	78.99
	<u>3,444.56</u>	<u>3,155.22</u>
c) Net Deferred tax asset	<u>2,486.34</u>	<u>2,471.14</u>

In view of the future business plans and profitability projections, the management is of the opinion that sufficient future taxable income will be available against which such deferred tax asset can be realised.

4. In compliance of AS-27 "Financial Reporting of Interests in Joint Ventures", the required information is as under:

Name of the entity	Participating Interest	
	30th June, 2004	30th June, 2003
India Floor Care & Appliances Limited	50%	50%
b) In respect of Jointly controlled entity, the assets, liabilities, income, expenditure, contingent liabilities and capital commitments as furnished below, have been included on the basis of audited financial statements received from Joint Venture.		

	30th June, 2004 (Rs. in Lacs)	30th June, 2003 (Rs. in Lacs)
i) Assets		
Net Fixed Assets	168.20	216.47
Investments	0.02	0.02
Current Assets	57.46	56.06
Miscellaneous Expenditure (to the extent not written off or adjusted)	0.60	2.98
Profit and Loss Account	267.14	229.26

	30th June, 2004 (Rs. in Lacs)	30th June, 2003 (Rs. in Lacs)
ii) Liabilities		
Preference Share Capital	100.00	100.00
Loans (Secured & Unsecured)	30.89	78.27
Current Liabilities & Provisions	187.53	151.52
iii) Total Income	129.36	49.13
iv) Total Expenses	167.24	84.76
v) Contingent Liabilities	-	-
vi) Capital Commitment	-	-

5. Since none of the employees have completed the continuous period of five years as stipulated under the Payment of Gratuity Act, no provision for gratuity has been made.

	For the year ended 30th June, 2004 (Rs. in Lacs)	For the year ended 30th June, 2003 (Rs. in Lacs)
6. Gross Income from Investments comprises of:		
a) Profit/(Loss) on Sale of Investments (net) (Long Term)	-	4,476.39
b) Profit/(Loss) on Sale of Investments (net) (Short Term)	159.71	1.87
c) Dividend (Long Term)	25.44	207.41
7. Earnings Per Share:		
a) Net Profit/(Loss) available for equity shareholders (Rs. in Lacs)	(173.69)	(2,139.53)
b) Weighted Average no. equity shares	32,885,050	32,885,050
c) Basic Earnings per Share	(0.53)	(6.51)
d) Diluted Earnings per Share	(0.53)	(5.86)
8. Auditors' Remuneration:		
a) Audit Fees	1.93	1.62
b) Tax Audit Fees	0.33	0.32
c) Out of Pocket Expenses	0.02	0.03
d) Other Services	0.44	0.43
	<u>2.72</u>	<u>2.40</u>
9. Rates & Taxes includes property tax paid for earlier years amounting to Rs. 105.68 Lacs.		
10. In view of the loss for the year, the provision for taxation is not required.		
11. Based on the information available, no amounts are payable to small scale undertakings and hence the necessary disclosures under the Companies Act, 1956 are not applicable.		
12. There are no amounts due to be credited to Investor Education & Protection Fund.		
13. The outstanding balances in respect of some of the Debtors, Creditors, Deposits, Loans, Advances etc. are subject to confirmations.		
14. In the opinion of the Board, the realisable value of the current assets, loans and advances, in the ordinary course of business would not be less than the amount at which they are stated, if realised in the ordinary course of business and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.		
15. Additional Information pursuant to the provisions of paragraph 3, 4C, 4D of part II of Schedule VI to the Companies Act, 1956:		

	2003-04 Quantity	Rs. in Lacs	2002-03 Quantity	Rs. in Lacs
a) Sales:				
Sales and Distribution of Lotteries	**	370.52	-	-
** It is not practicable to furnish quantity details of lottery tickets as the same are sold in different denomination and different schemes.				
b) Earnings in foreign currency (Sale of Investments) - Rs. Nil (Previous Year Rs. 11,477.17 Lacs).				
c) Expenditure in foreign currency (Capital Goods) - Rs. 45.94 Lacs (Previous Year Rs. Nil).				
16. Previous year figures have been regrouped/reclassified and recasted wherever necessary.				

17. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details		Application of Funds	
Registration No.	103624	Net Fixed Assets	1,099,240
Balance Sheet Date	30.06.2004	Investments	82,906
State Code	11	Deferred Tax Asset	248,634
II. Capital Raised During the year (Amounts Rs. in Thousands)		Net Current Assets	(613,384)
Public Issue	Nil	Accumulated Losses	414,181
Rights Issue	Nil	IV. Performance of Company (Amounts Rs. in Thousands)	
Bonus Issue	Nil	Turnover	207,757
Addition on Amalgamation	Nil	Total Expenditure	226,646
III. Position of Mobilisation & Deployment of Funds (Amounts Rs. in Thousands)		Profit/(Loss) Before Tax	(18,889)
Total Liabilities	1,231,577	Profit/(Loss) After Tax	(17,369)
Total Assets	1,231,577	Earnings Per Share in Rs.	(0.53)
Sources of Funds		Dividend Rate %	Nil
Paid-up Capital	328,851	V. Generic Names of Three Principal Products of the Company	
Secured Loans	Nil	(As per monetary terms)	
Unsecured Loans	900,685	Item Code No. (ITC Code)	Not Applicable
Reserves & Surplus	2,041	Product Description	Not Applicable

As per our Report of even date

For and on behalf of

KHANDELWAL JAIN & CO.
Chartered Accountants

HIRANYA ASHAR

Partner

Membership No. 111092

Place : Ahmednagar

Date : 30th November, 2004

For and on behalf of

KADAM & CO.
Chartered Accountants

U.S.KADAM

Proprietor

Membership No. 31055

For and on behalf of the Board

P.N.DHOOT
Director

A.V.DHOOT

Director

CASH FLOW STATEMENT

	2003-2004 Rupees	2002-2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(18,888,532)	(143,016,860)
Add:		
a) Depreciation	22,945,011	18,945,589
b) Provision for Leave Encashment	154,590	-
	<u>4,211,069</u>	<u>(124,071,270)</u>
Less: Income/(Loss) from Investments	18,515,331	468,566,696
	<u>18,515,331</u>	<u>468,566,696</u>
Cash generated from Operating Activities before Working Capital changes	(14,304,262)	(592,637,966)
Adjustments:		
a) Stock on Hire	-	2,686,794
b) Sundry Debtors	(6,784,203)	88,047,445
c) Other Current Assets	39,977	11,111,325
d) Loans & Advances (including Advances to Subsidiaries)	(18,223,945)	22,532,993
e) Current Liabilities	132,139,235	516,499,686
Cash generated from Operating Activities	92,866,802	48,240,277
Add: Income Tax Adjustment (Net)	3,265,139	(1,711,754)
Net Cash generated from Operating Activities	<u>96,131,942</u>	<u>46,528,523</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets (Net)	-	4,928,116
Sale of Investments (Net)	5,441,938	711,460,119
Advance for Purchase/Development of Property	-	10,700,000
Income from Investments	18,515,331	468,566,696
Investment in Subsidiary - Share Application Money	-	(2,356,600)
	<u>23,957,269</u>	<u>1,193,298,330</u>
Less:		
Increase in Fixed Assets	22,477,081	10,369,858
	<u>22,477,081</u>	<u>10,369,858</u>
Net Cash generated from Investing Activities	<u>1,480,189</u>	<u>1,182,928,472</u>

VIDEOCON INDUSTRIES LIMITED

(Formerly Videocon Leasing & Industrial Finance Limited)

	2003-2004 Rupees	2002-2003 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	~	147,211,000
Increase in Reserves on amalgamation	~	22,879,018
Inter Corporate Deposits	1,000,000	30,595,849
	<u>1,000,000</u>	<u>200,685,867</u>
Less:		
Redemption of Optionally Convertible Debentures	206,100	85,355,550
Redemption of Non Convertible Debentures	~	1,230,000,000
Repayment of Short Term Loans from Others	96,722,090	103,277,910
Repayment of Unsecured Loan from others	281,549	11,435,493
Payment of Unclaimed Dividend	168,233	285,703
	<u>97,377,972</u>	<u>1,430,354,656</u>
Net Cash generated from Financing Activities	<u>(96,377,972)</u>	<u>(1,229,668,789)</u>
Net Change in Cash and Cash Equivalents	1,234,158	(211,795)
Opening Balance of Cash and Cash Equivalents	1,590,310	1,802,105
Closing Balance of Cash and Cash Equivalents	2,824,468	1,590,310

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

As per our Report of even date
For and on behalf of

KHANDELWAL JAIN & CO.
Chartered Accountants

HIRANYA ASHAR
Partner
Membership No. 111092

Place : Ahmednagar
Date : 30th November, 2004

For and on behalf of

KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

P.N.DHOOT
Director

A.V.DHOOT
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of Subsidiary	Popup Properties & Investments Private Limited	Videocon Securities Limited	Videocon (Mauritius) Infrastructure Ventures Limited	Petrocon India Limited
2. The financial year of the Subsidiary Company ended on	30th June, 2004	30th June, 2004	30th June, 2004	31st March, 2004
3. Holding Company's Interest No. of Shares held by Videocon Industries Limited with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	10,000 Equity Shares of the face value of Rs.10/- each fully paid-up	50,000 Equity Shares of the face value of Rs.10/- each fully paid-up	530,000 Ordinary Shares of the face value of US\$ 1.00 each fully paid-up	Nil
Extent of interest of holding company at the end of financial year of the Subsidiary Companies	100%	100%	100%	0% (Subsidiary by virtue of control on composition of Board of Directors)
4. The net aggregate amount of the Subsidiary Companies Profit/ (Losses) so far as it concerns the members of the Holding Company				
a. Not dealt with in the Holding Company's accounts:				
i) For the current Financial year ended	(Rs. 9,817/-)	(Rs. 700/-)	(US\$ 6,363/-) (In Rs. 292,953/-)	Not Applicable
ii) For the Previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	(Rs. 8,769,847/-)	Not Applicable	(US\$ 11,205/-) (In Rs. 515,878/-)	Not Applicable
b. Dealt with in Holding Company's accounts:				
i) For the current Financial year ended	Not Applicable	Not Applicable	Not Applicable	Not Applicable
ii) For the Previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Additional information to comply with the listing agreement requirements (Clause 32)

Loans and advances in the nature of advances to Subsidiaries: Popup Properties and Investments Private Limited Rs. 5,453.10 Lacs (Previous year Rs. 5453.07 Lacs) [Maximum amount outstanding during the year Rs. 5,453.10 Lacs (Previous Year Rs. 5,453.07 Lacs)] The same is given free of interest. This advance fall under the category of "Loans and advances" in nature of loans and advances where there is no repayment schedule.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

VIDEOCON INDUSTRIES LIMITED (Formerly Videocon Leasing & Industrial Finance Limited)

We have examined the attached consolidated Balance Sheet of Videocon Industries Limited (the Company), its subsidiary and its joint venture company as at 30th June, 2004 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 about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not jointly audit the financial statements of Subsidiaries and Joint Venture, whose financial statements reflect total assets of Rs. 561.65 million as at 30th June, 2004 and total revenues of Rs. 12.96 million and net cash outflow of Rs. 0.66 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" and the Accounting Standard (AS) 27 on "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiary and its joint venture company included in Consolidated Financial Statements.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on other financial statements of the components and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements subject to Note 10 of Schedule 14B [Re.- Non-application to RBI for registration as NBFC], non-ascertainment of unrealized profits or losses on intra group transactions in earlier years that may be included in the carrying amount of assets and consequential impact thereof on the consolidated financial statements and read with Note 2 of Schedule 14B [Re. Non-incorporation of the audited accounts of three subsidiaries in the consolidated financial statements], Note 1 (d) of Schedule 14A [Re. non-inclusion of financial statements of Petrocon India Limited], Note 5 of Schedule 15B [Re. realizability of deferred tax asset], the other notes and the significant accounting policies thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company, its subsidiary and its interest in joint venture company as at 30th June, 2004; and
- in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company, its subsidiary and its interest in joint venture company for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company, its subsidiary and its interest in joint venture company for the year ended on that date.

For and on behalf of

KHANDELWAL JAIN & CO.
Chartered AccountantsHIRANYA ASHAR
Partner
Membership No.: 111092

Place : Ahmednagar

Date : 30th November, 2004

KADAM & CO.
Chartered AccountantsU.S.KADAM
Proprietor
Membership No.: 31055

CONSOLIDATED BALANCE SHEET

As at 30th June, 2004

Particulars	Schedule	As at 30th June, 2004 (Rupees)	As at 30th June, 2003 (Rupees)
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	328,850,500	328,850,500
Reserves & Surplus	2	2,041,028	2,041,028
Loan Funds			
Secured Loans	3	3,089,000	7,543,035
Unsecured Loans	4	900,685,020	1,018,336,292
Preference Share Capital of JV entity		10,000,000	10,000,000
Total		1,244,665,548	1,366,770,855
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,200,106,516	1,177,593,252
Less: Depreciation		84,046,613	56,238,182
Net Block		1,116,059,903	1,121,355,070
Goodwill on Consolidation		25,887	-
Investments		603,491,444	609,334,083
Deferred Tax Asset (Net)	6	248,633,663	247,113,705
Current Assets, Loans & Advances			
Inventories	7	3,201,784	3,573,330
Sundry Debtors		7,121,003	5,630,255
Cash and Bank Balances		3,701,878	1,807,957
Other Current Assets		1,442,289	1,837,012
Loans & Advances		160,175,252	840,200,558
		175,642,207	853,049,112
Less: Current Liabilities & Provisions			
Current Liabilities	8	1,348,719,990	1,892,878,419
Provisions		265,905	41,021
		1,348,985,895	1,892,919,440
Net Current Assets		(1,173,343,689)	(1,039,870,329)
Miscellaneous Expenditure	9	122,628	298,052
(To the extent not written off or adjusted)			
Profit and Loss Account		449,675,711	428,540,274
Total		1,244,665,548	1,366,770,855
Significant Accounting Policies and Notes on Accounts	14		

As per our Report of even date

For and on behalf of

KHANDELWAL JAIN & CO.
Chartered AccountantsHIRANYA ASHAR
Partner
Membership No. 111092

Place : Ahmednagar

Date : 30th November, 2004

For and on behalf of

KADAM & CO.
Chartered AccountantsU.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

P.N.DHOOT
DirectorA.V.DHOOT
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended 30th June, 2004

Particulars	Schedule	Current year ended on 30th June, 2004 (Rupees)	Previous year ended on 30th June, 2003 (Rupees)
INCOME			
Sales, Services and Other Income	10	220,716,955	589,019,622
		220,716,955	589,019,622
EXPENDITURE			
Cost of Goods Consumed/Sold	11	9,051,874	4,068,742
Administrative & General Expenses	12	129,852,003	129,363,342
Interest & Finance Charges	13	76,660,041	433,588,719
Depreciation		27,808,431	21,409,832
		243,372,350	588,430,635
Profit/(Loss) before extra ordinary items		(22,655,395)	588,987
Less: Consideration for amalgamation		-	147,210,000
Profit/(Loss) before Tax		(22,655,395)	(146,621,013)
Provision for Current Tax		-	-
Credit/(Provision) for Deferred Tax		1,519,958	(70,935,768)
Profit/(Loss) for the year after Tax		(21,135,437)	(217,556,781)
Balance brought forward / addition on amalgamation		(428,540,274)	(210,983,493)
Balance Carried to Balance Sheet		(449,675,711)	(428,540,274)
Basic Earnings per Share		(0.64)	(6.62)
Diluted Earnings per Share		(0.64)	(5.97)
Significant Accounting Policies and Notes on Accounts	14		

As per our Report of even date

For and on behalf of

KHANDELWAL JAIN & CO.
Chartered AccountantsHIRANYA ASHAR
Partner
Membership No. 111092

Place : Ahmednagar

Date : 30th November, 2004

For and on behalf of

KADAM & CO.
Chartered AccountantsU.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

P.N.DHOOT
DirectorA.V.DHOOT
Director

SCHEDULES TO BALANCESHEET AND PROFIT & LOSS ACCOUNT

	As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees		As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees							
SCHEDULE - 1 : SHARE CAPITAL												
Authorised			(Secured against mortgage of existing and future assets of the company and a floating charges on all movables (save and except book debts) including movable machinery, machinery spares , tools & accessories, present & future, subject to prior charge of the company's Bankers on stock of raw materials, finished, Semi finished goods & other movables, as may be agreed by them for securing working capital loans in the ordinary course of business. The charge shall rank pari passu inter -se for all intents and purposes the above loans are also secured by way of personal guarantee by Mr. P.N.Dhoot & Corporate Guarantee of Videocon International Ltd.)									
35,000,000 (Previous year 35,000,000) Equity Shares of Rs. 10/- each.	350,000,000	350,000,000										
	<u>350,000,000</u>	<u>350,000,000</u>										
Issued, Subscribed and Paid up Equity Share Capital												
32,885,050 (Previous year 32,885,050) Equity Shares of Rs. 10/- each fully paid up.	328,850,500	328,850,500										
	<u>328,850,500</u>	<u>328,850,500</u>										
SCHEDULE - 2 : RESERVES & SURPLUS												
Capital Reserve			SCHEDULE - 4 : UNSECURED LOANS									
Balance as per last Balance Sheet	25,000	25,000	Optionally Convertible Debentures	-	1,897,830							
Securities Premium Account			6.25% (Previous year 9%) Non Convertible Debentures of Rs. 100/- each redeemable on 15.12.2004 with put/call option	900,000,000	900,000,000							
Balance as per last Balance Sheet	2,016,028	2,016,028	Short Term Loan from Bank	-	96,722,090							
	<u>2,016,028</u>	<u>2,016,028</u>	Loans from Others	685,020	19,716,372							
SCHEDULE - 3 : SECURED LOANS												
Term Loan from Bank	3,089,000	7,543,035		<u>900,685,020</u>	<u>1,018,336,292</u>							
	<u>3,089,000</u>	<u>7,543,035</u>										
SCHEDULE - 5 : FIXED ASSETS												
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 30th June, 2003	Additions of Joint Venture	Additions during year	Deductions during year	As at 30th June, 2004	Up to 30th June, 2003	Additions of Joint Venture	For the year	Deductions during year	Up to 30th June, 2004	As at 30th June, 2004	As at 30th June, 2003
a) Tangible Assets												
Leasehold Land	210,000	-	-	-	210,000	-	-	-	-	-	210,000	210,000
Leasehold Premises	1,726,700	-	-	-	1,726,700	264,725	-	73,099	-	337,824	1,388,876	1,461,975
Office Building	1,137,290,953	-	-	-	1,137,290,953	42,305,055	-	18,544,628	-	60,849,683	1,076,441,270	1,094,985,898
Moulds & Dies	28,916,806	-	28,741	-	28,945,547	12,134,020	-	3,273,740	-	15,407,760	13,537,788	16,782,787
Furniture & Fixtures	891,315	-	73,591	-	964,906	320,835	-	110,251	-	431,086	533,820	570,480
Office Equipments	2,428,637	-	4,248,582	-	6,677,219	285,014	-	545,313	-	830,327	5,846,891	2,143,623
Tools & Equipments	174,840	-	7,443	-	182,283	46,148	-	9,807	-	55,955	126,328	128,692
Computer Systems	1,231,190	-	18,154,908	-	19,386,098	882,385	-	3,677,481	-	4,559,866	14,826,232	348,805
b) Intangible Assets												
Technical Know/Nilhow	4,722,811	-	-	-	4,722,811	-	-	1,574,113	-	1,574,113	3,148,698	4,722,811
Total	1,177,593,252	-	22,513,265	-	1,200,106,516	56,238,182	-	27,808,431	-	84,046,613	1,116,059,903	1,121,355,070
Previous Year	1,138,322,048	33,851,346	10,369,858	4,950,000	1,177,593,252	25,110,547	9,739,687	21,409,832	21,884	56,238,182	1,121,355,070	1,113,211,501
SCHEDULE - 6 : LONG TERM INVESTMENTS (at Cost)												
QUOTED												
In Equity Shares	58,583,860	58,583,860	b) Sundry Debtors (Unsecured, considered good)	180,328	-							
In Mutual Funds units	4,684	5,446,623	Outstanding for a period exceeding six months	6,940,675	5,630,255							
			Others	7,121,003	5,630,255							
	(a) <u>58,588,544</u>	64,030,483	c) Cash & Bank Balances	252,325	202,391							
UNQUOTED			Cash on Hand	252,325	202,391							
In National Saving Certificates	2,500	2,500	Balances with Scheduled Bank	3,244,553	1,487,816							
In Equity Shares	522,317,100	522,217,800	In Current Accounts	205,000	117,750							
In Subsidiary Companies	22,583,300	23,083,300	In Fixed Deposits	3,701,878	1,807,957							
	(b) <u>544,902,900</u>	545,303,600	d) Other Current Assets	636,152	1,372,717							
	Total (a+b) <u>603,491,444</u>	609,334,083	Modvat Credit	806,137	464,295							
Aggregate Cost of Quoted Investments	58,588,544	64,030,483	Other Current Assets	1,442,289	1,837,012							
Aggregate Market value of Quoted Investments	4,628,601	9,294,610	e) Loans & Advances (Unsecured, considered good)	-	1,000,000							
Aggregate Cost of UnQuoted Investments	544,902,900	545,303,600	Intercompany Deposits	-	694,487,327							
			Share Application Money in Subsidiary	-	694,487,327							
			Advances recoverable in Cash or in kind or for value to be received	144,259,538	131,358,519							
			Advance Tax and T.D.S.	8,198,509	11,459,413							
			Other Deposits	7,717,205	1,895,299							
	(a) <u>3,201,784</u>	3,573,330		(e) <u>160,175,252</u>	840,200,558							
			Total (a to e)	<u>172,440,423</u>	<u>849,475,782</u>							

	As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees
SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities		
Sundry Creditors	7,301,053	1,704,169
Advances from Customers	122,527,836	17,720,001
Income Received in Advance	18,608,728	27,577,528
Other Liabilities	1,198,590,644	1,845,708,489
Unclaimed Dividend	-	168,233
Unclaimed Debenture Redemption	1,691,730	-
(a)	<u>1,348,719,990</u>	<u>1,892,878,419</u>
b) Provisions		
Provision for Leave Encashment	191,276	41,021
Provision for Gratuity	74,629	-
(a)	<u>265,905</u>	<u>41,021</u>
Total (a + b)	<u>1,348,985,895</u>	<u>1,892,919,440</u>

SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

To the extent not written off or adjusted)

a) Preliminary Expenses		
As per last Balance Sheet	64,179	54,069
Less: Written off during the year	27,368	20,276
(a)	<u>36,811</u>	<u>33,793</u>
b) Pre-Operative Expenses		
As per last Balance Sheet	33,332	-
Less: Written off during the year	366	-
(b)	<u>32,966</u>	<u>-</u>
c) Deferred Revenue Expenditure		
As per last Balance Sheet	264,259	422,815
Less: Written off during the year	211,408	158,556
(c)	<u>52,851</u>	<u>264,259</u>
Total (a + b + c)	<u>122,628</u>	<u>298,052</u>

	Current Year ended on 30th June, 2004 Rupees	Previous year ended on 30th June, 2003 Rupees
SCHEDULE - 10 : SALES, SERVICES AND OTHER INCOME		
Net Sales	12,950,609	4,885,306
Sales & Distribution of Lotteries	37,052,128	-
Income from Lease & Hire Purchases	-	71,822
Rent Received	55,882,970	47,232,906
[TDS Rs. 16,01,210/-, Previous year Rs. 29,64,813/-]		
Service Charges	83,642,989	63,259,040
[TDS Rs. 25,17,396/-, Previous year Rs. 29,10,160/-]		
Interest Income	382,625	774,129
[TDS Rs. 18,486/-, Previous year Rs. 65,459/-]		
Income from Investments (net)	18,515,331	468,566,696
[TDS Rs. Nil, Previous year Rs. 8,30,020/-]		
Miscellaneous Income	12,290,303	4,229,723
[TDS Rs. 56,454/-, Previous year Rs. Nil]		
	<u>220,716,955</u>	<u>589,019,622</u>

SCHEDULE - 11 : COST OF GOODS CONSUMED/SOLD

a) Material and Components Consumed		
Opening Stock	3,549,817	3,541,393
Add: Purchases	8,680,328	4,068,616
	12,230,145	7,610,009
Less: Closing Stock	3,201,784	3,549,817
(a)	<u>9,028,361</u>	<u>4,060,192</u>
b) Increase/(Decrease) in Stock		
Closing Stock of Finished Goods	-	23,513
Less: Opening Stock of Finished Goods	23,513	32,063
(b)	<u>(23,513)</u>	<u>(8,550)</u>
Total (a - b)	<u>9,051,874</u>	<u>4,068,742</u>

SCHEDULE - 12 : ADMINISTRATIVE & GENERAL EXPENSES

Salaries and Allowances	13,839,118	3,024,434
Staff Welfare Expenses	620,832	71,395
Draw and Licence Fees	15,160,000	-
Prize Pay-out Expenses	28,104,098	-
Lottery Paper Roll Expenses	2,600,002	-
Repairs & Maintenance - others	4,454,715	42,446
Telephone, Telex & Postage Expenses	7,754,829	296,163
Printing & Stationery	543,764	196,203
Travelling & Conveyance Expenses	6,199,677	559,364
Advertisement & Publicity	10,370,730	260,645
Sales Promotion	4,389,677	2,396
Service Charges & Commission	1,399,792	22,954,343
Legal & Professional Charges	4,108,365	530,524
Rates & Taxes	26,401,649	8,026,124
Loss on Sale of Assets (Net)	-	2,058,256
Bad Debts Written off	-	89,351,074
Auditors' Remuneration	300,501	263,152
Miscellaneous Expenditure Written off	239,142	178,832
Miscellaneous Expenses	3,365,113	1,547,991
	<u>129,852,003</u>	<u>129,363,342</u>

	Current Year ended on 30th June, 2004 Rupees	Previous year ended on 30th June, 2003 Rupees
SCHEDULE - 13 : INTEREST AND FINANCE CHARGES		
On Fixed period Borrowings	59,589,622	430,860,617
On Others	16,791,068	2,159,192
Bank Charges & Commission	279,351	568,910
	<u>76,660,041</u>	<u>433,588,719</u>

SCHEDULE - 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT**A] SIGNIFICANT ACCOUNTING POLICIES :-****1. Basis of Consolidation**

The Consolidated Financial Statements (CFS) relate to Videocon Industries Limited (Formerly Videocon Leasing & Industrial Finance Limited) ("the Company"), its subsidiary company Popup Properties and Investments Private Limited, Videocon Securities Limited and its interest in joint venture company India Floor Care & Appliances Limited, in the form of jointly controlled entity.

(a) Basis of Accounting

(i) The Financial Statements of the subsidiary companies and joint venture company (JVC) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of the Company i.e. 30th June, 2004.

(ii) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and generally accepted accounting principles.

(b) Principles of Consolidation:

The Consolidated Financial Statements have been prepared on the following basis:

(i) The Financial Statements of the Company and its subsidiary companies 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 and transactions resulting in unrealised profits or losses arising during the year.

(ii) The Financial Statements of joint venture has been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealised profits or losses.

(iii) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to in the same manner as the Company's separate financial statements except in respect of depreciation, the amount whereof is not material.

(c) The subsidiary company and the Joint Venture company which are included in the consolidation and the percentage of ownership interest therein of the Company as on 30th June, 2004 are as under:

	Percentage of ownership interest as on 30.06.2004	Country of Incorporation
Subsidiary - Popup Properties and Investments Private Limited	100%	India
Subsidiary - Videocon Securities Limited (with effect from 15.06.2004)	100%	India
Joint Venture - India Floor Care & Appliances Limited	50%	India

(d) The Company has obtained control over the Composition of Board of Directors of Petrocon India Limited (PIL) by virtue of the amendment in Articles of Association of PIL vide resolution passed at Extra Ordinary General Meeting of PIL held on 5th June, 2004. The Company does not hold any shares in PIL. Popup Properties and Investments Private Limited, the Subsidiary, holds only 4.8% of the paid-up capital of PIL. The activities of the Company and PIL are totally different and the Company has not availed any economic benefit from the activities of PIL. Thus, though PIL is a subsidiary of the Company in terms of Section 4 of the Companies Act, 1956, there is no Control within the meaning of Accounting Standard 21 - Consolidated Financial Statements (AS-21) issued by the Institute of Chartered Accountants of India, as there was no economic benefits availed from activities of PIL. Hence, the Financial Statements of PIL have not been included for consolidation in these CFS. However, statement pursuant to Section 212 of the Companies Act, 1956 and the Audited Financial Statements of PIL have been attached to the Balance Sheet of the Company.

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the financial statements of the Company and its Subsidiary. The accounting policies of all the Companies are in line with generally accepted accounting principles in India.

B] NOTES TO ACCOUNTS:**1. Contingent Liabilities**

Claims against the Company not acknowledged as debts Rs. 2939.31 Lacs (Previous year Rs. Nil)

2. The audited financial statements of Videocon Energy Holdings Limited (VEHL) being wholly owned Indian subsidiary upto 31.03.2004 and consequently those of Goa Energy Private Limited (Formerly Talcher Mining Private Limited) which is subsidiary of VEHL and Videocon (Mauritius) Infrastructure Ventures Limited, being wholly owned foreign subsidiary incorporated in Mauritius, have not been included in preparation of Consolidated Financial Statements as the control is temporary in nature.

3. The Company is engaged in Sales and Distribution of Lotteries. The other revenue/income is primarily generated out of disposal of investments/assets and other incidental activities. As such there is no reportable segment as defined in Accounting Standard 17 on 'Segment Reporting'.

VIDEOCON INDUSTRIES LIMITED

(Formerly Videocon Leasing & Industrial Finance Limited)

4. As required under Accounting Standard 18 on "Related Party Disclosure", the disclosures of transactions with the related parties as defined in the AS are given below:

Name of the Related Party	Nature of Relationship
Videocon Energy Holdings Limited (upto 31.03.2004)	Subsidiary
Videocon (Mauritius) Infrastructure Ventures Limited	Subsidiary
Petrocon India Limited	Subsidiary (through Control)
Goa Energy Private Limited (upto 31.03.2004) (Formerly Talcher Mining Private Limited)	Sub-Subsidiary
Videocon India	Enterprise in which a Director is a Partner
Mr. P.N.Dhoot	Key Management Personnel

	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
b) Transactions during the year:		
<u>Nature of Transactions with Subsidiaries</u>		
Advances Given/(returned) (net) during the year	(6,400.60)	-
Closing Balance	-	-
Share Application money Given/(returned) (net) during the year	(6,944.87)	23.57
Closing Balance	-	6,944.87

	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
5. The details of deferred tax liability/asset are as under:		
a) Deferred Tax Liability		
On account of Depreciation	958.22	684.08
	<u>958.22</u>	<u>684.08</u>
b) Deferred Tax Asset		
On account of Unabsorbed Losses/Depreciation	3,444.56	3,076.23
Others	-	78.99
	<u>3,444.56</u>	<u>3,155.22</u>
c) Net Deferred tax asset	<u>2,486.34</u>	<u>2,471.14</u>

In view of the future business plans and profitability projections, the management is of the opinion that sufficient future taxable income will be available against which such deferred tax asset can be realised.

	For the year ended on 30th June, 2004 (Rs. in Lacs)	For the year ended on 30th June, 2003 (Rs. in Lacs)
6. Gross Income from Investments comprises of:		
a) Profit/(Loss) on Sale of Investments (net) (Long Term)	-	4,476.39
b) Profit/(Loss) on Sale of Investments (net) (Short Term)	159.71	1.87
c) Dividend (Long Term)	25.44	207.41

	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
7. Earnings Per Share:		
a) Net Profit/(Loss) available for equity shareholders (Rs. in Lacs)	(211.35)	(2,175.57)
b) Weighted Average no. equity shares	32,885,050	32,885,050
c) Basic Earnings per Share	(0.64)	(6.62)
d) Diluted Earnings per Share	(0.64)	(5.97)

8. Rates & Taxes includes property tax paid for earlier years amounting to Rs. 105.68 Lacs.
9. The outstanding balances in respect of some of the Debtors, Creditors, Deposits, Loans, Advances etc. are subject to confirmations.

10. In case of a Subsidiary, in terms of provisions of Chapter III B of the Reserve Bank of India Act, 1934 which were amended by an Ordinance issued by Government of India on January 9, 1997 and were subsequently replaced by Reserve Bank of India (Amendment) Act, in March, 1997 the subsidiary was required to make a fresh application for registration. However, it has not made any fresh application for registration with Reserve Bank of India under the new scheme. As the subsidiary has not taken up any activity covered by the NBFC guidelines and it does not intend to undertake any such activities, in the opinion of management of subsidiary, the aforesaid guidelines are not applicable.

11. Previous year's figures have been regrouped/reclassified and recasted wherever necessary. Current year's figures include the operation of a subsidiary Videocon Securities Limited for the period 15.06.2004 to 30.06.2004 and assets & liability and hence, and to that extent the same are not comparable with the previous year's figures.

As per our Report of even date

For and on behalf of	For and on behalf of	For and on behalf of the Board
KHANDELWAL JAIN & CO. Chartered Accountants	KADAM & CO. Chartered Accountants	P.N.DHOOT Director
HIRANYA ASHAR Partner Membership No. 111092	U.S.KADAM Proprietor Membership No. 31055	A.V.DHOOT Director

Place : Ahmednagar
Date : 30th November, 2004

CONSOLIDATED CASH FLOW STATEMENT

	2003-2004 Rupees	2002-2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(22,655,395)	(146,621,013)
Add/(Less):		
a) Depreciation	27,808,431	21,409,832
b) Miscellaneous Expenditure Written off	239,142	178,832
c) Provision for Leave Encashment	150,255	41,021
d) Adjustment for Goodwill on consolidation	(25,887)	-
e) Income from Investments	(18,515,331)	(468,566,696)
Cash generated from Operating Activities before Working Capital changes	(12,998,785)	(593,558,023)
Adjustments:		
a) Inventories	371,546	(886,537)
b) Sundry Debtors	(1,490,748)	82,417,190
c) Other Current Assets	394,723	9,719,040
d) Loans & Advances	(18,722,926)	22,348,700
e) Current Liabilities	148,880,030	518,578,632
Cash generated from Operating Activities	116,433,840	38,619,003
Add: Income Tax Adjustment (Net)	3,260,904	(1,711,754)
Net Cash generated from Operating Activities	119,694,745	36,907,249
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets (Net)	-	4,928,115
Sale of Investments (Net)	5,842,638	728,957,619
Advance for Purchase/Development of Property	-	10,700,000
Income from Investments	18,515,331	468,566,696
Investment in Subsidiary - Share Application Money	-	(2,356,600)
	<u>24,357,969</u>	<u>1,210,795,830</u>
Less:		
Increase in Fixed Assets	22,513,265	34,481,517
Increase in Miscellaneous Expenditure	63,718	476,884
	<u>22,576,983</u>	<u>34,958,401</u>
Net Cash generated from Investing Activities	1,780,987	1,175,837,429
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	-	147,211,000
Increase in Preference Share Capital	-	10,000,000
Increase in Reserves on amalgamation/Consolidation	-	3,516,124
Inter Corporate Deposits	1,000,000	30,595,849
Increase in Secured Loans	-	7,543,035
Increase in Unsecured Loan from Others	-	7,314,310
	<u>1,000,000</u>	<u>206,180,318</u>
Less:		
Repayment of Secured Loans	4,454,035	-
Redemption of Optionally Convertible Debentures	206,100	85,355,550
Redemption of Non Convertible Debentures	-	1,230,000,000
Repayment of Short Term Loans from Others	96,722,090	103,277,910
Repayment of Unsecured Loan from others	19,031,352	-
Payment of Unclaimed Dividend	168,233	285,703
	<u>120,581,810</u>	<u>1,418,919,163</u>
Net Cash generated from Financing Activities	(119,581,810)	(1,212,738,845)
Net Change in Cash and Cash Equivalents	1,893,921	5,832
Opening Balance of Cash and Cash Equivalents	1,807,957	1,802,125
Closing Balance of Cash and Cash Equivalents	3,701,878	1,807,957

As per our Report of even date

For and on behalf of	For and on behalf of	For and on behalf of the Board
KHANDELWAL JAIN & CO. Chartered Accountants	KADAM & CO. Chartered Accountants	P.N.DHOOT Director
HIRANYA ASHAR Partner Membership No. 111092	U.S.KADAM Proprietor Membership No. 31055	A.V.DHOOT Director

Place : Ahmednagar
Date : 30th November, 2004

DIRECTORS' REPORT

To
The Members of
POPOP PROPERTIES AND INVESTMENTS PRIVATE LIMITED
Your Directors have pleasure in presenting their Ninth Annual Report along with the Audited Statement of Accounts for the Financial Year ended on 30th June 2004.

OPERATIONS & FINANCIAL RESULTS:

The Company has not undertaken any business activity during the year under consideration. The Directors are looking for the better opportunities to undertake some business activities in the coming year.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956:

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to the Company are incorporated in this Report.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits from the Public.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE INCOME AND OUTGO:

During the year under review, there were no foreign exchange earnings or outflows.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company is not a Manufacturing Company, hence, the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

DIRECTORS:

As per the provisions of Section 255 of the Companies Act, 1956 Mr. P N Dhoot is liable to retire by at the ensuing Annual General Meeting and being eligible he offers himself for re-appointment.

During the year under consideration Mr. V. N. Dhoot and Mr. V. D. Dharm were appointed as additional directors on the Board of the Company. As per the provisions Section 260 of the Companies Act, 1956, they are liable to retire at the ensuing Annual General Meeting of the Company.

The Company has received a notice from Mr. V. N. Dhoot and Mr. V. D. Dharm, under the provisions of Section 257 of the Companies Act, 1956 signifying their candidature for the office of Director of the Company. Being eligible they offers themselves for appointment as Directors of the Company.

Mr. V. N. Dhoot is an Industrialist and is having vast experience of more than three decades to his credit in the field of Finance, Management, Administration. The Directors are of the view that his knowledge and wide experience will prove beneficial in the growth and development of the Company and recommend his appointment at Annual General Meeting.

Mr. Vivek D. Dharm is a Commerce and Law Graduate and is having more than Fifteen Years experience to his credit in the field of Law, Finance and Administration. The Directors are of the view that his knowledge and experience will prove beneficial in the growth and development of the Company and recommend his appointment at Annual General Meeting.

AUDITORS:

M/S. KADAM & Co., Chartered Accounts, Ahmednagar, Auditors of the Company holds office till the conclusion of the ensuing Annual General Meeting. The Company has received Certificate from the Auditors to the effect that their reappointment if made, would be within prescribed limit under Section 224(1B) of the Companies Act, 1956.

AUDITOR'S REPORT:

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of Popup Properties and Investments Private Limited, state in respect of Financial Year 2003-04 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 loss 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;
- the Directors have prepared the annual accounts on a going concern basis;

For and on behalf of the Board of Directors of
POPOP PROPERTIES AND INVESTMENTS PRIVATE LIMITED

Place: Ahmednagar
Date: 16th November, 2004

P. N. DHOOT
DIRECTOR

AUDITORS' REPORT

To
The Members of
POPOP PROPERTIES AND INVESTMENTS PRIVATE LIMITED

We have audited the attached Balance Sheet of POPUP PROPERTIES AND INVESTMENTS PRIVATE LIMITED, as at 30th June, 2004 and also the Profit and Loss Account 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.

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

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, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in above paragraph, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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 the Books of the Company;
- The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
- In our opinion, the Balance Sheet and Profit and Loss Account comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- According to the information and explanations given to us and on the basis of written representations received from the directors as on 30th June, 2004 of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes and the significant accounting policies 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 :
 - In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2004; and
 - In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For and on behalf of
KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor
Membership No.: 31055

Place : Ahmednagar
Date : 16th November, 2004

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of POPUP PROPERTIES AND INVESTMENTS PRIVATE LIMITED on the accounts for the year ended 30th June, 2004.

- The Company does not have any fixed assets, hence Clause (i) of the Order is not applicable to the Company.
- As per the information furnished, the Company does not have any inventories, the Clause (ii) of the order is not applicable.
- (a) The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the Clauses (iii)(b), (c) & (d) of the Order are not applicable.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.

POPUP PROPERTIES AND INVESTMENTS PRIVATE LIMITED

- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder.
- (vii) In our opinion, requirement of internal audit system is not applicable to the Company.
- (viii) The Company is not carrying any manufacturing activity, the order is not applicable.
- (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 income-tax and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th June, 2004 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the Company does not have any disputes pending in respect statutory dues.
- (x) There are accumulated losses of the Company as on 30th June, 2004, more than 50% of its net worth. The Company has incurred cash losses of during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) The Company has not availed any loan or facility from any financial institution or bank and has not issued any debentures.
- (xii) 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) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi/mutual benefit fund/society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares and that timely entries have generally been made therein.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not raised any term loans.
- (xvii) According to the information & explanations given to us and on our overall examination of the Balance Sheet of the Company, we report that the Company has used short term funds amounting to Rs. 547.26 Million for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any secured debentures.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KADAM & CO.
Chartered Accountants
U. S. KADAM
Proprietor
Membership No.: 31055
Place : Ahmednagar
Date : 16th November, 2004

BALANCE SHEET As at 30th June, 2004

Particulars	Schedule	As at 30th June, 2004 (Rupees)	As at 30th June, 2003 (Rupees)
I. SOURCES OF FUNDS			
Share capital	1	100,000	100,000
Total		<u>100,000</u>	<u>100,000</u>
II. APPLICATION OF FUNDS			
Investments	2	538,583,860	538,583,860
Current Assets	3	20	20
Less: Current Liabilities	4	547,263,544	547,253,727
Net Current Assets		(547,263,524)	(547,253,707)
Profit & Loss Account As per account annexed		8,779,664	8,769,847
Total		<u>100,000</u>	<u>100,000</u>

Significant Accounting Policies and Notes on Accounts

As per our report of even date

For and on behalf of

KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor
Membership No. 31055

Place : Ahmednagar
Date : 16th November, 2004

For and on behalf of the Board

V. N. DHOOT
Director

P. N. DHOOT
Director

PROFIT & LOSS ACCOUNT For the year ended 30th June, 2004

Particulars	Schedule	For the year ended 30th June, 2004 (Rupees)	For the year ended 30th June, 2003 (Rupees)
INCOME		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE			
Administrative & General Expenses	5	9,817	9,482
Profit/(Loss) Before Taxation		<u>(9,817)</u>	<u>(9,482)</u>
Less: Provision for Current Tax		-	-
Less: Provision for Deferred Tax		-	-
Profit/(Loss) After Taxation		<u>(9,817)</u>	<u>(9,482)</u>
Balance Brought Forward		<u>(8,769,847)</u>	<u>(8,760,365)</u>
Balance Transferred to Balance Sheet		<u>(8,779,664)</u>	<u>(8,769,847)</u>
Basic & Diluted Earnings per Share		<u>(0.98)</u>	<u>(0.95)</u>

Significant Accounting Policies and Notes on Accounts

As per our report of even date

For and on behalf of

KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor
Membership No. 31055

Place : Ahmednagar
Date : 16th November, 2004

For and on behalf of the Board

V. N. DHOOT
Director

P. N. DHOOT
Director

SCHEDULES :

Schedule Nos. 1 - 6 annexed to and forming part of the Balance Sheet as at 30th June, 2004 and Profit & Loss Account for the year ended 30th June, 2004.

	As at 30th June, 2004 Rupees	As at 30th June, 2003 Rupees	For the year ended 30th June, 2004	For the year ended 30th June, 2003
SCHEDULE - 1 : SHARE CAPITAL				
Authorised				
10,00,000 (Previous year 10,00,000)				
Equity Shares of Rs. 10/- each	10,000,000	10,000,000		
	<u>10,000,000</u>	<u>10,000,000</u>		
Issued, Subscribed & Paid up :				
10,000 (Previous year 10,000)				
Equity Shares of Rs. 10/- each fully paid up	100,000	100,000		
	<u>100,000</u>	<u>100,000</u>		
SCHEDULE - 2 : INVESTMENTS (Non Trade) - Long Term				
Particulars	Face Value	Nos.		
IN QUOTED EQUITY SHARES				
Advani Hotels & Resorts (India) Ltd.	10	120,000	9,000,000	9,000,000
Bagwe Udyog Limited	10	200,000	7,400,000	7,400,000
Banka India Limited	10	80,000	2,600,000	2,600,000
Eastern Overseas Limited	10	273,200	25,271,000	25,271,000
Elder Health Care Limited	10	100,000	5,150,000	5,150,000
Enkay Texofood Industries Limited	10	21,900	2,501,760	2,501,760
Ind Bank Merchant Banking Services Ltd.	10	80,100	3,684,600	3,684,600
Peritech Computers Limited	10	21,400	2,193,500	2,193,500
Picadilly Sugar Limited	10	29,000	783,000	783,000
IN UNQUOTED EQUITY SHARES				
Petrocon India Limited (Formerly Videocon Petroleum Limited)	10	2,400,000	480,000,000	480,000,000
			<u>538,583,860</u>	<u>538,583,860</u>
Aggregate cost of quoted Investments			58,583,860	58,583,860
Aggregate cost of unquoted Investments			480,000,000	480,000,000
Aggregate market value of quoted Investments for which quotations available other valued at cost			4,623,917	3,847,987
SCHEDULE - 3 : CURRENT ASSETS				
Cash & Bank Balances				
Cash on Hand	20	20		
	<u>20</u>	<u>20</u>		
SCHEDULE - 4 : CURRENT LIABILITIES				
Other Liabilities (Including Rs. 54,53,09,866/- (previous year Rs. 54,53,06,866/-) due to the holding company Videocon Industries Limited)	547,263,544	547,253,727		
	<u>547,263,544</u>	<u>547,253,727</u>		
SCHEDULE - 5 : ADMINISTRATIVE & GENERAL EXPENSES				
Telephone, Telex & Postage Expenses			1,168	1,019
Printing & Stationery			754	682
ROC Filing Fees			3,000	3,000
Audit Fees			3,306	3,000
Miscellaneous Expenses			1,589	1,781
			<u>9,817</u>	<u>9,482</u>
SCHEDULE - 6 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
A] SIGNIFICANT ACCOUNTING POLICIES :-				
1) Basis of Accounting:				
The accounts have been prepared on historical cost basis of accounting. The Company follows accrual system of accounting unless otherwise stated.				
2) Income Recognition:				
a) Profit and loss on sale of investments are accounted for as and when the transactions are entered into.				
b) Dividend income is accounted for when the right to receive the payment is established.				
3) Investments:				
Long Term Investments are stated at cost. Cost is inclusive of brokerage and fees.				
4) Provision for Current and Deferred Tax:				
Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.				
B] NOTES TO ACCOUNTS:				
1) In terms of provisions of Chapter III B of the Reserve Bank of India Act, 1934 which were amended by an Ordinance issued by Government of India on January 9, 1997 and were subsequently replaced by Reserve Bank of India (Amendment) Act, in March, 1997 the Company was required to make a fresh application for registration. However, the Company has not made any fresh application for registration with Reserve Bank of India under the new scheme. As the Company has not taken up any activity covered by the NBFC guidelines and it does not intend to undertake any such activities, the Company is of the opinion that the aforesaid guidelines are not applicable.				
2) Earnings Per Share:				
			2003-04	2002-03
			(Rupees)	(Rupees)
a) Net Profit/(Loss) available for equity shareholders			(9,817)	(9,482)
b) Weighted Average no. equity shares			10,000	10,000
c) Basic and Diluted Earnings per Share			(0.98)	(0.95)
3) In the opinion of the management, the diminution in the value of the Long Term Investments is temporary in nature and hence, no provision for the same is required. In view of the fact that market rates for some of the quoted scrips are not available, the actual amount of diminution in the value of investments and its impact on the financial statements is unascertainable.				
4) Some of the credit balances are subject to confirmations.				
5) Since no amounts are payable to small scale undertaking, the necessary disclosures required under the Companies Act, 1956 are not applicable.				
6) In the opinion of the Board, the realisable value of the current assets, loans and advances, in the ordinary course of business would not be less than the amount at which they are stated in the statement of affairs.				
7) In the opinion of the Board, there are no timing differences which can result into deferred tax liabilities/asset and also no provision for current tax is required.				
8) Previous year figures have been regrouped/recast/rearranged/reclassified wherever necessary.				

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			IV. Performance of Company (Amounts Rs. in Thousands)	
Registration No.	16150		Turnover	Nil
Balance Sheet Date	30.06.2004		Total Expenditure	10
State Code	11		Profit Before Tax	(10)
II. Capital Raised During the year (Amounts Rs. in Thousands)			Profit After Taxes	(10)
Public Issue	Nil		Earnings Per Share in Rs.	(0.98)
Rights Issue	Nil		Dividend Rate %	Nil
Bonus Issue	Nil		V. Generic Names of Three Principal Products of the Company (As per monetary terms)	
Private Placements	Nil		Item Code No. (ITC Code)	Not Applicable
III. Position of Mobilisation & Deployment of Funds (Amounts Rs. in Thousands)			Product Description	Not Applicable
Total Liabilities	100			
Total Assets	100			
Sources of Funds				
Paid-up Capital	100		As per our Report of even date	
Secured Loans	Nil		For and on behalf of	For and on behalf of the Board
Unsecured Loans	Nil		KADAM & CO.	V. N. DHOOT
Reserves & Surplus	Nil		Chartered Accountants	Director
Application of Funds			U.S.KADAM	P. N. DHOOT
Net Fixed Assets	Nil		Proprietor	Director
Investments	538,584		Membership No. 31055	
Net Current Assets	(547,264)		Place : Ahmednagar	
Miscellaneous Expenditure	Nil		Date : 16th November, 2004	
Accumulated Losses	8,780			

DIRECTORS' REPORT

To
The Members of
VIDEOCON SECURITIES LIMITED

The Directors have pleasure in submitting their Annual Report and Accounts for the financial year ended 30th June 2004.

OPERATIONS:

The Company has not undertaken any business activity during the year. The Directors are looking for better opportunities by various ways and means to undertake some business activity. With effect from 15th June, 2004, the Company has become subsidiary of Videocon Industries Limited. Accordingly, the financial year of the Company has been extended by 3 months so as to end on 30th June, 2004 in line with the financial closure of holding company.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to the Company are incorporated to this Report.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits from the Public.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE INCOME AND OUTGO:

During the year under review, there were no foreign exchange earnings or outflows.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company is not a Manufacturing Company hence the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

DIRECTORS:

During the year under consideration Mr. V. N. Dhoot and Mr. V. D. Dharm were appointed as additional directors on the Board of the Company. As per the provisions Section 260 of the Companies Act, 1956, they are liable to retire at the ensuing Annual General Meeting of the Company.

The Company has received a notice from Mr. V. N. Dhoot and Mr. V. D. Dharm, under the provisions of Section 257 of the Companies Act, 1956 signifying their candidature for the office of Director of the Company. Being eligible they offers themselves for appointment as Directors of the Company.

Mr. V. N. Dhoot is an Industrialist and is having vast experience of more than three decades to his credit in the field of Finance, Management, Administration. The Directors are of the view that his knowledge and wide experience will prove beneficial in the growth and development of the Company and recommend his appointment at Annual General Meeting.

Mr. Vivek D. Dharm is a Commerce and Law Graduate and is having more than Fifteen Years experience to his credit in the field of Law, Finance and Administration. The Directors are of the view that his knowledge and experience will prove beneficial in the growth and development of the Company and recommend his appointment at Annual General Meeting..

As per the provisions of Section 255, 256 of the Companies Act, 1956, Mr. P. N. Dhoot, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting. Being eligible he offers himself for reappointment.

Mr. P. N. Dhoot is an Industrialist and is having more than 20 years experience to his credit in the field of Management, Marketing, Administration, Import, Export, etc.. The Directors are of the view that his knowledge and wide experience will be of immense help for the Company.

Mr. Vilas R. Salunke, Mr. Sudhir V. Kshirsagar and Mr. Prashant Telang, have resigned from the Board of Directors of the Company. The Board takes this opportunity and place on record its sincere appreciation for the contribution of all of them to the Company.

AUDITORS:

M/s. Kadam & Co., Chartered Accountants, resigned as Auditors of the Company. The Board takes this opportunity and place on record its sincere appreciation for the guidance and support of Kadam & Co., during their tenure as Auditors of the Company.

M/s. R. V. Joshi & Associates, Chartered Accountants were appointed as Auditors of the Company and hold office till the ensuing Annual General Meeting of the Company and is recommended for reappointment. The Company has received certificates from these Auditors to the effect that their reappointment if made, would be within prescribed limit under Section 224(1B) of the Companies Act, 1956.

AUDITOR'S REPORT:

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of VIDEOCON SECURITIES LIMITED, state in respect of Financial Year 2003 - 04 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 loss 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;
- the Directors have prepared the annual accounts on a going concern basis; based on the above and the Internal Audit System, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

On behalf of the Board of Directors of
VIDEOCON SECURITIES LIMITED

Place: Ahmednagar
Date : 16th November, 2004

P. N. DHOOT
DIRECTOR

AUDITORS' REPORT

To
The Members of
VIDEOCON SECURITIES LIMITED

We have audited the attached Balance Sheet of **VIDEOCON SECURITIES LIMITED**, as at 30th June, 2004 and also the Profit and Loss Account of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

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

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, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in above paragraph, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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 the Books of the Company;
- The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;

- In our opinion, the Balance Sheet and Profit and Loss Account comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- According to the information and explanations given to us and on the basis of written representations received from the directors as on 30th June, 2004 of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes and the significant accounting policies 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 :
 - In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2004; and
 - In the case of the Profit and Loss Account, of the Loss for the period ended on that date.

For and on behalf of
R.V.JOSHI & ASSOCIATES
Chartered Accountants

R.V.JOSHI
Proprietor
Membership No. 48095
Place : Ahmednagar
Date : 16th November, 2004

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VIDEOCON SECURITIES LIMITED on the accounts for the year ended 30th June, 2004.

The Companies (Auditor's Report) Order, 2003 ("the Order") was issued in June, 2003 and came into force on 1st July, 2003. The accounting year of the Company was from 1st April, 2003 to 30th June, 2004. As the order was not in force and certain clauses were not applicable to the Company as at the beginning of the accounting year, the comments given hereinbelow are based on the data compiled by the Company in order to comply with the requirements of the new order from the effective date. On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under

- (i) The Company does not have any fixed assets, hence Clause (i) of the Order is not applicable to the Company.
- (ii) As per the information furnished, the Company does not have any inventories, the Clause (ii) of the order is not applicable.
- (iii) (a) The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the Clauses (iii)(b), (c) & (d) 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 procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder.
- (vii) In our opinion, requirement of internal audit system is not applicable to the Company.
- (viii) The Company is not carrying any manufacturing activity, the order is not applicable.

- (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 income-tax and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th June, 2004 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the Company does not have any disputes pending in respect of statutory dues.
- (x) There are accumulated losses of Rs.0.27 Lacs of the Company as on 30th June, 2004. The Company has incurred cash losses of Rs.0.06 during the financial period covered by our audit.
- (xi) The Company has not availed any loan or facility from any financial institution or bank and has not issued any debentures.
- (xii) 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) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi/mutual benefit fund/society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares and that timely entries have generally been made therein.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not raised any term loans.
- (xvii) As at 30th June, 2004, the Company has not raised any funds except the Share Capital of Rs. 5.00 Lacs, out of which amount of Rs. 3.11 Lacs have been used towards short term application/assets.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any secured debentures.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
R.V.JOSHI & ASSOCIATES
Chartered Accountants

R.V.JOSHI
Proprietor
Membership No. 48095
Place : Ahmednagar
Date : 16th November, 2004

BALANCE SHEET As at 30th June, 2004

Particulars	Schedule	As at	
		30th June, 2004 (Rupees)	31st March, 2003 (Rupees)
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Total		500,000	500,000
II. APPLICATION OF FUNDS			
Investment	2	99,300	499,300
Current Assets, Loans & Advances	3		
a) Cash Balance		700	700
b) Other Current Assets		400,000	-
		400,700	700
Less : Current Liabilities & Provisions			
Current Liabilities	4	89,605	84,025
		89,605	84,025
Net Current Assets		311,095	(83,325)
Miscellaneous Expenditure	5	63,018	84,025
(To the extent not written off or adjusted)			
Profit & Loss Account		26,587	-
Total		500,000	500,000
Significant Accounting Policies and Notes on Accounts	7		

As per our report of even date
For and on behalf of
R.V.JOSHI & ASSOCIATES
Chartered Accountants

R.V.JOSHI
Proprietor
Membership No. 48095
Place : Ahmednagar
Dated : 16th November, 2004

For and on behalf of the Board
V. N. DHOOT
Director

P. N. DHOOT
Director

PROFIT AND LOSS ACCOUNT

For the period 1st April 2003 to 30th June, 2004

Particulars	Schedule	Period ended on	
		30th June, 2004 (Rupees)	Year ended on 31st March, 2003 (Rupees)
I. INCOME		-	-
II. EXPENDITURE			
Administrative & General Expenses	6	26,587	-
		26,587	-
III. Profit/(Loss) Before Tax		(26,587)	-
Less : Provision for Tax		NIL	-
IV. Profit/(Loss) After Tax		(26,587)	-
V. Loss Carried to Balance Sheet		(26,587)	-
Significant Accounting Policies and Notes on Accounts	7		

As per our report of even date
For and on behalf of
R.V.JOSHI & ASSOCIATES
Chartered Accountants

R.V.JOSHI
Proprietor
Membership No. 48095
Place : Ahmednagar
Dated : 16th November, 2004

For and on behalf of the Board
V. N. DHOOT
Director

P. N. DHOOT
Director

VIDEOCON SECURITIES LIMITED

	As at 30th June, 2004 Rupees	As at 31st March, 2003 Rupees
SCHEDULE 1 SHARE CAPITAL		
Authorised		
10,00,000 (Previous year 10,00,000) Equity Shares of Rs.10/- each	10,00,000	10,00,000
Issued, Subscribed & Paid-up		
50,000 (Previous year 50,000) Equity Shares of Rs.10/- each fully paid-up	500,000	500,000
Total	500,000	500,000

Face Value	As at 30th June, 2004		As at 31st March, 2003	
	Nos.	Amount	Nos.	Amount
In Equity Shares - Unquoted				
10 Videocon Appliances Securities Ltd	-	-	10,000	100,000
10 Videocon International Securities Ltd	-	-	10,000	100,000
10 Videocon Power Finance Ltd	9,930	99,300	9,930	99,300
10 Pinnacle Finlease Ltd	-	-	10,000	100,000
10 Videocon Power Securities Ltd	-	-	10,000	100,000
Total		99,300		499,300

	As at 30th June, 2004 Rupees	As at 31st March, 2003 Rupees
SCHEDULE 3 CURRENT ASSETS, LOANS & ADVANCES		
a) Cash Balance		
Cash on Hand	700	700
(a)	700	700
b) Other Current Assets	400,000	-
(b)	400,000	-
Total (a+b)	400,700	700

	As at 30th June, 2004 Rupees	As at 31st March, 2003 Rupees
SCHEDULE 4 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Other Liabilities	89,605	84,025
Total	89,605	84,025

	As at 30th June, 2004 Rupees	As at 31st March, 2003 Rupees
SCHEDULE 5 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
A) Preliminary Expenses		
As per last Balance Sheet	40,070	40,070
Less : Written off during the year	10,018	-
(a)	30,052	40,070
B) Pre-Operative Expenses		
As per last Balance Sheet	43,955	37,455
Add : Additions during the year	-	6,500
Less : Written off during the year	10,989	-
(b)	32,966	43,955
Total (a+b)	63,018	84,025

	As at 30th June, 2004 Rupees	As at 31st March, 2003 Rupees
SCHEDULE 6 ADMINISTRATIVE & GENERAL EXPENSES		
ROC Filing Fees	4,500	-
Audit Fees	1,080	-
Miscellaneous Expenditure W/off	21,007	-
Total	26,587	-

SCHEDULE 7 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

- Method of Accounting**
 - The accounts of the Company are prepared under the Historical Cost Convention using the accrual method of accounting unless otherwise stated hereinafter.
 - Accounting Policies, not specifically referred to, are consistent with generally accepted accounting principles.
- Preliminary and Pre-Operative Expenses are written off over a period of five years.
- The Company has no carry forward losses nor any timing difference which will result in the creation of deferred tax asset/liability as envisaged in Accounting Standard 22.
- Auditors' Remuneration:

	30.06.2004 (Rupees)	31.03.2003 (Rupees)
Audit fees	1,080	1,000
	1,080	1,000
- Some of the Debit/Credit balances are subject to confirmations.
- In the opinion of the Board, the realisable value of the current assets, in the ordinary course of business would not be less than the amount at which they are stated in the statement of affairs.
- Since no amounts are payable to small scale undertaking, the necessary disclosures required under the Companies Act, 1956 are not applicable.
- As the current accounting period is for 15 months, the figures are not comparable with the corresponding figures for the previous year.
- Figures of the previous year have been regrouped and recasted, wherever necessary.

As per our report of even date
For and on behalf of

R.V.JOSHI & ASSOCIATES
Chartered Accountants

R.V.JOSHI
Proprietor
Membership No. 48095

Place : Ahmednagar
Dated : 16th November, 2004

For and on behalf of the Board

V. N. DHOOT
Director

P. N. DHOOT
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details		IV. Performance of Company (Amounts Rs.)	
Registration No.	17187	Turnover	NIL
Balance Sheet Date	30.06.2004	Total Expenditure	26,587
State Code	08	Profit/(Loss) before Tax	(26587)
II. Capital Raised During the year (Amounts Rs.)		Profit/(Loss) after Tax	(26587)
Public Issue	NIL	Earnings Per Share in Rs.	(0.53)
Rights Issue	NIL	Dividend Rate %	NIL
Bonus Issue	NIL	V. Generic Names of Three Principal Products of the Company	
Private Placements	NIL	(As per monetary terms)	
III. Position of Mobilisation & Deployment of Funds (Amounts Rs.)		Item Code No. (ITC Code)	N.A.
Total Liabilities	500,000	Product Description	Real Estate & Investment Activities
Total Assets	500,000		
Sources of Funds		As per our report of even date	
Paid-up Capital	500,000	For and on behalf of	For and on behalf of the Board
Reserves & Surplus	NIL	R.V.JOSHI & ASSOCIATES	V. N. DHOOT
Secured Loans	NIL	Chartered Accountants	Director
Unsecured Loans	NIL	R.V.JOSHI	P. N. DHOOT
Application of Funds		Proprietor	Director
Net Fixed Assets	NIL	Membership No. 48095	
Investments	99,300	Place : Ahmednagar	
Net Current Assets	311095	Dated : 16th November, 2004	
Miscellaneous Expenditure	63018		
Accumulated Losses	26587		

DIRECTORS' REPORT

TO THE MEMBERS OF

VIDEOCON (MAURITIUS) INFRASTRUCTURE VENTURES LIMITED

1. The directors present their report and the audited financial statements of the company for the year ended 30 June 2004.

2. Principal activity

The company's principal activity is to carry on business of investment in shares, bonds and other securities.

3. Results and dividends

The company's loss for the financial year ended 30 June 2004 amounted to USD 6,363 (2003: loss of USD 6,955).

The directors do not recommend the payment of dividend in respect of the year under review (2003: Nil).

4. The statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

P.N. DHOOT
DIRECTOR

Date: 24th November, 2004
Port Louis,
Republic of Mauritius

SECRETARY'S CERTIFICATE TO THE MEMBERS OF VIDEOCON (MAURITIUS) INFRASTRUCTURE VENTURES LIMITED

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act, 2001.

For and on behalf of
Mauritius International Trust Company Ltd.

Dated : 24th November, 2004.

AUDITORS' REPORT

TO THE MEMBERS OF

VIDEOCON (MAURITIUS) INFRASTRUCTURE VENTURES LIMITED

We have audited the financial statements of **Videocon (Mauritius) Infrastructure Ventures Limited** set out on pages 4 to 11, which have been prepared on the basis of the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and/or for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted the audit in accordance with International Standards on Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed the audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from any material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or any interest in the company other than in our capacity as auditors.

Opinion

We have obtained all the information and explanations, which we considered necessary.

In our opinion

Proper accounting records have been kept by the company as far as it appears from an examination of those records.

The financial statements give a true and fair view of the financial position of the company at 30 June 2004 and of its results and cash flows for the year then ended and comply with the Companies Act 2001 and the International Financial Reporting Standards.

LAMUSSE SEK SUM & CO
PUBLIC ACCOUNTANTS

Date: 24th November, 2004
Port Louis,
Republic of Mauritius

K.F.K.T. CHUNG CHUN LAM
PARTNER

BALANCE SHEET

AT 30 JUNE 2004

	NOTES	2004 USD	2003 USD
ASSETS EMPLOYED			
Non-Current Assets			
Investments in associates	4	3,000	3,000
Intercompany long term loan	5	1,976,969	1,943,469
		<u>1,979,969</u>	<u>1,946,469</u>
Current Assets			
Trade and other receivables	6	161,470	120,754
Cash at bank		4,793	1,572
		<u>166,263</u>	<u>122,326</u>
Current Liabilities			
Trade and other payables	7	1,800	5,000
Net Current Assets		<u>164,463</u>	<u>117,326</u>
Net Assets		<u>2,144,432</u>	<u>2,063,795</u>
FINANCED BY			
Capital and Reserves			
Share capital	8	530,000	530,000
Revenue deficit		(17,568)	(11,205)
		<u>512,432</u>	<u>518,795</u>
Non-Current Liabilities			
Borrowings	9	1,632,000	1,545,000
		<u>2,144,432</u>	<u>2,063,795</u>

These financial statement have been approved by the Board of Directors on 24th November, 2004.

P.N. DHOOT
DIRECTOR

K.C. LI KWONG WING
DIRECTOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	2004 USD	2003 USD
Operating income		1	-
Operating expenses		(6,364)	(6,955)
Loss before tax	10	<u>(6,363)</u>	<u>(6,955)</u>
Tax	11	-	-
Loss after tax		<u>(6,363)</u>	<u>(6,955)</u>
Transfer from revenue deficit		(11,205)	(4,250)
Revenue deficit for the year		<u>(17,568)</u>	<u>(11,205)</u>
Loss per share	12	(0.0120)	(0.0131)

VIDEOCON (MAURITIUS) INFRASTRUCTURE VENTURES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

	SHARE CAPITAL USD	REVENUE DEFICIT USD	TOTAL USD
Balance as at 01 July 2002	530,000	(4,250)	525,750
Net loss for the year	—	(6,955)	(6,955)
Balance as at 30 June 2003	530,000	(11,205)	518,795
Balance as at 01 July 2003	530,000	(11,205)	518,795
Net loss for the year	—	(6,363)	(6,363)
Balance as at 30 June 2004	530,000	(17,568)	512,432

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	2004 USD	2003 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(6,363)	(6,955)
Operating loss before working capital changes		(6,363)	(6,955)
(Increase)/Decrease in trade and other receivables		(2,716)	1,000
(Decrease)/Increase in trade and other payables		(3,200)	1,231
Net cash outflow from operating activities	A	(12,279)	(4,724)
CASH FLOWS FROM INVESTING ACTIVITIES			
Intercompany long term loan		(33,500)	(4,280)
Intercompany short term loans		(38,000)	(17,454)
Net cash outflow from investing activities	B	(71,500)	(21,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		87,000	25,000
Net cash inflow from financing activities	C	87,000	25,000
Net increase/(decrease) in cash & cash equivalents (A+B+C)		3,221	(1,458)
Cash and cash equivalents at the beginning of the year		1,572	3,030
Cash and cash equivalents at the end of the year		4,793	1,572
CASH AND CASH EQUIVALENTS CONSIST OF			
Cash at bank		4,793	1,572

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

- INCORPORATION**
VIDEOCON (MAURITIUS) INFRASTRUCTURE VENTURES LIMITED is a company holding a Category 1 Global Business Licence incorporated on 4 March 1998 under the Companies Act 2001 as governed by the Financial Services Development Act 2001.
- NATURE OF ACTIVITIES**
The main object of the company is to carry on business of investment in shares, bonds and other securities.
- ACCOUNTING POLICIES**
The principal accounting policies adopted by the company are as follows:
 - Reporting Currency**
The financial statements are presented in United States of America Dollars.
 - Basis of Accounting**
The accounts are prepared under the historical cost convention.
 - Income and Expenditure Recognition**
Income and expenditure are accounted for on an accrual basis.
 - Investments**
Investments have been valued at cost and are converted into US Dollars at the rate of exchange ruling at the date of purchase. The carrying value is maintained unless the directors are of opinion, that there has been a permanent diminution in value of the investments.
 - Financial Instruments**
Financial instruments carried on the balance sheet include investments in associates, intercompany long term loans, intercompany short term loans, cash at bank, accruals and loan from third party. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Disclosures about financial instruments to which the company is a party are provided in note 13.
 - Foreign Currency Transactions**
Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of the transaction.
Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date.
Resulting profit or loss is taken to the income statement.
- INVESTMENTS IN ASSOCIATES**

	2004 USD	2003 USD
Cost @ beginning of the year	3,000	3,000
Disposal for the year	—	—
Cost @ end of the year	3,000	3,000

Details of company in which Videocon (Mauritius) Infrastructure Ventures Limited holds more than 10% interest:

NAME OF COMPANY	TYPE OF SHARES	% HELD		2004 USD	2003 USD
		2004	2003		
Pentara Holdings Limited	Ordinary	30	30	1,500	1,500
Keyline Ventures Limited	Ordinary	30	30	1,500	1,500

Both companies are incorporated in Mauritius.

- INTERCOMPANY LONG TERM LOAN**
Balance @ beginning of the year
Loan advanced during the year
Balance @ end of the year
The loan was given to one of the associated companies and is interest free and unsecured.
- TRADE AND OTHER RECEIVABLES**
Prepayments
Intercompany short term loans
- TRADE AND OTHER PAYABLES**
Accruals
- SHARE CAPITAL**
Authorised
4,000,000 Ordinary shares of USD 1 each
Issued
530,000 Ordinary shares of USD 1 each
- BORROWINGS**
Loan from third party
This represents advance received from a third party which is interest free, unsecured with no fixed terms of repayment.
- LOSS BEFORE TAX**
Loss before tax is arrived at:
after Crediting:
Interest received
and Charging:
Directors' fees
Administrative expenses
Audit fees
Accountancy fees
- TAXATION**
The company has been established as a Category 1 Global Business Company under the Financial Services Development Act 2001 and is liable to tax at the rate of 15% for the year ended 30 June 2004. No provision is made in the accounts as the company has accumulated tax loss.
- LOSS PER SHARE**
Loss per share is based on the loss for the year of USD 6,363 (2003: Loss of USD 6,955) and 530,000 shares being the number of shares issued for both years.
- FINANCIAL INSTRUMENTS**
 - Fair values**
The carrying amounts of investments in associates, intercompany long term loan, intercompany short term loans, prepayments, cash at bank, accruals and loan from third party approximate to their fair values. Investments which are accounted for at historical cost are carried at values which may differ materially from their fair values. It is not practicable within the constraints of timeliness and cost to determine the fair values of investments with sufficient reliability.
 - Currency profile**
The currency profile of the company's financial assets and liabilities is summarised as follows:

	FINANCIAL ASSETS 2004 USD	FINANCIAL LIABILITIES 2004 USD	FINANCIAL ASSETS 2003 USD	FINANCIAL LIABILITIES 2003 USD
United States Dollar	2,146,232	1,633,800	2,068,795	1,550,000
 - Currency risk**
The company's activities are carried out in United States Dollar and therefore, are not exposed to currency risk.
- PARENT COMPANY**
The parent company is Videocon Industries Limited (formerly Videocon Leasing & Industrial Finance Limited), a company incorporated in India.
- CONSOLIDATION**
In accordance with International Accounting Standards, IAS 28 (Accounting for Investments in Associates), the results of the associates have not been consolidated with those of Videocon (Mauritius) Infrastructure Ventures Limited since it will be shown in those of Videocon Industries Limited.
- RELATED PARTY TRANSACTIONS**
The company enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24 "Related Party Disclosures". The management consider such transactions to be in the normal course of business and at arm's length.
Related parties comprise companies under common ownership and/or common management control and associates.
The nature of significant related party transactions and the amounts involved are as follows:

	2004 USD	2003 USD
Loan to associated companies	2,049,001	2,005,951

DIRECTORS' REPORT

The members of

PETROCON INDIA LIMITED

The Board of Directors of Petrocon India Limited have pleasure in presenting Annual Report together with Audited Accounts for the Financial Year ended on 31st March 2004.

OPERATIONS & FINANCIAL RESULTS:

During the year under consideration, your Company has earned a total income of Rs. 15,861,137,545/- as against Rs. 6,171,008,266/- for the previous year. The Profit after Tax amounted to Rs. 172,920,531/- as against Rs. 121,688,651/- for the previous year.

DIVIDEND:

In view of the proposed increase in the volume of activities the Board of Directors thought it fit not to declare any dividend for the financial year ended on 31st March 2004.

FIXED DEPOSITS:

Your company has not accepted any deposits from the Public.

DIRECTORS:

As per the provisions of Section 255, 256 of the Companies Act, 1956 Mr. Kuldeep Drabu is liable to retire by rotation at the ensuing Annual General Meeting. Being eligible he offers himself for reappointment.

Mr. Kuldeep Drabu is a fellow member of the Institute of Chartered Accountants of India. He has diversified exposure and experience in the fields of finance, corporate law, International mobilization of debt and equity, Joint Ventures, domestic and International structured financial products viz., EURO issue, External Commercial Borrowings. The Directors are of the opinion that his appointment will prove beneficial in the growth and development of the Company. During the year under consideration ICICI Bank Ltd has withdrawn Maj.Gen. S. C. N. Jatar as their nominee from the Board of the Company and has nominated Shri R Kannan in his place. Shri R Kannan was appointed as a nominee director of the Company.

Pursuant to the provisions of Section 257 of the Companies Act, 1956, the Company has received a notice from the shareholders of the Company proposing Maj. Gen. S. C. N. Jatar for appointment as a director of the Company.

The Directors are of the opinion that his vast experience and knowledge will be of immense help for the growth and development of the Company.

CONSERVATION OF ENERGY:

Your Company continues to give emphasis on conservation of energy, optimum use of energy, power and other power sources. As a part of continuous efforts your Company takes the following steps:

1. Proper and timely maintenance of all the machinery, equipment;
2. Use of advanced technology in the production;
3. Inspection of all the machinery by the expert team for proper functioning;
4. Time and motion study of production activity;
5. Maximum utilization of available resources;
6. Training to all the personal engaged in the production activity for optimum uses of resources and conservation of energy;

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under consideration Foreign Exchange outgo amounted to Rs. 482,993,325/- as against Rs. 886,732,533/- for the previous year. Foreign Exchange Earnings amounted to Rs. 2,146/- as against Rs. 104,655,063/- for the previous year.

DIRECTORS RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of PETROCON INDIA LIMITED, state in respect of Financial Year 2003 - 04 that:

- a. in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a going concern basis; based on the above and the Internal Audit System, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES:

During the year under consideration none of the Employee of the Company were in receipt of remuneration exceeding the limit as mentioned in the Companies (Particulars of Employees) Rules, 1975 so as to include the particulars in this report as required under the provisions of Section 217 (2A) of the Companies Act, 1956.

DISCLOSURE:

1. The Company is in the process of consolidating its business strategy and hence proposes consolidation of commercial activities with the group companies by way of mergers/amalgamations/takeovers. The Board of Directors in their meeting in principle approved the proposal of amalgamation of Petrocon India Limited with Videcon Industries Limited subject to necessary approvals of Hon'ble High Court of Mumbai and consent of Members, Debenture Holders, Creditors and Unsecured Creditors of the Company. The appointed date has been proposed as 31st March, 2004. The company is in process of completing the necessary formalities in this behalf.
2. On June 5, 2004, the Company became subsidiary of Videcon Industries Limited within the meaning of Section 4 of the Companies Act 1956, by virtue of amendment to the Articles of Association of the company, giving control to Videcon Industries Limited over composition of the Board of Directors of the Company.

AUDIT COMMITTEE:

As per the provisions of Section 292A of the Companies Act, 1956 the Company has formed an Audit Committee under the Chairmanship of Mr. Kuldeep Drabu, the other members of the Committee being Mr. S. Padmanabhan and Maj. Gen. S. C. N. Jatar.

During the financial year under consideration, Three meetings of the Audit Committee were held on 27th June 2003, 2nd September, 2003 and 10th February, 2004 respectively. The meetings were attended by Mr. Kuldeep Drabu, Chairman of the Committee, Mr. S. Padmanabhan and General S. C. N. Jatar and the Statutory Auditors of the Company.

AUDITORS' REPORT:

The Auditors in their report vide clause (g) have drawn attention to note 1(b) of Schedule 13B.

The disputes between the Company and the Government of India in respect of matters related to Government of India's share in Profit Petroleum and the execution of 'Debenture Trust Deed' dated 28th September 2000 between your Company and Industrial Development Bank of India as the Debenture Trustees, which have been referred to an International Arbitration for resolution is still pending. The Management of the Company is hopeful of favorable decision from the Arbitration Tribunal.

AUDITORS:

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

ACKNOWLEDGEMENT:

The Directors' take this opportunity and places on record its sincere appreciation for the valuable support and co-operation of Government Authorities, Banks, Financial Institutions and other Authorities Statutory or otherwise and the investors for their trust and confidence on the management of the Company. The Directors take this opportunity and place on record their gratitude to the employees at all levels for their commitment and dedicated efforts and expect the same in future.

For and on behalf of the Board of Directors of
PETROCON INDIA LIMITED

V. N. DHOOT
DIRECTOR

Place: Ahmednagar
Date: 30th August, 2004

AUDITOR'S REPORT

To

The Members of

PETROCON INDIA LIMITED

We have audited the attached Balance Sheet of **PETROCON INDIA LIMITED**, as at 31st March, 2004, Profit and Loss Account annexed thereto and also the Cash Flow Statement of the Company for the year ended on that date. 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.

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

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, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in above paragraph, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) The reports on the accounts of Joint Ventures, audited by persons other than ourselves have been forwarded to us, and that we have taken due notice of the same.
- c) 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 the Books of the Company;
- d) 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 of the Company;
- e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- f) According to the information and explanations given to us and on the basis of written representations received from the directors as on 31st March, 2004 of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- g) We draw attention to note 1 (b) of Schedule 13 B. The disputes between the Company and the Government of India (the "Gol") have been referred to International Arbitration for resolution under the provisions of the 'Production Sharing Contract' (the "Ravva PSC") in respect of the Ravva Oil Field. The Final decision of the Arbitral Tribunal may have adverse impact on the operations of the Company.
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes and the significant accounting policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - 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 of the Company for the year ended on that date.

For and on behalf of
KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No.: 31055

Place : Ahmednagar
Date : 30th August, 2004

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of PETROCON INDIA LIMITED on the accounts for the year ended 31st March, 2004.

The Companies (Auditor's Report) Order, 2003 ("the Order") was issued in June, 2003 and came into force on 1st July, 2003. The accounting year of the Company was from 1st April, 2003 to 31st March, 2004. As the order was not in force and certain clauses were not applicable to the Company as at the beginning of the accounting year, the comments given hereinbelow are based on the data compiled by the Company in order to comply with the requirements of the new order from the effective date. On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year the Company has not disposed off any substantial/major part of fixed assets.
- (ii) (a) As per the information furnished, the inventories 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. In our opinion, 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.

PETROCON INDIA LIMITED

- (iii) (a) As per the information furnished, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the Clauses (iii)(b), (c) and (d) 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 procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence the Clause (vi) of the order is not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's products i.e. Crude Oil & Natural Gas. As per the information and explanations provided to us, we are of the opinion that, the prescribed records have been made and maintained.
- (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, custom duty, excise-duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2004 for a period of more than six months from the date they became payable.
- (b) According to the records of the Joint Venture (Ravva Oil & Gas Field), the disputed Income Tax dues amounting to US\$ 513,619 in respect of certain Joint Venture payments, have not been deposited, as the matter is pending before the Income Tax

- Appellate Tribunal. The Company's share in the disputed Income Tax dues as per the Company's participating interest in the joint venture is US\$ 128,405.
- (x) The accumulated losses of the Company as on 31st March, 2004 are less than fifty percent of its networth. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (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) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi/mutual benefit fund/society.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either lodged for transfer or held with valid transfer forms.
- (xv) According to the information and explanations given to us, there are no guarantees given by the Company for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purposes for which these were raised.
- (xvii) According to the information and explanations given to us and on an over all examination of the Balance Sheet of the Company, we are of the opinion that the Company has utilized Rs. 1448.01 million raised from long term sources towards short term assets/applications.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) During the year the Company has not issued any secured debentures. The Company has created security in respect of debentures issued in earlier years.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No.: 31055

Place : Ahmednagar
Date : 30th August, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

Particulars	Schedule	As at	
		31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
I. SOURCE OF FUNDS			
1. Share Holder's Funds			
Share Capital	1	503,021,800	503,021,800
Reserves & Surplus	2	102,717,400	102,717,400
2. Deferred Tax Liability (net)		46,580,169	-
3. Loan Funds			
Secured Loans	3	6,227,324,206	6,366,576,022
Unsecured Loans	4	184,506,674	1,728,830,651
TOTAL		7,064,150,249	8,701,145,873
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	2,831,877,351	2,839,942,659
Less: Depreciation		2,108,447,965	1,983,284,254
Net Block		723,429,386	856,658,405
Capital Work-in-Progress		12,875,888	24,168,053
Producing Properties (Net)		665,110,551	736,513,586
		1,401,415,825	1,617,340,044
2. Deferred Tax Asset			
		-	60,010,147
3. Current Assets, Loans & Advances			
Inventory	6	2,591,548,442	2,857,589,410
Sundry Debtors		947,875,876	361,209,275
Cash and Bank Balances		580,131,971	742,503,569
Loans and Advances		5,515,313,033	6,509,436,108
		9,634,869,323	10,470,738,362
Less: Current Liabilities			
Current Liabilities	7	3,911,381,893	3,581,320,400
Provisions		62,115,403	40,000,029
		3,973,497,296	3,621,320,429
Net Current Assets		5,661,372,027	6,849,417,933
Profit and Loss Account		1,362,397	174,377,749
TOTAL		7,064,150,249	8,701,145,873

Significant Accounting Policies and Notes on Accounts

13

As per our report of even date
For and on behalf of

For and on behalf of the Board

KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor

Place: Ahmednagar
Date: 30th August, 2004

V. N. DHOOT
Director

P. N. DHOOT
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Particulars	Schedule	Current Year	
		Ended 31 st March, 2004 (Rupees)	Previous Year Ended 31 st March, 2003 (Rupees)
I. INCOME			
Sales/Income from Operations		15,677,494,810	5,926,042,504
Other Income	8	183,642,735	244,965,762
TOTAL		15,861,137,545	6,171,008,266
II. EXPENDITURE			
Cost of Goods Sold/Traded	9	9,694,333,875	624,415,324
Production Expenses	10	1,813,173,732	1,620,372,218
Administrative & General Expenses	11	2,657,470,372	2,192,015,222
Depreciation		200,462,907	238,224,277
Interest and Finance Charges	12	1,192,685,811	1,288,217,186
TOTAL		15,558,126,697	5,963,244,227
III. Profit Before Tax		303,010,847	207,764,039
IV. Provision for Taxation			
Current Tax		23,500,000	16,500,000
Deferred Tax		106,590,316	69,575,388
V. Profit for the Year after Tax		172,920,531	121,688,651
Refund/(Payment) of Income Tax for earlier years		94,821	680,186
Prior period Depreciation adjustment		-	(3,970,033)
Credit for Deferred Tax Asset for earlier years		-	129,585,535
Balance Brought Forward		(174,377,749)	(422,362,088)
VI. Balance available for Appropriations		(1,362,397)	(174,377,749)
Appropriations			
Balance carried to Balance Sheet		(1,362,397)	(174,377,749)
		(1,362,397)	(174,377,749)
Earnings per Share of Rs. 10/- each			
Basic and Diluted		3.44	2.43
Significant Accounting Policies and Notes on Accounts			
	13		

As per our report of even date
For and on behalf of

For and on behalf of the Board

KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor

Place: Ahmednagar
Date: 30th August, 2004

V. N. DHOOT
Director

P. N. DHOOT
Director

SCHEDULES	As at	As at
	31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
7,50,00,000 Equity Shares of Rs.10/- each	750,000,000	750,000,000
Issued, Subscribed and Paid up		
5,03,02,180 (Previous year 5,03,02,180) Equity Shares of Rs.10/- each fully paid (Refer Note 12, Schedule 13 B)	503,021,800	503,021,800
SCHEDULE - 2 : RESERVES & SURPLUS		
Securities Premium		
As per last Balance Sheet	102,717,400	102,717,400
	102,717,400	102,717,400

SCHEDULE - 3 : SECURED LOANS		
14% Non Convertible Debentures	5,573,473,354	6,366,576,022
Term Loan from Bank	624,999,997	—
Interest Accrued & Due	28,850,855	—
	6,227,324,206	6,366,576,022

Instalments falling due within one year Rs. 793.10 million (Previous year Rs. 793.10 million)

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31.03.2003	Additions	Deductions	As at 31.03.2004	Up to 31.03.2003	For the Year	Deductions	Prior Years Adjustments	Up to 31.03.2004	As at 31.03.2004	As at 31.03.2003
	Land and Land Development	7,408,394	1,597,312	—	9,005,706	—	—	—	—	—	9,005,706
Platform Tripod	45,701,388	—	—	45,701,388	41,916,663	1,135,418	—	—	43,052,081	2,649,307	3,784,725
Platform Tetrapod	53,708,960	—	—	53,708,960	49,261,094	1,334,360	—	—	50,595,454	3,113,506	4,447,866
Pipeline	616,119,909	606,896	1,154	616,725,651	478,217,122	41,371,294	1,018	—	519,587,398	97,138,253	137,902,787
Terminal Facilities	63,021,462	—	—	63,021,462	57,802,388	1,565,722	—	—	59,368,110	3,653,352	5,219,074
Computers	5,874,611	386,961	246,078	6,015,494	5,261,056	299,962	237,806	—	5,323,212	692,282	613,555
Crude Oil Storage Tank	153,212,831	389,457	—	153,602,288	98,315,902	16,469,399	—	—	114,785,301	38,816,987	54,896,929
Communication Equipments	2,771,969	291,070	—	3,063,039	1,373,602	205,511	—	—	1,579,113	1,483,926	1,398,367
Fax Machine	50,469	—	—	50,469	29,284	2,947	—	—	32,231	18,238	21,185
Furniture and Fixtures	6,646,070	764,883	195,135	7,215,818	5,498,750	231,999	148,693	—	5,582,056	1,633,762	1,147,320
Office Equipment	3,850,857	5,220,113	—	9,070,970	700,059	610,128	—	—	1,310,187	7,760,783	3,150,798
Office Apartments	181,680,000	—	—	181,680,000	33,700,505	7,398,975	—	—	41,099,480	140,580,520	147,979,495
Onshore Processing Facilities	596,761,249	7,113,020	274,947	603,599,322	452,850,747	43,163,502	223,297	—	495,790,952	107,808,370	143,910,502
Offshore Processing Facilities	660,698,130	2,355,949	—	663,054,079	508,320,035	45,899,251	—	—	554,219,286	108,834,793	152,378,095
Onshore Building	80,279,404	538,686	—	80,818,089	21,059,887	2,961,050	—	—	24,020,937	56,797,152	59,219,517
Plant & Machinery	153,518,604	21,943,978	982,698	174,479,885	58,018,576	28,694,507	899,321	—	85,813,762	88,666,123	95,500,028
Tanker Mooring & Loading Facility	204,458,586	32,796,683	80,413,307	156,841,961	168,443,522	8,872,712	73,681,630	—	103,634,604	53,207,357	36,015,064
Electrical Installation	—	—	—	—	—	—	—	—	—	—	—
Vehicles	1,116,863	—	—	1,116,863	967,551	38,657	—	—	1,006,208	110,655	149,312
Airconditioners	3,062,904	228,572	185,568	3,105,908	1,547,511	207,513	107,431	—	1,647,593	1,458,315	1,515,393
TOTAL	2,839,942,659	74,233,578	82,298,886	2,831,877,351	1,983,284,254	200,462,907	75,299,196	—	2,108,447,965	723,429,386	856,658,405
As at 31st March 2003	2,733,377,751	111,667,136	5,102,228	2,839,942,659	1,741,089,944	238,224,277	—	3,970,033	1,983,284,254	856,658,405	992,287,807

SCHEDULES	As at	As at
	31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories		
Drilling Inventory	101,967,878	93,622,633
Production Inventory	48,167,681	42,404,813
Crude Oil Stock	42,304,710	131,830,962
Stock in Trade (Shares/Debentures)	2,399,108,173	2,589,731,002
	(a) 2,591,548,442	2,857,589,410
b. Sundry Debtors (Unsecured, considered good)		
Sundry Debtors (Below six months)	947,875,876	361,209,275
	(b) 947,875,876	361,209,275
c. Cash & Bank Balances		
Cash on Hand	68,897	71,064
Bank Balances in Current Accounts	43,848,734	133,369,436
Fixed Deposit with Banks/Financial Institutions	536,214,340	609,063,069
	(c) 580,131,971	742,503,569
d. Loans & Advances (Unsecured, considered good)		
Deposits & Advances	12,525,759	15,017,393
Advances Recoverable in Cash or in kind or for value to be received	5,418,884,409	6,433,042,407
Advance Tax and TDS	83,902,865	61,376,308
	(d) 5,515,313,033	6,509,436,108
TOTAL (a+b+c+d)	9,634,869,323	10,470,738,362

The above loans are secured as under:

- A first mortgage and charge in favour of the Trustee on all the Company's movable and immovable properties; and
- Assignment/fixed and floating charge in favour of Trustee, of all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including but not limited to all receivables of the Company subject, to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and
- The assignment/fixed and floating charge in favour of Trustee of all the right, title and interest of the Company 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.

SCHEDULES	As at	As at
	31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
SCHEDULE - 4 : UNSECURED LOANS		
Term Loan from Bank	—	1,000,000,000
Short Term Loan from Banks	184,506,674	728,830,651
	184,506,674	1,728,830,651

SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS

SCHEDULES	As at	As at
	31 st March, 2004 (Rupees)	31 st March, 2003 (Rupees)
a. Current Liabilities		
Interest Accrued but not due	156,000,000	163,982,298
Sundry Creditors - Expenses	234,231,259	205,520,553
Temporary Overdraft from Banks	7,160,287	11,704,636
Other Liabilities	3,513,990,347	3,200,112,914
	(a) 3,911,381,893	3,581,320,400
b. Provisions		
Provision for Income Tax	62,115,403	40,000,029
	(b) 62,115,403	40,000,029
TOTAL (a+b)	3,973,497,296	3,621,320,429
	For the year ended 31 st March, 2004 (Rupees)	For the year ended 31 st March, 2003 (Rupees)

SCHEDULE - 8 : OTHER INCOME

Dividend - Short Term	9,877,738	1,279,450
Interest	51,956,371	88,523,736
Insurance Claim	1,843,747	103,889,399
Miscellaneous	119,964,880	51,273,177
	183,642,735	244,965,762

SCHEDULE - 9 : COST OF GOODS SOLD/TRADED

Opening Stock	2,721,561,964	2,557,347,218
Add: Purchases	9,414,184,794	788,630,070
Less: Closing Stock	2,441,412,883	2,721,561,964
	9,694,333,875	624,415,324

PETROCON INDIA LIMITED

	For the year ended 31 st March, 2004 (Rupees)	For the year ended 31 st March, 2003 (Rupees)
SCHEDULE - 10 : PRODUCTION EXPENSES		
Production	238,238,581	264,587,499
Exploration	380,391,462	109,787,063
Royalty	413,839,302	376,178,423
Cess	628,956,373	547,007,163
Production Bonus	15,976,262	91,130,320
Abandonment Costs	48,373,233	78,269,902
Producing Properties Written Off	87,398,519	153,411,849
	<u>1,813,173,732</u>	<u>1,620,372,218</u>

	For the year ended 31 st March, 2004 (Rupees)	For the year ended 31 st March, 2003 (Rupees)
SCHEDULE - 11 : ADMINISTRATIVE & GENERAL EXPENSES		
Salary, Wages and Employees' Benefits	858,838	822,834
Electricity & Water	2,042,648	96,344
Freight & Forwarding	42,716,627	-
Repairs & Maintenance	121,586	107,698
Travelling & Conveyance	45,218,960	1,034,224
Postage & Telephone	11,528,137	229,243
Rent	784,260	784,260
Printing & Stationary	4,117,505	127,593
Legal & Professional Charges	41,043,869	7,849,852
Insurance	33,468,657	22,288,565
Donation	5,000,000	1,000,000
[Paid to Political Parties Rs. 5,000,000/- (Previous year Rs. Nil)]		
Bank Charges	2,480,768	1,920,267
Auditors Remuneration	136,730	125,000
Advertisement	270,017,419	-
Sales Promotion	794,387,350	-
Loss on Sale of Assets	6,748,582	-
Bad-Debts Written Off	788,470,576	896,000,000
Miscellaneous Expenses	608,327,860	1,259,629,342
	<u>2,657,470,372</u>	<u>2,192,015,222</u>

	For the year ended 31 st March, 2004 (Rupees)	For the year ended 31 st March, 2003 (Rupees)
SCHEDULE - 12 : INTEREST & FINANCE CHARGES		
On Fixed Loans	969,007,278	978,866,048
Others	223,678,533	309,351,138
	<u>1,192,685,811</u>	<u>1,288,217,186</u>

SCHEDULE - 13 : NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

The Company follows mercantile system of accounting and recognise Income & Expenditure on accrual basis.

2. Joint Ventures

The Company has entered into Joint Ventures in the nature of Production Sharing Contracts with Government of India and other Body Corporates for oil and gas exploration and production activities. The Financial Statements reflect the share of the Company's assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for according to the Participating Interest of the Company as per the Joint Venture Agreements on a line by line basis along with similar items in the Company's Financial Statements.

3. Exploration, Development and Production Costs

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

- Exploration and production cost are expensed in the year in which these are incurred.
- Development cost are capitalised and reflected as "Producing Properties". These are depleted using the "Unit of Production Method".

4. Abandonment Costs

Abandonment Costs are provided for on the basis of "Unit of Production Method".

5. Fixed Assets and Depreciation

- Fixed Assets are stated at cost. The cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses.
- Depreciation on Fixed Assets has been provided on Written Down Value Method in accordance with Schedule XIV to the Companies Act 1956.

6. Inventories

Crude oil stock is valued at cost or net realisable value which ever is lower. Other inventories are valued at cost.

7. Sales

Sale of Crude Oil and Natural Gas are exclusive of Sales Tax. Trading Sales are inclusive of statutory levies.

8. Research & Development

Revenue expenditure on Research & Development is charged to the Profit and Loss Account in the year of its accrual and is included in the respective heads of account. Capital expenditure is included in the Fixed Assets under appropriate heads.

9. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Current Assets & 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 transaction of Current Assets and Current Liabilities at the end of the year is recognised as income or expense, as the case may be, for the year.

10. Provision for Current and Deferred Tax

Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.

11. Other Accounting Policies

These are consistent with the generally accepted accounting policies.

B. OTHER NOTES

1. Contingent Liabilities not provided for:

- ONGC has claimed a sum of US\$ 3,639,598 (Previous Year US\$ 571,710) as the Production Bonus from the Company and the same has been disputed by the Company. However, the Company has made a provision of US\$ 435,053 (Previous Year US\$ 68,388) and no provision is made for balance amount.
- The Company has received a Notice of Demand from the Government of India (GoI) of an amount of US\$ 132,554,515 (Previous Year US\$ 131,420,082) on account of its claim of share in Profit Petroleum under the Ravva PSC and interest thereon @ LIBOR plus 200bps. The Company accepts GoI's claim of share in Profit Petroleum to the extent of a sum of US\$ 19,581,408 (Previous Year US\$ 56,047,879) and has disputed the calculation, in part, of the GoI and accordingly no provision/adjustment is made for the remaining amount as on 31st March 2004. The disputes with the GoI regarding computation of share of GoI in the Profit Petroleum under the Ravva PSC have been referred to an International Arbitration in accordance with the provisions of the Ravva PSC. The final decision of the Hon'ble Arbitral Tribunal may have adverse impact on the operations of the Company. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary after the final decision of the Hon'ble Arbitral Tribunal is known. The Company has, irrespective of the outcome of the Dispute resolution under the Ravva PSC, taken appropriate measures, for a consideration, to minimise and cap the liability.
- Disputed Income Tax demand amounting to US\$ 513,619 in respect of certain Ravva Oil & Gas Field Joint Venture payments 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. The Company's share, as per the participating interest, is US\$ 128,405.

2. Government of India has issued on 16th April 2003 a Notice of Termination of the Ravva Production Sharing Contract (the "Contract") to the Company, with copies marked to the other constituents of the Contractor as it is alleged by the Government of India that the Debenture Trust Deed dated 28th September 2000 (the "DTD") executed by the company with IDBI as the Debenture Trustee is inconsistent with the provisions of the Contract. The Hon'ble High Court of Delhi has stayed the said Notice of Termination dated 16th April 2003 on 8th July 2003. Further the dispute regarding the alleged inconsistency in the provisions of the Contract and the DTD and right of Government of India to issue the notice of termination has been referred to an International Arbitration under the provisions of the Contract to resolve the dispute.

3. The Exploration Phase-II in Block KG-OS/6 located at in the Krishna-Godavari basin, off the southeast coast of India have been completed on 29th February, 2004. Under the terms of Profit Sharing Contract (PSC) with the Government of India, the Contract Area has been relinquished and the Contract has ended with effect from 12th May, 2004. In opinion of the management no significant adjustments are anticipated in this regard.

4. 14% Non Convertible Debentures are redeemable at par in monthly instalments over a period of seven years. The amount of yearly redemption is Rs. 793.10 million in FY2004-05, Rs. 793.09 million in FY2005-06, Rs. 1051.66 million in FY2006-07, Rs. 891.48 million in FY2007-08, Rs. 891.48 million in FY2008-09, Rs. 891.48 million in FY2009-10 and Rs. 261.18 million in FY2010-11. In view of no profits available for appropriation as on 31st March, 2004, no Debenture Redemption Reserve has been created in respect of these Debentures.

5. Income during the year includes gain on sale of stock-in-trade Rs. 32.06 million (Previous Year Rs. 156.72 million)

6. Since the provisions of the Payment of Gratuity Act, 1972 and Employees Provident Fund Act were not applicable to the Company during the year, no provision has been made for the same.

	2003-04 (Rupees)	2002-03 (Rupees)
7. The break-up of deferred tax assets/liabilities are as under:		
a) Deferred Tax Liabilities		
Others	238,608,410	270,668,743
	<u>238,608,410</u>	<u>270,668,743</u>
b) Deferred Tax Assets		
Depreciation	10,951,668	13,121,275
Unabsorbed Losses/Depreciation	37,386,724	188,140,299
Others	143,689,849	129,417,316
	<u>192,028,241</u>	<u>330,678,890</u>
c) Net Deferred Tax Liability/(Asset)	46,580,169	(60,010,147)
8. Earnings per Share:		
a) Net Profit for the year after tax adjustment for earlier years	173,015,352	122,368,837
b) Weighted average no. of equity shares	50,302,180	50,302,180
c) Basic and Diluted Earnings per share of Rs.10/- each.	3.44	2.43
9. Auditor's Remuneration		
a) Audit Fees	93,670	85,000
b) Tax Audit Fees	33,060	30,000
c) Out of Pocket Expenses	10,000	10,000
	<u>136,730</u>	<u>125,000</u>

10. Related Party Disclosures

a) List of Related Parties

- i) Associates and joint ventures
 - Ravva Oil & Gas Field (Unincorporated) Joint Venture - Participating Interest 25%
 - Block KG-OS/6 (Unincorporated) Joint Venture - Participating Interest 50%
- ii) Key Management Personnel
 - Shri Venugopal N. Dhoot - Director
 - Shri Pradipkumar N. Dhoot - Director

b) Transactions/outstanding Balances with Related Parties

(Rs. in Lacs)	
Nature of Transaction	Associates & Joint Ventures
Contribution towards share of expenditure	6,844.47 (8,422.99)
Outstanding payables as at 31st March, 2004	1,789.26 (1,737.82)

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

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

(Rs. Million)				
Particulars	Crude Oil & Natural Gas	Consumer Electronics	Unallocable	Total
1. Segment Revenue				
- External Turnover	5,757.07	8,367.77	1,552.66	15,677.49
- Inter Segment Turnover				
Total Segment Turnover	5,757.07	8,367.77	1,552.66	15,677.49
2. Segment Results before interest	2,984.62	(911.02)	(761.55)	1,312.05
Less: Interest	970.24		222.45	1,192.69
Add: Other Income			183.64	183.64
Profit before Taxes				303.01
Current Tax				23.50
Deferred Tax				106.59
Net Profit after Tax				172.92
3. Other Information				
Segment Assets	3,077.71		7,958.57	11,036.29
Segment Liabilities	7,797.70		2,634.21	10,431.91
Capital Expenditure	74.23			74.23
Depreciation	193.06		7.40	200.46
Non cash expenses other than depreciation	135.77			135.77
ii) Geographical Segment:				
The are no reportable geographical segments.				

12. 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 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.

13. The Company is taking continuous measures for recovery of advances due from various parties. In the event of uncertainty as to the ultimate recoverability of dues the corresponding advances are written off as bad debts as per the prudent estimates.

14. Some of the balances of Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.

15. In the opinion of the Board, the value of realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

16. Quantitative Information:

Details of Production, Stock & Turnover:

(As certified by the Management)

	2003-2004		2002-2003	
	Quantity	Rupees	Quantity	Rupees
I. Production/Purchases:				
a) Crude Oil				
- (Qty in MT)	683,570		619,769	
b) Natural Gas				
- (Qty in Cu Meters)	217,236,316		195,365,578	
c) Electrical and Electronic Appliances	815,337	8,084,209,246	1	2,070
Total	218,735,223	8,084,209,246	195,985,348	2,070

	2003-2004		2002-2003	
	Quantity	Rupees	Quantity	Rupees
II. Opening Stock:				
a) Crude Oil - (Qty in MT)	23,043	131,830,962	11,060	55,975,337
b) Natural Gas - (Qty in Cu Meters)				
c) Electrical and Electronic Appliances				
Total	23,043	131,830,962	11,060	55,975,337

III. Closing Stock:				
a) Crude Oil - (Qty in MT)	7,532	42,304,710	23,043	131,830,962
b) Natural Gas - (Qty in Cu Meters)				
c) Electrical and Electronic Appliances				
Total	7,532	42,304,710	23,043	131,830,962

IV. Flared/Consumed/Normal Loss:				
a) Crude Oil - (Qty in MT)				
b) Natural Gas - (Qty in Cu Meters)	18,205,677		16,039,240	
c) Electrical and Electronic Appliances				
Total	18,205,677		16,039,240	

V. Sales/Despatches:				
a) Crude Oil - (Qty in MT)	699,082	7,053,997,167	607,786	6,070,665,554
Less: Gol's share in Profit Petroleum		2,014,271,867		1,688,552,563
		5,039,725,300		4,382,112,991
b) Natural Gas - (Qty in Cu Meters)	199,030,639	1,004,056,174	179,326,338	951,628,631
Less: Gol's share in Profit Petroleum		286,708,664		264,695,024
		717,347,510		686,933,607
c) Electrical and Electronic Appliances	815,337	8,367,765,843	1	2,120
Total	200,545,058	14,124,838,653	179,934,125	5,069,048,718

Details of Stock-in-Trade

I. Purchases:				
Equity Shares			149,500	14,028,000
Preference Shares			1,000,000	100,000,000
Mutual Fund Units	123,276,761	1,310,425,548	52,789,519	674,600,000
Debentures	1,700	19,550,000		
Total	123,278,461	1,329,975,548	53,939,019	788,628,000

II. Opening Stock:				
Equity Shares	30,026,900	390,177,235	29,877,400	376,149,235
Preference Shares	18,625,000	1,862,500,000	17,625,000	1,762,500,000
Mutual Fund Units	24,743,809	337,053,767	38,288,227	362,722,646
Debentures				
Total	73,395,709	2,589,731,002	85,790,627	2,501,371,881

III. Closing Stock:				
Equity Shares**	30,551,900	375,177,235	30,026,900	390,177,235
Preference Shares	17,625,000	1,762,500,000	18,625,000	1,862,500,000
Mutual Fund Units	25,131,501	261,430,938	24,743,809	337,053,767
Debentures				
Total	73,308,401	2,399,108,173	73,395,709	2,589,731,002

IV. Sales:				
Equity Shares	150,000	150,000		
Preference Shares	1,000,000	100,000,000		
Mutual Fund Units	122,889,069	1,432,106,156	66,333,936	856,993,785
Debentures	1,700	20,400,000		
Total	124,040,769	1,552,656,156	66,333,936	856,993,785

Total Opening Stock

Total Closing Stock

Total Purchases

Total Sales

15,677,494,810

5,926,042,504

** Closing Stock quantity of Equity Shares increased due to merger/amalgamation.

17. Reserves

Remaining reserves on proved and probable basis (as per operator's estimates)

Particulars	Unit of measurement	As on 31.03.2004	As on 31.03.2003
Crude Oil	Million Metric Tonnes	3.76	3.95
Natural Gas	Million Cubic Metres	899.08	1,075.00

PETROCON INDIA LIMITED

	2003-2004 Rupees	2002-2003 Rupees
18. Expenditure and Earnings in Foreign Currency:		
a. Expenditure Incurred in Foreign Currency: (on payment basis)		
Cash Call paid to the Operator for the Project	477,612,175	563,993,041
Others	5,381,150	322,739,492
b. Earnings in Foreign Currency: (on receipt basis)		
Others	2,146	104,655,063
19. Figures in respect of previous year have been regrouped wherever necessary to make them comparable with those of current year.		
20. Balance Sheet Abstract and Company's General Business Profile:		
SI. Registration Details		
Registration No.		127573
Balance Sheet Date		31.03.2004
State Code		11
II. Capital Raised during the year (Amounts Rs. in Thousands)		
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
III. Position of Mobilisation & Deployment of Funds (Amounts Rs. in Thousands)		
Total Liabilities		7,064,150
Total Assets		7,064,150
Sources of Funds		
Paid-up Capital		503,022
Reserves & Surplus		102,717
Deferred Tax Liability (net)		46,580
Secured Loans		6,227,324
Unsecured Loans		184,507
Application of Funds		
Net Fixed Assets		1,401,416
Net Current Assets		5,661,372
Deferred Tax Asset		—
Accumulated Losses		1,362
IV. Performance of Company (Amounts Rs. in Thousands)		
Turnover		15,861,138
Total Expenditure		15,558,127
Profit Before Tax		303,011
Profit After Tax		172,921
Earnings per Share in Rs.		3.44
Dividend Rate %		Nil
V. Generic Names of Three Principal Products of the Company (As per monetary terms)		
Item Code No. (ITC Code)		2709.00
Product Description		Crude Oil and Natural Gas
Item Code No. (ITC Code)		8528.00
Product Description		Colour Televisions
Item Code No. (ITC Code)		8450.00
Product Description		Washing Machine

As per our report of even date
For and on behalf of

KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor
Place: Ahmednagar
Date: 30th August, 2004

For and on behalf of the Board

V. N. DHOOT **P. N. DHOOT**
Director Director

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2003-04

	2003-2004 (Rupees)	2002-2003 (Rupees)
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra Ordinary Items	303,010,847	207,764,039
Add :		
a) Depreciation	200,462,907	238,224,277
b) Interest	1,192,685,811	1,288,217,186
c) Producing Properties written off	87,398,519	153,411,849
	1,783,558,084	1,887,617,351
Less: Interest Received	51,956,371	88,523,736
Cash from Operations (A)	1,731,601,713	1,799,093,615
Adjustments for Working Capital Changes		
a) Inventories	266,040,968	(160,700,306)
b) Receivables	(586,666,601)	178,371,811
c) Other Current Assets, Loans & Advances	1,016,649,632	(616,787,666)
d) Trade & Other Payables	330,061,493	(346,951,128)
(B)	1,026,085,491	(946,067,288)
Net Cash Generated from Operations after Working Capital Changes (A+B)	(C) 2,757,687,205	853,026,327
Less: Income Tax Paid/(Refund Received) (Net)	23,816,362	34,421,942
Net Cash from Operating Activities (D)	2,733,870,843	818,604,385
II. CASH FLOW FROM INVESTING ACTIVITIES		
a) Interest Received	51,956,371	88,523,736
b) Decrease in Capital Work in Progress	11,292,165	74,262,779
c) Sale of Fixed Assets	6,999,690	5,102,228
(E)	70,248,226	167,888,743
a) Purchase of Fixed Assets	74,233,578	111,667,136
b) Development Expenses Incurred	15,995,483	101,030,355
(F)	90,229,062	212,697,491
Net Cash from Investing Activities (E-F) (G)	(19,980,836)	(44,808,748)
III. CASH FLOW FROM FINANCING ACTIVITIES		
a) Increase in Term Loans from Banks	—	1,013,117,085
(H)	—	1,013,117,085
Less :		
a) Redemption of Debentures	793,102,668	1,258,452,668
b) Repayment of Term Loans from Banks	890,473,125	—
c) Interest Paid	1,192,685,811	1,288,217,186
(I)	2,876,261,605	2,546,669,854
Net Cash from Financing Activities (H-I) (J)	(2,876,261,605)	(1,533,552,769)
Net Change in Cash & Cash Equivalents (D+G+J)	(162,371,598)	(759,757,133)
Opening Balance of Cash & Cash Equivalents	742,503,569	1,502,260,701
Closing Balance of Cash & Cash Equivalents	580,131,971	742,503,569

As per our report of even date

For and on behalf of
KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor
Place: Ahmednagar
Date: 30th August, 2004

For and on behalf of the Board

V. N. DHOOT **P. N. DHOOT**
Director Director

PROXY FORM

VIDEOCON INDUSTRIES LIMITED

Registered Office: Auto Cars Compound, Adalat Road, Aurangabad – 431 005, Maharashtra

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

I/We of

..... in the district of

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

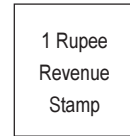
named Company hereby appoint of

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

..... of in the

district of as my/our proxy to vote for me/our behalf at the 16th ANNUAL GENERAL MEETING of the Company to be held on Friday, 31st December, 2004 at 9.30 A.M. at Auto Cars Compound, Adalat Road, Aurangabad-431 005 and at any adjournment thereof.

Signed this day of 2004.



NOTE : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

ATTENDANCE SLIP

VIDEOCON INDUSTRIES LIMITED

Registered Office: Auto Cars Compound, Adalat Road, Aurangabad – 431 005, Maharashtra

16th ANNUAL GENERAL MEETING

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

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

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of the Company to be held on Friday, 31st December, 2004 at 9.30 A.M. at Auto Cars Compound, Adalat Road, Aurangabad-431 005.

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

.....
Member's / Proxy Signature

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

TEAR HERE

BOARD OF DIRECTORS

Pradeepkumar N Dhoot

Anirudha V Dhoot

S K Shelgikar

Vivek D Dharm

AUDITORS

Khandelwal Jain & Co.

Chartered Accountants

12-B, Boldata Bhavan

117, Maharshi Karve Road

Opp Churchgate Railway Station

Mumbai – 400 020

Kadam & Co.

Chartered Accountants

Ahmednagar College Road, Kothi

Near Badve Petrol Pump

Ahmednagar- 414 001

SOLICITORS

Kamal & Co.

REGISTERED OFFICE

Auto cars Compound, Adalat Road

Aurangabad – 431 005

Maharashtra, India

ADMINISTRATIVE OFFICE

171, Mittal Court, C-Wing,

Nariman Point, Mumbai – 400 021

CONTENTS

Notice	1
Directors' Report	2
Corporate Governance Report	3
Management Discussion and Analysis Report	6
Auditors Report	7
Balance Sheet	8
Profit & Loss Account	9
Schedules	10
Cash flow statement	13
Statement pursuant to Section 212	
Subsidiaries	14
Consolidated Financial Statements	15
Financial Statement of Subsidiaries	
Popup Properties and Investments Pvt. Ltd.	19
Videocon Securities Ltd.	22
Videocon (Mauritius) Infrastructures Ventures Ltd.	25
Petrocon India Ltd.	27