

VALUE INDUSTRIES LIMITED



Annual Report 2009-10

VALUE INDUSTRIES LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot
Pradipkumar N. Dhoot
Naveen B. Mandhana
Subhash S. Dayama
Avinash H. Malpani

AUDITORS

KHANDELWAL JAIN & CO.

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

KADAM & CO.

Chartered Accountants
“Vedant”, 8/9 Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar - 414 003

BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Indian Bank

Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of India
The Federal Bank Ltd.
UCO Bank

COMPANY SECRETARY

Nisha Khandelwal

REGISTERED OFFICE

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

MANUFACTURING FACILITY

15 K.M. Stone,
Aurangabad – Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District: Aurangabad - 431 105
(Maharashtra)

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NOTICE

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the members of **VALUE INDUSTRIES LIMITED** (the "Company") will be held on Wednesday, 29th June, 2011, at the Registered Office of the Company at 14 K. M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra) at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Profit and Loss Account for the period ended 31st December, 2010 and the Audited Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
- To declare dividend on equity shares.
- To appoint a director in place of Mr. Subhash S. Dayama, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a director in place of Mr. Naveen B. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint Auditors, fix their remuneration and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

By order of the Board of Directors of
VALUE INDUSTRIES LIMITED

NISHA KHANDELWAL
Company Secretary

Place: Mumbai
Date : 26th May, 2011

Registered Office:

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

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the Meeting.
- In terms of the provisions of the Articles of Association of the Company, Mr. Subhash S. Dayama and Mr. Naveen B. Mandhana, Directors, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of the said Directors seeking re-appointment at the meeting forms part of the Corporate Governance Report. The Board of Directors of your Company commends their re-appointment.
- Members, who hold shares in dematerialized form, are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip and bring their Attendance Slip, as enclosed, alongwith their copy of Annual Report to the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names, shall be entitled to vote.

- The Register of Members and Share Transfer Books shall be closed from Thursday, 16th June, 2011 to Wednesday, 29th June, 2011 (both days inclusive) for determining the shareholders' entitlement for dividend on equity shares.
- The dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Monday, 4th July, 2011 (tentative) to those Members who hold shares in physical form and whose names appear on the Company's Register of Members on 16th June, 2011. As regards shares held in electronic form, the dividend will be paid to the beneficial owners of the shares, as at the close of business hours on 15th June, 2011, as per the particulars of beneficial ownership furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").
- Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend of a sum of ₹ 1.01 Million for the financial year 2002-03 to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Dividends for the financial year ended 2003-04 and thereafter, which remain unclaimed for a period of seven years will be transferred to the IEPF. Members who have not encashed dividend warrant(s)/ instrument(s) for the said years are requested to obtain duplicate warrant(s)/demand drafts by writing to the Company's Registrar and Transfer Agent, M/s. MCS Limited. Members are requested to note that upon transfer, no claims shall lie against the Company or the IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
- Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order of names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Transfer Agent of the Company, for consolidation into a single folio.
- The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. NSDL and CDSL. Taking into consideration the enormous advantages offered by the Depository System, Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
- Relevant documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 12.00 noon to 3.00 p.m. upto the date of the Meeting.
- The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17 / 2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.**

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

By order of the Board of Directors of
VALUE INDUSTRIES LIMITED

NISHA KHANDELWAL
Company Secretary

Place: Mumbai
Date : 26th May, 2011

Registered Office:

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are delighted to present the Twenty-Third Annual Report of the Company together with the Audited Accounts and Auditors' Report for the period ended 31st December, 2010.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the period ended 31st December, 2010, is summarized hereunder:

Particulars	₹ Million)	
	15 months ended 31st December, 2010	12 months ended 30th September, 2009
Net Sales	17,136.27	12,041.78
Other Income	97.09	19.80
Total Income	17,233.36	12,061.58
Profit before Interest, Depreciation and Tax	2,064.83	1,455.76
Interest	792.20	578.94
Depreciation, Amortisation and Impairment	1,042.24	802.07
Profit before Tax	230.39	74.75
Provision for Taxation	69.85	25.34
Profit for the period/year	160.54	49.41

The total income of the Company, during this period, increased to ₹ 17,233.36 Million as against ₹ 12,061.58 Million for the previous financial year ended on 30th September, 2009. Correspondingly, the Profit for the period increased to ₹ 160.54 Million as against ₹ 49.41 Million for the year ended on 30th September, 2009.

EXTENSION OF FINANCIAL YEAR

The Financial Year of the Company was extended by a period of three months. Accordingly, the Financial Year under review comprises of a period of fifteen months commencing from 1st October, 2009 and ending on 31st December, 2010. Subsequent Financial Years shall be from 1st January to 31st December.

DIVIDEND

Considering the financial performance of the Company and Company's policy to pay sustainable dividend, your Directors are pleased to recommend a dividend of ₹ 1.00 per equity share, (Previous year, ₹ 1.00 per equity share), on the equity shares of the Company for the period ended 31st December, 2010, for approval of shareholders of the Company.

TRANSFER TO RESERVE

Your Directors propose to transfer an amount of ₹ 20.00 million to the General Reserve and an amount of ₹ 6.15 million to Capital Redemption Reserve. After appropriations, the balance remaining of the Profit and Loss Account amounting to ₹ 849.12 million is proposed to be carried to the Balance Sheet.

FIXED DEPOSIT

During the period under review, the Company has not accepted/renewed any deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal/interest was outstanding as on the balance sheet date.

PARTICULARS OF EMPLOYEES

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review, Foreign Exchange outflow amounted to ₹ 1,203.24 million as against ₹ 1,077.05 million for the previous year. There were no Foreign Exchange Earnings during the current and previous period/year under review.

CONSERVATION OF ENERGY

Your Company believes in sustainable consumption of natural resources and the conservation of energy remains a key focus area at all times. The Company continues its efforts for the betterment of the environment. The Company gives utmost importance to the conservation of energy as a part of its Corporate Social Responsibility and is committed to produce eco-friendly products and adopt eco-friendly practices in all its areas of operations.

The Company has undertaken several initiatives to reduce energy consumptions at different levels. The implementation progress of these initiatives, led by In-House Team of Experts, is reported at regular intervals. The In-House Team submits its findings on various energy consumption centers highlighting the measures taken for conservation of energy and their implementation status, at scheduled intervals, for management consideration. Further corrective measures are taken as appropriate.

Key Energy Conservation initiatives taken, during the period under review, by the Company are outlined as under:

- Reduction of fuel consumption;
- Installation of Natural Ventilators in the plant for exhaust in balance areas;
- Auto shut-off of air conditioners and other equipments during lunch breaks and during shift change;
- Replacement of conventional tube lights by CFL tube lights, to save energy; and
- Preventive maintenance of various equipments to keep them in good condition.

As a result, there is a reduction in maintenance cost, machine downtime and thereby savings in unit consumption which has helped in reducing the overall cost of production.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

The future of any business depends upon its ability to upgrade existing products and innovate new products by continuously performing research and development activities and finding ways to blend in the latest technology. Your Company understands the role of Research and Development (R & D) activities in the areas in which it operates. It is the need of the hour to provide modernized technologies at affordable prices, so as to sustain competitive environment.

The R & D Centre of the Company works towards achievement of this goal. At the R & D Centre, new innovative and quality products are developed to provide our customers with better value for their money. The In-House Team of experts is committed towards developing new versions of products, improved process of manufacturing various parts and assembling the same.

The R & D Centre of the Company is focused towards the following:

- To provide effective support and assurance to manufacturing plants and businesses.
- To balance technology sourcing by a flexible strategy of smart buying, fast customization and flagship development of key technologies.
- To improve technical productivity on a continuous basis.
- To create a high performance environment to promote innovation.
- To identify and support various opportunities in technological development to add value across the businesses of the Company.
- To cut down the cost of production.

The R & D initiatives undertaken by the Company have resulted in maximizing product yield; improved products quality; optimization of efficiency and reliability of plant processes by using advanced tools and technology developed by the team and higher consumer satisfaction.

During the period under review, the R & D expenses amounted to ₹ 10.90 million representing 0.06% of turnover.

Future Plan of Action:

1. Intensify the R & D efforts in quality improvement and energy conservation products.
2. Develop cost effective intelligent home appliances solutions, particularly for Air Conditioners, for optimizing energy cost.
3. Design and develop technologies that give higher reliability.
4. Extend the technology to other related areas like manufacturing of components which are procured from market.

INFORMATION TECHNOLOGY

Information Technology (IT) provides a number of options for data analysis; processing and storage enabling business decision making; and productivity. Your Company understands the importance of IT and has implemented mySAP, a customized ERP programme. The ERP

system supports the essential functions of the business processes and operations efficiently and manages financials, operations and human resource management. These segments revolve around automated processes eliminating repetition of tasks; loss due to human error and risks involved due to negligence of timely upgrades. The sophistication of the modern work stations and general working conditions has become better due to the development of Information Technology.

HEALTH AND SAFETY

Your Company believes in effective healthcare of its employees; and building healthy working atmosphere in all areas of work. Health promotional activities like regular checkups, timely preventions against contagious diseases are part of the employee's yearly health agenda at the Company. Many health care facilities are also extended to employees' family members.

Safe manufacturing practices are critical part of Company's Overall Value System. Training and checks are conducted frequently during the period.

The Company further emphasizes on providing a healthy, safe and motivational environment ensuring the development of the employee with that of the Company.

INDUSTRIAL RELATIONS

Your Company continues to enjoy the support from the workforce. Industrial Relations were cordial during the period under review.

DIRECTORS

The Board of Directors of the Company is duly constituted and there is no change in the composition of the Board of Directors of the Company, during the period under review.

Pursuant to the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Subhash S. Dayama and Mr. Naveen B. Mandhana, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Board recommends re-appointment of Mr. Subhash S. Dayama and Mr. Naveen B. Mandhana.

Pursuant to the provisions of the Clause 49 of the Listing Agreement, a brief profile of the Directors proposed to be re-appointed forms part of the Corporate Governance Report.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment at the ensuing Annual General Meeting.

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

VALUE INDUSTRIES LIMITED

AUDITORS' REPORT

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

AUDIT COMMITTEE

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

SUBSIDIARY

The Company does not have any subsidiary.

CASH FLOW STATEMENT

The Cash Flow Statement for the financial period ended 31st December, 2010, in conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchange(s), is annexed hereto.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of performance and future prospects is included in the section 'Management Discussion and Analysis' of the Annual Report.

CORPORATE GOVERNANCE REPORT

Your Company believes in practicing highest standards of governance in all business activities that it carries. It considers Corporate Governance as one of the most important instrument enabling in discharging its economic and social responsibilities.

A separate section on Corporate Governance together with a Compliance Certificate from the Statutory Auditors of the Company forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Audited Accounts for the period under review are in conformity with the requirements of the Companies Act, 1956 and the Accounting Standards. The Financial Statements reflect fairly the form and substances of transactions carried out; and reasonably present the Company's financial condition and results of operations. Your Directors confirm:

- a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

- b) that the accounting policies selected have been applied consistently; and judgements and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2010 and of the profit of the Company for the period ended on that date;
- c) that proper and sufficient care has been taken 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 frauds and other irregularities; and
- d) that the Annual Accounts of the Company have been prepared on 'going concern' basis.

APPRECIATION

Your Directors record their grateful appreciation for the encouragement, assistance, co-operation and consistent support received from Members, Government Authorities, Banks, Financial Institutions, Business Partners and Customers. We also thank them for the trust they reposed in the Management and wish to thank all employees for their commitment and contributions.

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

For and on behalf of Board of Directors
VALUE INDUSTRIES LIMITED

V. N. DHOOT
Director

N. B. MANDHANA
Director

Place : Mumbai

Date : 26th May, 2011

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that ethics are very important in any business as they are directly related to the goodwill of the Company.

The Corporate Governance Policy of the Company is based on principles of equity and ensures the following:

- Proper composition of the Board of Directors;
- Timely dissemination of material information to the Stakeholders concerning their interests;
- Adequate Internal Checks and Balances;
- Transparency and Accountability; and
- Compliance with the applicable laws and regulations.

The Company is in compliance with the requirements of Clause 49 of the Listing Agreement. The details of Compliances are detailed hereunder:

BOARD OF DIRECTORS

Composition as on 31st December, 2010:

The Board of your Company comprises of 5 (five) Directors, being eminent persons, having experience in diverse fields viz. Finance, Manufacturing, Marketing and Capital Markets.

The particulars of attendance (including participation through audio, conference) and other associations of the Board of Directors are as under:

Sr. No.	Name	Whether attended AGM held on 30th March, 2010	Attendance in Board Meeting	Other Directorships			
				Directorship@	Company Chairmanship	Committee Chairmanship#	Committee Membership#
1.	Venugopal N. Dhoot	X	8	12	1	2	4
2.	Pradipkumar N. Dhoot	X	5	14	0	0	5
3.	Naveen B. Mandhana	X	5	8	0	2	0
4.	Avinash H. Malpani	X	5	0	0	0	0
5.	Subhash S. Dayama	Yes	10	13	0	4	3

@ Directorships held by the directors do not include alternate directorships, directorships in foreign companies, companies incorporated under Section 25 of the Companies Act, 1956 and private limited companies.

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

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

Brief profile/details (as on 26 May, 2011) of the Directors proposed to be re-appointed, as required in the terms of the provisions of the Clause 49 of the Listing Agreement:

Sr. No.	Particulars	Profile of the Director	
		Mr. Naveen B. Mandhana	Mr. Subhash S. Dayama
1.	Date of Birth	18th September, 1956	5th May, 1961
2.	Educational Qualification	Engineering Graduate	Commerce Graduate
3.	Date of appointment on the Board	8th March, 1988	8th December, 2005
4.	Category of the Director	Independent Director	Independent Director
5.	Area of Expertise / Senior Position Held / Work Experience	He carries with him more than 3 decades of experience in the fields of Manufacturing, Technical, Finance and Marketing	He carries with him more than 2 decades of experience in the fields of Capital Market, Finance, Management and Administration
6.	Details of Directorships in other Public Limited Companies (including subsidiaries of Public Company) as on date:	<ol style="list-style-type: none"> 1. Next Retail India Limited 2. Videocon Semiconductor Limited 3. Qualcon Infra Limited 4. Videocon Display Limited 5. Videocon Oil Services Limited 6. Panorama Logistic Solutions Limited 7. Velologis-Net India Limited 8. Ram Ratna Wires Limited 	<ol style="list-style-type: none"> 1. Trend Electronics Limited 2. Maharashtra Semiconductor & Displays Limited 3. Pacific Appliances Manufacturing & Trading Limited 4. PE Electronics Limited 5. Evans Fraser & Co. (India) Limited 6. Shree Dhoot Trading and Agencies Limited 7. Universal Digital Connect Limited 8. Videocon Telecommunications Limited 9. Videocon Energy Limited 10. Videocon Realty And Infrastructures Limited 11. Videocon Oil Ventures Limited 12. Jumbo Techno Services Private Limited 13. Senior Consulting Private Limited

The Directors of the Company are categorized as under:

Category	Directors	No. of Directors	% to the Total
Promoter	Mr. Venugopal N. Dhoot Mr. Pradipkumar N. Dhoot	2	40%
Independent Director	Mr. Naveen B. Mandhana Mr. Subhash S. Dayama Mr. Avinash H. Malpani	3	60%
Total		5	100%

Proceedings of Board and Committee Meetings:

The Company has a well-defined process of placing vital and sufficient information before the Board pertaining to the business to be considered at each Board Meeting so as to facilitate the Board to timely discharge their responsibilities.

The Company Secretary, in consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which are sent to the Board/Committee Members well in advance. The Company ensures adherence to all the applicable laws and regulations including the Companies Act, 1956, read with the Rules issued thereunder; and the Secretarial Standard 1 recommended by the Institute of Company Secretaries of India.

Meetings and Attendance:

During the period under review, the Board met 10 (ten) times on the following dates: 31st October, 2009, 13th November, 2009, 30th January, 2010, 19th February, 2010, 30th March, 2010, 14th May, 2010, 19th June, 2010, 11th August, 2010, 17th September, 2010 and 13th November, 2010.

Sr. No.	Particulars	Profile of the Director	
		Mr. Naveen B. Mandhana	Mr. Subhash S. Dayama
7.	Names of the other Committees in which Chairman	1. Next Retail India Limited - Audit Committee 2. Videocon Display Limited - Audit Committee	1. Videocon Telecommunications Limited - Audit Committee and Share Transfer Committee 2. Videocon Realty And Infrastructures Limited - Audit Committee 3. Jumbo Techno Services Private Limited - Audit Committee
8.	Names of the other Committees in which Member	NIL	1. Videocon Energy Limited - Audit Committee 2. Videocon Oil Ventures Limited - Audit Committee 3. Trend Electronics Limited - Shareholders'/Investors' Grievance Committee 4. Evans Fraser And Co. (India) Limited - Audit Committee
9.	No. of Shares held	Nil	Nil

BOARD COMMITTEES

The Board has constituted 3 (three) Committees viz. Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee. The Board defines the terms of reference of these Committees. The members of the Committees are elected by the Board and co-opted by the respective Committees.

AUDIT COMMITTEE

Composition as on 31st December, 2010, Meetings and Attendances:

During the period under review, the Committee met 6 (six) times on the following dates:

31st October, 2009, 30th January, 2010, 19th February, 2010, 14th May, 2010, 11th August, 2010 and 13th November, 2010.

The composition, meetings and attendances of members of the Audit Committee are as under:

Name of the Member	Category	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Subhash S. Dayama	Chairman - Independent	6	6
Mr. Avinash H. Malpani	Independent	6	4
Mr. Naveen B. Mandhana	Independent	6	3

All the members of the Audit Committee possess financial/accounting expertise/exposure. The composition of the Audit Committee satisfy the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Statutory Auditors, Cost Auditors, Head of Internal Audit and other key officials attended and participated in the Audit Committee Meetings, on invitation. The Company Secretary is the Secretary of the Committee.

The role of Audit Committee is as under:

- 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.
- Recommending and appointment/re-appointment and if required, the replacement or removal of statutory auditors, fixation of audit fees and also approval for payment for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices.
 - Major accounting entries based on the exercise of judgement by management.
 - Significant changes/amendments, if any, arising out of audit.
 - Compliance with stock exchange and legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
 - Compliance with accounting standards.
 - The going concern assumption.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

- Reviewing, with the management, if any, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, 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.
- Discussion with internal auditors for any significant findings and follow up there on.
- Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 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.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO (i.e., the Whole Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

The Audit Committee also reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee is vested with the powers, inter-alia, including the following:

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Committee not only performs the roles as laid down in Listing Agreement, including issue of duplicate certificates and reviewing transfer of securities of the Company, but also oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee further monitors violation of the code of conduct prescribed by the Company for prevention of insider trading.

The scope of activities of the Committee involves:

- Transfer of Shares
- Transmission of shares
- Issue of Duplicate Share Certificates
- Change of Status
- Change of Name
- Transposition of Shares
- Sub-division of Shares
- Allotment of Securities
- Consolidation of Folios
- Requests for Dematerialisation/Rematerialisation of Shares

The power of share transfer has been delegated to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, who processes the transfers.

Composition as on 31st December, 2010, Meetings and Attendances:

During the period under review, the Committee met 5 (five) times on the following dates: 3rd November, 2009, 30th January, 2010, 20th May, 2010, 14th August, 2010 and 15th November, 2010.

The composition, meetings and attendances of Directors are as follows:

Name	Category	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Avinash H. Malpani	Chairman – Independent	5	4
Mr. Naveen B. Mandhana	Independent	5	3
Mr. Pradipkumar N. Dhoot	Promoter – Non-Executive	5	3

Compliance Officer:

Ms. Nisha Khandelwal, Company Secretary, is the Compliance Officer of the Company.

Details of Share Transfer/ Demat/ Remat:

During the financial period under review, 61 (Sixty-one) Sub-Committee Meetings were held. The transfer, dematerialization and rematerialisation requests received from the shareholders were received and approved, particulars of which are as under:

Number of transfers	422
Number of shares transferred	44,821
Average number of transfers per month	28
Number of demat request approved	1,237
Number of shares dematerialized	149,697
Percentage of shares dematerialized	0.38%
Number of remat request approved	1
Number of shares rematerialized	28

During the period under review, the details of complaints received and redressed are as under:

Particular	Received	Redressed	Pending as on 31st December, 2010
Non-Receipt of Refund Order	0	0	NIL
Non-Receipt of Dividend/ Interest / Redemption Warrants	225	225	NIL
Non-Receipt of Share Certificate	40	40	NIL
Others	91	91	NIL
Total	356	356	NIL

REMUNERATION COMMITTEE

Scope:

The following matters are referred to the Remuneration Committee:

- Fixing and reviewing the remuneration of the Chief Executives and other senior officers of the Company;
- Recommend the remuneration including the perquisite package of key management personnel;
- Determining the remuneration policy of the Company;

- Recommend to the Board retirement benefits;
- Reviewing the performance of employees against specific key result areas; and
- To attend to any other responsibility as may be entrusted by the Board.

Directors' Remuneration:

The Independent Directors are paid only sitting fees for attending Board/ Committee meetings. The details of sitting fees paid to Independent Directors during the period under review are as under:

Name of the Member	Sitting fees (₹)
Mr. Naveen B. Mandhana	18,500
Mr. Avinash H. Malpani	21,500
Mr. Subhash S. Dayama	32,000

Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot are not paid any sitting fees.

Composition as on 31st December, 2010, Meetings and Attendances:

During the period under review, 1 (one) Committee Meeting was held on 29th April, 2010.

The composition, meetings and attendances of the members of the Committee as per Clause 49 of Listing Agreement are as follows:

Name	Category	Number of Meetings held during the tenure	No. of Meetings Attended
Mr. Naveen B. Mandhana	Chairman – Independent	1	0
Mr. Avinash H. Malpani	Independent	1	1
Mr. Subhash S. Dayama	Independent	1	1

GENERAL BODY MEETING

AGM	Date	Location	Time	Number of Special Resolution Passed
20th	31st March, 2008	14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Tal.: Paithan, Dist: Aurangabad – 431 105	11.30 a.m.	NIL
21st	30th March, 2009	14th K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Tal.: Paithan, Dist: Aurangabad – 431 105	10.00 a.m.	NIL
22nd	30th March, 2010	14th K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Tal.: Paithan, Dist: Aurangabad – 431 105	10.00 a.m.	NIL

Postal Ballot

No resolution was passed through Postal Ballot during the period under review. Further, there are no business proposed to be transacted by passing a special resolution through Postal Ballot.

DISCLOSURES

a) Materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, directors/ management, subsidiaries/ relatives etc. that may have potential conflict with the interests of the Company at large.	There are no transactions which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B-12 of Schedule 14 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

VALUE INDUSTRIES LIMITED

c) Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	The Company has implemented Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the Audit Committee.
d) Details of Compliance with mandatory requirements and adoption of the non mandatory requirements.	Mandatory requirements have been complied with and non-mandatory requirements like constitution of the Remuneration Committee and implementation of Whistle Blower Policy have been adopted by the Company.

MEANS OF COMMUNICATION

The Company regularly intimates its Un-Audited as well as Audited Financial Results to the stock exchanges as soon as the same are taken on record/ approved. The Financial Results are published in Financial Express, Loksatta and/or Gawkari, the leading English and Marathi dailies. The results of the Company are also available on the website of the Company, i.e., www.valueind.in

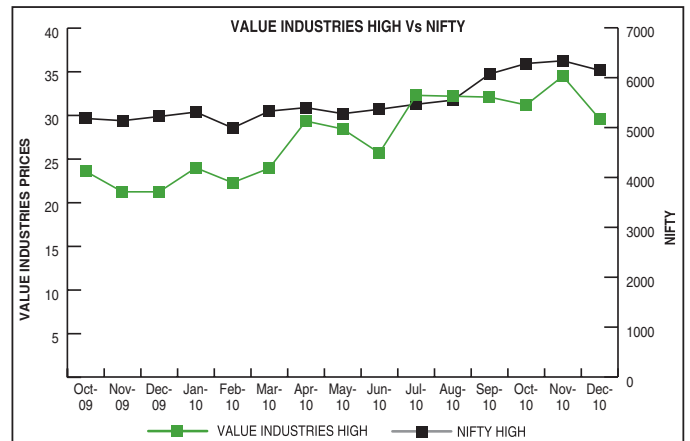
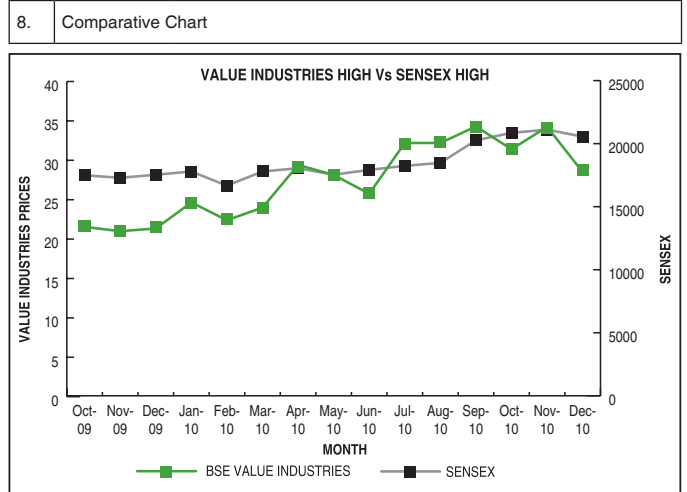
The official news releases and the presentations, if any, made to Investors and financial analysts at investors' meets, from time to time, are also made available on the Company's website. The results are not sent individually to the shareholders.

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

GENERAL INFORMATION FOR SHAREHOLDERS

1.	Annual General Meeting	The 23rd Annual General Meeting for period ended 31st December, 2010 shall be held on Wednesday, 29th June, 2011, at 10.00 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra).		
2.	Financial Calendar	Financial Year	1st January, 2011 to 31st December, 2011	
		Results for the First Quarter	On or before 15th May, 2011	
		Results for the Second Quarter	On or before 14th August, 2011	
		Results for the Third Quarter	On or before 14th November, 2011	
		Results for the Fourth Quarter	On or before 14th February, 2012	
	Annual General Meeting for Financial Period ended 31st December, 2011	On or before 30th June, 2012		
3.	Date of Book Closure	Thursday, 16th June, 2011 to Wednesday, 29th June, 2011 (both days inclusive)		
4.	Date of Dividend Payment	Monday, 4th July, 2011 (tentative)		
5.	Listing on Stock Exchanges	The equity shares of your Company are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Company has paid Listing Fees for the year 2011-12. The shareholders of your Company, at their meeting held on 31st March, 2004, have accorded approval for delisting of equity shares from The Stock Exchange – Ahmedabad, Madras Stock Exchange Limited, Bangalore Stock Exchange Limited, Calcutta Stock Exchange Association Limited, Pune Stock Exchange Limited and Delhi Stock Exchanges Association Limited. The Company has complied with the formalities for delisting. However, the confirmations from the said Stock Exchange(s) are awaited.		
6.	Stock Code	The names and addresses of the Stock Exchanges where the equity shares of your Company continue to be listed are given below:		
		<table border="1"> <tr> <td>Bombay Stock Exchange Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001</td> <td>500945 (Stock Code)</td> </tr> <tr> <td>National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 059.</td> <td>VALUEIND (Stock Code)</td> </tr> </table>	Bombay Stock Exchange Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	500945 (Stock Code)
Bombay Stock Exchange Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	500945 (Stock Code)			
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 059.	VALUEIND (Stock Code)			

7.	Market Price Data			
	Monthly High and Low Prices of Value Industries Limited ("Value Industries") at BSE and NSE are given below:			
Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
October, 2009	21.55	15.50	23.60	17.10
November, 2009	21.00	15.00	21.25	15.00
December, 2009	21.35	18.10	21.25	17.65
January, 2010	24.65	19.20	24.00	17.00
February, 2010	22.40	18.85	22.30	18.80
March, 2010	24.00	19.80	23.95	19.90
April, 2010	29.40	22.40	29.35	22.20
May, 2010	28.15	22.45	28.45	20.60
June, 2010	25.75	22.40	25.70	21.60
July, 2010	32.20	23.70	32.30	23.80
August, 2010	32.20	27.10	32.20	27.05
September, 2010	34.30	27.15	32.10	27.15
October, 2010	31.40	27.20	31.20	25.25
November, 2010	34.25	25.00	34.50	25.00
December, 2010	28.50	22.75	29.60	22.80



9.	Registrar and Transfer Agents	MCS Limited Kashiram Jamnadas Building, Office No. 21/22, Ground Floor, 5, P. D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai – 400 009 Tel: 022 – 23726253/55 Fax: 022 23726256
10.	Share Transfer System	Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.

11. a) Shareholding Pattern as on 31st December, 2010, is given as under:

Category code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B)
(A)	Share holding of Promoter and Promoter Group			
(1)	Indian	28	18,321,406	46.76
(2)	Foreign	-	-	-
	Sub - Total (A)	28	18,321,406	46.76
(B)	Public Share holding			
(1)	Institutions	370	1,114,068	2.84
(2)	Non- Institutions			
	-Bodies Corporate	782	3,118,626	7.96
	-Individuals	72,859	16,631,575	42.44
	Sub - Total (B)	74,011	20,864,269	53.24
	TOTAL (A) + (B)	74,039	39,185,675	100.00

11. b) Distribution of Shareholding by size as on 31st December, 2010, is as given below:

Shareholding of Nominal Value	Number of Shareholders	% to total	Number of Shares	Amount (in ₹)	% to Total
Up to 5,000	73,686	99.52	13,595,558	135,955,580	34.7
5,001 to 10,000	184	0.25	1,365,763	13,657,630	3.49
10,001 to 20,000	67	0.09	919,892	9,198,920	2.35
20,001 to 30,000	30	0.04	767,858	7,678,580	1.96
30,001 to 40,000	19	0.03	662,802	6,628,020	1.69
40,001 to 50,000	9	0.01	427,934	4,279,340	1.09
50,001 to 100,000	17	0.02	1,265,795	12,657,950	3.23
100,001 and above	27	0.04	20,180,073	201,800,730	51.5
Total	74,039	100.00	39,185,675	391,856,750	100.00

12.	Dematerialization of Shares	The Securities and Exchange Board of India (SEBI), through a notification, has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 31st December, 2010, 33,181,026 equity shares (84.68% of the total number of shares) have been dematerialized.
13.	Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and like impact on equity	NIL
14.	Plant Location	15 K. M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist.: Aurangabad - 431 105, Maharashtra
15.	Address for Correspondence	14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, Aurangabad - 431 105 (Maharashtra) Tel.: (02431) 251555, Fax: (02431) 251571 E-mail: secretarial_value@videoconmail.com The correspondence address for shareholders in respect of their queries is: MCS Limited Kashiram Jamnadas Building, Office No. 21/22, Ground Floor, 5, P. D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai - 400 009 Tel: 022 - 23726253/55 Fax: 022 23726256

COMPLIANCE CERTIFICATE FROM STATUTORY AUDITORS

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

DECLARATION

The Company has adopted a Code of Conduct which deals with governance practices expected to be followed by the Board members and senior management employees of the Company.

All the directors and senior management employees have affirmed compliance with the Code of Conduct adopted by the Board.

HEAD-OPERATIONS

COMPANY SECRETARY

CERTIFICATION

We, Head-Operations and Chief Financial Officer of the Company, certify to the Board that:

- a) The Financial Statements and the Cash Flow Statements for the period have been reviewed and to the best of our knowledge and belief are true and present a true and fair view of the affairs of the Company.
- b) To the best of our knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and the Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
 - i) Significant changes in Internal Control over financial reporting during the period;
 - ii) Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware.

HEAD-OPERATIONS

CHIEF FINANCIAL OFFICER

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
VALUE INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Value Industries Limited, for the period ended on 31st December, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

INDUSTRY OVERVIEW

The upsurge in the use of electronics by consumers over the last three decades has been truly remarkable. In the late 1970s, average consumers in a developing country most likely owned a Black and White TV, Radio and VCR. Today, the same consumers own a digital TV, PC, DVD-recorder, game consoles, set-top box and may be regularly using portable devices such as mobile phones, digital cameras, MP-3 players, and camcorders. It represents the significant growth this segment has made and the way it touches our life.

India is progressing from being a developing country to a developed country and the development of country is now clearly reflected in the lifestyle of its people. Today's consumer is all set to take a leap from being a conservative user to tech-savvy consumer thanks to technology advancement, desire of improved lifestyle, increasing affordability of quality products, easy finance schemes and the diminishing gap between comfort and luxury.

The growth in consumer durables section continued to rise and has been in double digits since Mid' 2009. It has marked an increase of 20% over last year. Changing lifestyle, availability of higher disposable income coupled with greater affordability and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern.

Last year, the market was hit hard by recession and the Company was not an exception to the trend. However, the period under review has been a boon to the Company as the Company has shown a remarkable progress and posted good returns. As the shadows of recession are past, the Company is all set to cross new milestones in respect of manufacturing, sales and profits.

To sum up, the industry is all set to grow and attain new heights and the Company foresees an excellent growth in the demand of all products in the coming years.

The Company is primarily engaged in the business of manufacturing and trading of the following products:

a) Washing Machines:

Washing machines have a notable share in total consumer durables. The washing machine market is growing at around 20% this year. With rising incomes and affordable prices for Fully Automatics, a shift from Semi Automatics to Fully Automatics is being seen all over the country. The Company has, during this year focused on its fully-automatic and front loading segments. The Company has launched new range of front loading machines with following features:

- Aero Wash Technology
- Tilt drum washing technique
- 8 wash program
- PCM (Pre-Coated Material) Metal Body

Further, in fully automatic washing machines, the Company has taken steps towards digitalization by launching in range of DIGI washing machines. They are equipped with "do it yourself" programs and other consumer friendly specifications.

b) Refrigerators:

Due to the geographical location, the climate of the country is hot and humid. The demand for refrigerators, therefore, remains constant in Indian Market. Refrigerator has become a standard feature in Indian Households. The demand for double door and triple door refrigerators has been on a rise. Further, frost free segment in refrigerators remains dominant in the market.

This year, apart from the regular specifications, interesting features like better looks, designs and textures for outside body of refrigerators was very much in demand. Keeping this in view, the Company came up with new range of refrigerators with exclusive features like:

- PCM door for luxurious fit and feel
- Transparent interiors
- Toughened Glass Shelves
- Transparent Chiller Compartment
- Wind flow turbo technology
- Better protection from bacteria and fungus

The Company has introduced refrigerators with five star rating which saves energy. The Company expects a robust performance in this segment.

c. Air Conditioners:

Air Conditioner is no more a luxury product. They are slowly making their place in many Indian homes. The changing Indian demographics and lifestyle has made it a basic necessity today. The air conditioner market in India has been expanding because of increased investments in high-end industries and introduction of more sophisticated industrial processes.

New commercial users and existing users such as retail outlets, malls, hotels, restaurant and travel agencies have also contributed to the growth of air conditioner markets. A major contribution in Indian air conditioner market has been due to a boom in the Indian software industry i.e. IT Parks, Call Centres and BPOs, who contributed major part as consumers.

VALUE INDUSTRIES LIMITED

The Company has introduced new range of 1.5 Ton and 2 Ton air conditioners with the following features:

- Anti – Bacteria Filter
- On/Off and Sleep Timer
- Auto – Restart
- Deo Filter
- Ionizer Hot and Cold Features

OPPORTUNITIES AND THREATS

The Company has indentified certain opportunities:

- Effective use of fully integrated manufacturing facility;
- Strong Research and Development Center;
- Reach to unexploited urban and semi-urban market;
- Upgraded Standard of Living;
- Increase in use of Latest Technology;
- Increased affordability of products;
- Income growth and availability of easy financing; and
- Greater attention to design and aesthetics while choosing.

The Company also perceives certain threats that are potential in nature. The threats perceived by the Management are:

- Global companies posing challenge with growing India presence;
- Increase in Excise and Other Duties;
- Rise in Cost of Inputs and Interest Cost;
- Demand being seasonal; and
- The Company is yet to mark its presence in overseas market.

OUTLOOK

Consumer Durables is one of the fastest growing industries in India. Post recession, the markets are back in its dynamic form, offering larger demand for better products. Therefore, a strong growth is expected in this business. Consumer Electronics market is influenced by technology that changes day by day with many innovations and continuous research and development.

The Company has plans to:

- Create opportunity and have a strong distribution network in the said areas;

- Have optimum utilization of recourses;
- Go for “more for less”, by which the Company shall offer products loaded with many features at lesser price; and
- Develop dual range of products, in which the entry level products shall attract the first time buyers and at the sophisticated product line shall be attractive for replacement market.

RISKS AND CONCERNS

Consumer Electronics and Home Appliances market is very competitive and therefore the risks and concerns exists. With foreign players coming into market, the pressure on price and margin has increased constantly. The increasing lending rates, recession and natural disasters may affect the industry adversely.

The Company expects that developing consumer-savvy products, technological advancement and aggressive pricing strategies shall enable the Company to eliminate the risk and ensure its future success.

SEGMENT PERFORMANCE

The Company has only one segment viz. ‘Consumer Electronics and Components/parts thereof’ as per the Accounting Standard on Segment Reporting (AS-17) of the Institute of Chartered Accountants of India.

FINANCIAL PERFORMANCE

Sales:

During the period under consideration, the Company achieved a Gross Sales of ₹ 17,540.96 Million as against ₹ 12,352.11 Million for the previous year ended on 30th September, 2009. The increase of sales was on account of increase in demand of consumer electronic and home appliances products.

Other Income:

Other income for the period was ₹ 97.09 Million as against ₹ 19.80 Million for the previous year ended on 30th September, 2009. Other income comprises of investment income, profit on sale of fixed assets, exchange fluctuations and miscellaneous income.

Expenditure:

Cost of Goods Consumed/sold:

Cost of goods consumed/sold amounted to ₹ 14,400.81 Million as against ₹ 9,966.73 Million for the previous year ended on 30th September, 2009.

Salaries, Wages and Employees’ Benefits:

During the period under review, salaries, wages and employees’ benefits were ₹ 273.35 Million as against ₹ 207.74 Million for the previous year ended on 30th September, 2009.

Manufacturing and Other Expenses:

During the period under review, the manufacturing and other expenses were ₹ 494.37 Million as against ₹ 431.35 Million for the previous year ended on 30th September, 2009.

Interest and Finance Charges:

For the period under review, interest and finance charges amounted to ₹ 792.20 Million as against ₹ 578.94 Million for the previous year ended on 30th September, 2009.

Depreciation and Amortisation:

Depreciation and Amortisation for the period amounted to ₹ 1,042.24 Million as against ₹ 802.07 Million for the previous year ended on 30th September, 2009.

Profit before Tax:

The profit before tax was ₹ 230.39 Million for the period ended 31st December, 2010, as against ₹ 74.75 Million for the previous year ended on 30th September, 2009.

Provision for Taxation:

Provision for taxation includes provision for Current Tax, Deferred Tax, Fringe Benefit Tax and net of MAT Credit Entitlement. During the period under review, the Company has provided ₹ 43.90 Million for Current Tax, ₹ 30.89 Million for Deferred Tax, ₹ Nil for Fringe Benefit Tax and ₹ (4.94) Million for MAT Credit Entitlement as against ₹ 12.45 Million for Current Tax, ₹ 12.39 Million for Deferred Tax and ₹ 0.50 Million for Fringe Benefit Tax for the previous year ended on 30th September, 2009.

Net Profit:

Net Profit for the period amounted to ₹ 160.54 Million as against ₹ 49.41 Million for the previous year ended 30th September, 2009.

INTERNAL CONTROL SYSTEM

The Company has a well defined organizational structure, proper policy guidelines and internal controls to ensure efficiency of operations, compliance with applicable laws and regulations and protection of resources from unauthorized use or losses.

Certain salient features of Internal Control Systems are:

- Regular meeting of the concerned officials at apex level to review operations and plans in key business areas;

- Properly established Audit Committee that timely reviews the operations; and
- Preparation and monitoring of quarterly/ half yearly/ annual budgets for all operating and service functions.

Internal Check system and control is exercised with proper adherence to various procedures laid down by law, rules and regulations applicable. The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

HUMAN RESOURCE MANAGEMENT

The Company is committed to provide environment that helps its employees and workmen to deliver their best. The Company believes that the Human Capital should be a proper mix of Fresh Blood and Silver Lines. Therefore, the Company designs its human resource policies in such a way that it motivates the budding professional who are led by experienced personnel. Differentiated compensation and growth opportunities were provided to ensure retention of key talent and successors for all critical positions. The Company ensures that the employees are encouraged to take up voluntary ventures that enable them to work, learn and develop in such a way that their personal achievements contribute to organizational growth.

The Company is poised to take on the challenges with its work force of around 400 employees in the business environment and march towards achieving its mission with success.

A cordial industrial relation environment prevailed in the Company during the year.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand /supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

To

The Members of

VALUE INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VALUE INDUSTRIES LIMITED**, as at 31st December, 2010, the Profit and Loss Account and also the Cash Flow Statement 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, 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 give in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in 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 purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) According to the information and explanations given to us and on the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010;
 - (ii) In the case of the Profit and Loss Account, of the profit for the period ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For KHANDELWAL JAIN & CO.*Chartered Accountants*

Firm Registration No. 105049W

For KADAM & CO.*Chartered Accountants*

Firm Registration No. 104524W

SHIVRATAN AGARWAL*Partner*

Membership No. 104180

Place : Mumbai

Date : 26th May, 2011

U. S. KADAM*Partner*

Membership No. 31055

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VALUE INDUSTRIES LIMITED on the accounts for the period ended 31st December, 2010.

- (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 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 period, 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 period by the management. In our opinion and having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. As per information and explanation given to us, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) As the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, 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 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs, in respect of any party during the period, 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 from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (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 of the Company's products. We have broadly reviewed the books of account and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st December, 2010 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company examined by us and information and explanation given to us, the particulars of dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty, Cess which have not been deposited on account of disputes, are given below:

Nature of the Statute	Nature of the Dues	(₹ Million)	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty	1.43 3.26	Commissioner CESTAT
	Penalty	2.93 2.17	Commissioner CESTAT
2. Central Excise Act, 1944	Excise Duty	0.89	CESTAT
	Penalty	0.40	CESTAT
3. Finance Act, 1994	Service Tax Demand	1.00	Asst. Commissioner
4. Sales Tax Act of various States	Sales Tax Demand	57.55	DCST (Appeals)
		0.70	Tribunal

- (x) There are no accumulated losses as on 31st December, 2010. The Company has not incurred any cash losses during the financial period covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or 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 Clause (xiii) of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and 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.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised during the period were applied, on an overall basis, for the purpose for which the loans were obtained.
- (xvii) On the basis of overall examination of the Balance Sheet of the Company, we observed that, the Company has not used funds raised on short term basis for long term investments.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares during the period to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the period. 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 period.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For KHANDELWAL JAIN & CO.

Chartered Accountants

Firm Registration No. 105049W

SHIVRATAN AGARWAL

Partner

Membership No. 104180

Place : Mumbai

Date : 26th May, 2011

For KADAM & CO.

Chartered Accountants

Firm Registration No. 104524W

U. S. KADAM

Partner

Membership No. 31055

BALANCE SHEET AS AT 31ST DECEMBER, 2010

Particulars	Schedule	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	398.01	404.17
b) Reserves and Surplus	2	4,160.57	4,071.62
2. Grant from Ozone Projects Trust Fund		15.97	21.19
3. Deferred Tax Liability (Net)		955.78	924.89
4. Loan Funds			
a) Secured Loans	3	5,493.12	7,304.66
b) Unsecured Loans	4	2,749.85	1,000.00
TOTAL		13,773.30	13,726.53
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		16,347.65	15,166.98
b) Less: Depreciation, Amortisation and Impairment		8,280.50	7,260.32
c) Net Block		8,067.15	7,906.66
2. Investments	6	529.96	561.01
3. Current Assets, Loans and Advances	7		
a) Inventories		3,788.35	3,629.59
b) Sundry Debtors		2,659.73	2,414.69
c) Cash and Bank Balances		142.12	98.98
d) Other Current Assets		5.66	1.88
e) Loans and Advances		1,163.75	561.13
		7,759.61	6,706.27
Less: Current Liabilities and Provisions	8		
a) Current Liabilities		2,483.46	1,349.13
b) Provisions		99.96	98.28
		2,583.42	1,447.41
Net Current Assets		5,176.19	5,258.86
TOTAL		13,773.30	13,726.53
Significant Accounting Policies and Notes to Accounts	14		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered AccountantsSHIVRATAN AGARWAL
Partner
Membership No. 104180For KADAM & CO.
Chartered AccountantsU. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
DirectorN. B. MANDHANA
DirectorNISHA KHANDELWAL
Company SecretaryPlace : Mumbai
Date : 26th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST DECEMBER, 2010

Particulars	Schedule	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
I. INCOME			
Sales/Income from Operations		17,540.96	12,352.11
Less: Excise Duty		404.69	310.33
Net Sales		17,136.27	12,041.78
Other Income	9	97.09	19.80
TOTAL		17,233.36	12,061.58
II. EXPENDITURE			
Cost of Goods Consumed/Sold	10	14,400.81	9,966.73
Salaries, Wages and Employees' Benefits	11	273.35	207.74
Manufacturing and Other Expenses	12	494.37	431.35
Interest and Finance Charges	13	792.20	578.94
Depreciation and Amortisation	5	1,050.99	815.81
Less: Transferred from Revaluation Reserve [Refer Note B-4 of Schedule-14]		8.75	13.74
TOTAL		17,002.97	11,986.83
III. PROFIT BEFORE TAX			
Less: Provision for Taxation			
Current Tax		43.90	12.45
Deferred Tax		30.89	12.39
Fringe Benefit Tax		-	0.50
MAT Credit entitlement		(4.94)	-
IV. PROFIT FOR THE PERIOD/YEAR			
Add/(Less) : Excess/(Short) Provision of Income Tax for earlier years		(16.14)	(1.35)
Add: Balance brought forward		763.92	760.61
Add: Transferred from Debenture Redemption Reserve		13.65	13.70
V. BALANCE AVAILABLE FOR APPROPRIATIONS			
VI. APPROPRIATIONS			
i. Proposed Dividend - Equity		39.19	39.19
ii. Proposed Dividend - Preference		0.86	1.23
iii. Corporate Tax on Proposed Dividend		6.65	6.87
iv. Transfer to Capital Redemption Reserve		6.15	6.16
v. Transfer to General Reserve		20.00	5.00
vi. Balance Carried to Balance Sheet		849.12	763.92
TOTAL		921.97	822.37
VII. Basic and Diluted Earnings per Share (Not Annualised)			
(Nominal value of ₹ 10/- each)		₹ 3.66	₹ 1.19
[Refer Note B-14 of Schedule-14]			
Significant Accounting Policies and Notes to Accounts	14		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 26th May, 2011

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Director

N. B. MANDHANA
Director

NISHA KHANDELWAL
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2010

	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	230.39	74.75
Adjustments for:		
Depreciation, Amortisation and Impairment	1,042.24	802.07
Interest and Finance Charges	849.60	588.19
Provision for Leave Encashment	(0.15)	0.81
Provision for Warranty and Maintenance Expenses	2.25	24.01
Diminution/(Write back) in Value of Investments	13.09	(36.26)
Provision for Gratuity	(0.74)	4.81
Provision for Bonus	(2.93)	0.97
Interest Received	(57.40)	(9.25)
Income from Investments and Securities Division	(30.05)	23.93
Adjustment of Grant	(5.22)	(5.22)
Profit on Sale of Fixed Assets	(63.06)	(1.49)
Operating Profit before Working Capital Changes	1,978.02	1,467.32
Adjustments for:		
(Increase)/Decrease in Inventories	(158.76)	(176.63)
(Increase)/Decrease in Sundry Debtors	(245.04)	127.37
(Increase)/Decrease in Other Current Assets, Loans and Advances	(607.38)	82.50
Increase/(Decrease) in Trade and Other Payables	1,133.50	(370.59)
Cash generated from Operations	2,100.34	1,129.97
Less: Taxes Paid/(Refund)-Net	50.28	11.88
Net Cash from Operating Activities	(A) 2,050.06	1,118.09
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	104.17	278.78
Interest Received	57.40	9.25
(Increase)/Decrease in Investments	17.96	(20.46)
Income from Investments and Securities Division	30.05	(23.93)
(Purchase) of Fixed Assets (Including Capital Work in Progress)	(1,252.59)	(2,454.81)
Net Cash (used in) Investing Activities	(B) (1,043.01)	(2,211.17)
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease) in Equity Share Capital on account of Shares Forfeited	-	(0.28)
(Decrease) in Preference Share Capital	(6.16)	(6.15)
Increase in Capital Reserve on account of forfeiture of Shares	-	0.64
Increase/(Decrease) in Working Capital Loans	(450.93)	656.81
Increase/(Decrease) in Term and Other Secured Loans (Net)	(1,360.61)	1,544.84
Increase/(Decrease) in Unsecured Loans	1,749.85	(500.00)
Interest and Finance Charges	(849.60)	(588.19)
Payment of Dividend	(39.59)	(20.97)
Corporate Tax on Dividend	(6.87)	(3.63)
Net Cash (used in)/from Financing Activities	(C) (963.91)	1,083.07
Net Change in Cash and Cash Equivalents	(A+B+C) 43.14	(10.01)
Opening Balance of Cash and Cash Equivalents	98.98	108.99
Closing Balance of Cash and Cash Equivalents	142.12	98.98

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered AccountantsSHIVRATAN AGARWAL
Partner
Membership No. 104180For KADAM & CO.
Chartered AccountantsU. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
DirectorN. B. MANDHANA
DirectorNISHA KHANDELWAL
Company SecretaryPlace : Mumbai
Date : 26th May, 2011

SCHEDULES TO BALANCE SHEET

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised:		
55,000,000 (Previous year 55,000,000) Equity Shares of ₹ 10/- each	550.00	550.00
7,500,000 (Previous year 7,500,000) Redeemable Preference Shares of ₹ 100/- each	750.00	750.00
	1,300.00	1,300.00
Issued, Subscribed and Paid-up:		
Equity Share Capital		
39,185,675 (Previous year 39,185,675) Equity Shares of ₹ 10/- each fully paid-up	391.86	391.86
(Of the above 6,138,359 (Previous year 6,138,359) Equity Shares of ₹ 10/- each fully paid-up were allotted pursuant to amalgamation without payment being received in cash)		
	391.86	391.86
	(A)	391.86
Preference Share Capital		
307,731 (Previous year 307,731) 8% Cumulative Redeemable Preference Shares of ₹ 20/- (Previous year ₹ 40/-) each. Redeemable at par on 1st April, 2011.	6.15	12.31
	6.15	12.31
	(B)	12.31
	(A + B)	404.17
SCHEDULE - 2		
RESERVES AND SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	8.75	22.49
Less: Transferred to Profit and Loss Account	8.75	13.74
[Refer Note B-4 of Schedule-14]		
	-	8.75
	(A)	8.75
Capital Subsidy		
As per last Balance Sheet	3.00	3.00
	3.00	3.00
	(B)	3.00
Capital Reserve		
As per last Balance Sheet	0.64	-
Add: On forfeiture of Shares	-	0.64
	0.64	0.64
	(C)	0.64
Securities Premium Account		
As per last Balance Sheet	899.03	899.03
	899.03	899.03
	(D)	899.03
Capital Redemption Reserve		
As per last Balance Sheet	768.46	762.30
Add: Transferred from Profit and Loss Account	6.15	6.16
	774.61	768.46
	(E)	768.46
Debenture Redemption Reserve		
As per last Balance Sheet	27.20	40.90
Less: Transferred to Profit and Loss Account	13.65	13.70
	13.55	27.20
	(F)	27.20

SCHEDULES TO BALANCE SHEET (Continued)

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
SCHEDULE - 2 (Contd.)		
General Reserve		
As per last Balance Sheet	1,600.62	1,595.62
Add: Transferred from Profit and Loss Account	20.00	5.00
(G)	1,620.62	1,600.62
Profit and Loss Account		
As per Account annexed	849.12	763.92
(H)	849.12	763.92
TOTAL (A to H)	4,160.57	4,071.62
SCHEDULE - 3		
SECURED LOANS		
[Refer Note B-2 of Schedule-14]		
Non-Convertible Debentures	27.04	54.33
Rupee Term Loans from Banks and Financial Institutions	1,591.48	2,701.08
External Commercial Borrowings	939.56	1,163.28
Working Capital Loans From Banks	2,935.04	3,385.97
TOTAL	5,493.12	7,304.66
SCHEDULE - 4		
UNSECURED LOANS		
[Refer Note B-3 of Schedule-14]		
From Bank	499.85	-
From Others	2,250.00	1,000.00
TOTAL	2,749.85	1,000.00

SCHEDULE - 5

FIXED ASSETS

(₹ Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
	As at 30.09.2009	Additions	Deductions	As at 31.12.2010	Upto 30.09.2009	For the Period	Deductions/ Adjustments	Upto 31.12.2010	As at 31.12.2010	As at 30.09.2009
Freehold Land	8.14	-	-	8.14	-	-	-	-	8.14	8.14
Building	1,690.35	-	55.46	1,634.89	401.86	38.73	15.71	424.88	1,210.01	1,288.49
Plant and Machinery *	13,179.59	1,270.40	13.45	14,436.54	6,673.64	1,004.58	12.43	7,665.79	6,770.75	6,505.95
Electrical Installation	94.34	0.60	0.50	94.44	88.45	0.99	0.48	88.96	5.48	5.89
Computers	36.10	0.46	-	36.56	33.95	0.72	-	34.67	1.89	2.15
Furniture and Fixtures	32.58	2.13	2.42	32.29	25.93	2.10	2.10	25.93	6.36	6.65
Office Equipments	17.61	0.28	0.09	17.80	11.05	0.97	0.09	11.93	5.87	6.56
Vehicles	10.68	-	-	10.68	9.10	0.32	-	9.42	1.26	1.58
<u>Intangible Assets</u>										
Computer Software	18.92	-	-	18.92	16.34	2.58	-	18.92	-	2.58
Sub-Total	15,088.31	1,273.87	71.92	16,290.26	7,260.32	1,050.99	30.81	8,280.50	8,009.76	7,827.99
Capital Work in Progress	78.67	-	-	78.67	-	-	-	-	78.67	78.67
Total as at 31st December, 2010	15,166.98	1,273.87	71.92	16,347.65	7,260.32	1,050.99	30.81	8,280.50	8,067.15	7,906.66
As at 30th September, 2009	14,338.26	4,225.65	3,475.60	15,088.31	9,642.82	815.81	3,198.31	7,260.32	7,827.99	-
Capital Work in Progress	1,849.51	-	-	78.67	-	-	-	-	78.67	-
Total as at 30th September, 2009	16,187.77	4,225.65	3,475.60	15,166.98	9,642.82	815.81	3,198.31	7,260.32	7,906.66	-

* Gross Block of Plant and Machinery includes amount added on Revaluation on 1st April, 1998.

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
SCHEDULE - 6					
INVESTMENTS					
LONG TERM INVESTMENTS					
QUOTED					
IN SHARES - TRADE					
Videocon Industries Limited	₹ 10	435,411	94.40	356,247	89.61
	(A)		94.40		89.61
IN SHARES - OTHERS					
Swan Mills Limited	₹ 2	-	-	130,000	16.21
Punj Lloyd Limited	₹ 2	500	0.06	500	0.13
Sri Laxmi Saraswati Textiles Limited	₹ 10	11,800	0.16	11,800	0.15
Deccan Cement Limited	₹ 10	-	-	189,000	21.74
Filatex (I) Limited	₹ 10	-	-	27,500	0.35
Hindustan Adhesive Limited	₹ 10	14,200	0.09	14,200	0.09
Ind Bank Merchant Banking Services Limited	₹ 10	-	-	80,100	0.64
India Steel Works Limited	₹ 1	7,500	0.02	7,500	0.02
Jayaswal Neco Industries Limited	₹ 10	-	-	105,000	1.16
Menon Piston Limited	₹ 10	-	-	15,000	0.66
Sterling Holiday Resorts (India) Limited	₹ 10	-	-	58,285	0.99
	(B)		0.33		42.14
UNQUOTED					
IN SHARES - TRADE					
Ahmednagar Electronics Private Limited	₹ 10	49,900	0.50	49,900	0.50
Applicomp (India) Limited	₹ 10	9,712,000	97.12	9,712,000	97.12
Century Appliances Private Limited (Formerly: Rajkumar Engineering Private Limited)	₹ 10	990,000	9.90	990,000	9.90
Display Devices Private Limited	₹ 100	300	0.03	300	0.03
Force Appliances Private Limited (Formerly: Videocon Exports Pvt. Ltd.)	₹ 10	1,360,000	54.00	1,360,000	54.00
Indian Refrigerator Company Limited	₹ 10	849,930	8.50	849,930	8.50
KAIL Limited	₹ 10	4,186,000	66.14	4,186,000	66.14
Millennium Appliances India Limited	₹ 10	10,000	0.10	10,000	0.10
Plugin Sales Limited	₹ 100	1,900	0.19	1,900	0.19
Techno Electronics Limited	₹ 10	6,352,941	63.53	6,352,941	63.53
	(C)		300.01		300.01
IN SHARES - OTHERS					
Digital Display Devices S.p.A.	Euro 1	36,000	1.96	36,000	1.96
Holzmann Videocon Engineers Limited	₹ 10	340,600	-	340,600	-
H1 Hospitality Private Limited	₹ 10	1,900	0.02	-	-
Jupiter Corporation Inc.	US\$ 1	190	0.01	190	0.01
Kores India Limited	₹ 10	305,000	0.31	305,000	0.31
Mars Overseas Limited	US\$ 1	190,000	7.65	190,000	7.65
P T Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Powerking Corporation Limited	US\$ 1	2,717	0.13	-	-
Quadrant Corporation Inc.	US\$ 1	190	0.01	190	0.01

[Contd...]

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
SCHEDULE - 6 INVESTMENTS (Contd.)					
Sapphire Overseas Inc.	US\$ 1	1,900	0.08	1,900	0.08
Taurus Overseas Inc.	US\$ 1	190	0.01	190	0.01
Trend Limited	US\$ 1	76,000	3.49	76,000	3.49
Tuskar Overseas Inc.	US\$ 1	190	0.01	190	0.01
VCIL Netherland B.V.	€ 100	34	0.13	34	0.13
Venus Corporation Limited	US\$ 1	2,983	0.14	-	-
Videocon (Cayman) Limited	US\$ 1	579,500	28.65	579,500	28.65
Videocon (Mauritius) Infrastructures Ventures Limited	US\$ 1	100,700	4.92	100,700	4.92
Videocon Oil Services Limited	₹ 10	9,500	0.10	-	-
Videocon Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Titan Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
(Formerly: Videocon SEZ Infrastructures (Aurangabad) Private Limited)					
Videocon SEZ Infrastructures Private Limited	₹ 10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures (Pune) Private Limited	₹ 10	510,000	5.10	2,500	0.03
Veronica Properties Private Limited	₹ 10	2,500	0.03	2,500	0.03
(Formerly: Videocon SEZ Infrastructures (West Bengal) Pvt. Ltd.)					
Zodiac Corporation Limited	US\$ 1	190	0.01	-	-
Bombay Mercantile Co-operative Bank Limited	₹ 10	500	0.01	500	0.01
Co-operative Societies			0.002		0.002
	(D)		<u>53.76</u>		<u>48.29</u>
IN PREFERENCE SHARES					
Plugin Sales Limited	₹ 100	3,800	0.38	3,800	0.38
	(E)		<u>0.38</u>		<u>0.38</u>
IN MUTUAL FUNDS					
Axis Equity Fund	₹ 10	50,000	0.50	-	-
	(F)		<u>0.50</u>		<u>-</u>
SHARE APPLICATION MONEY PENDING ALLOTMENT					
Sapphire Overseas Inc.			80.58		80.58
	(G)		<u>80.58</u>		<u>80.58</u>
TOTAL INVESTMENTS (A to G)					
Aggregate Book Value of Quoted Investments			<u>94.73</u>		<u>131.75</u>
Aggregate Market Value of Quoted Investments			<u>95.19</u>		<u>160.68</u>
Aggregate Book Value of Unquoted Investments			<u>435.23</u>		<u>429.26</u>

Details of Investments acquired and sold during the period:

Particulars	Quantity (Nos.)	Cost ₹ Million
Deccan Cements Limited	10	0.002

SCHEDULES TO BALANCE SHEET (Continued)

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A) Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	2,530.29	2,498.52
Work in Process	865.50	851.59
Finished Goods	222.82	235.41
Material in Transit and in Bonded Warehouse	169.74	44.07
	(A) 3,788.35	3,629.59
B) Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months	2.73	2.02
Others	2,657.00	2,412.67
	(B) 2,659.73	2,414.69
C) Cash and Bank Balances		
Cash on hand	0.18	2.33
Balances with Scheduled Banks:		
In Current Accounts	67.43	29.63
In Fixed Deposits	66.57	59.91
In Dividend Warrant Accounts (Per Contra)	7.94	7.11
	(C) 142.12	98.98
D) Other Current Assets		
Insurance Claim Receivable	-	0.21
Interest Accrued	5.66	1.67
	(D) 5.66	1.88
E) Loans and Advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1,148.89	542.62
Advance Tax and TDS (Net of Provision)	-	5.92
Advance Fringe Benefit Tax (Net of Provision)	0.13	0.13
Balance with Central Excise/Custom Department	4.42	3.00
MAT Credit entitlement	4.94	-
Sundry Deposits	5.37	9.46
	(E) 1,163.75	561.13
TOTAL (A to E)	7,759.61	6,706.27
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Sundry Creditors *		
Due to Micro Small and Medium Enterprises	-	-
Due to Others	2,248.89	1,064.05
Bank Overdraft as per books	-	32.27
Interest Accrued but not due	2.81	2.34
Unclaimed Dividend (Per Contra)	7.94	7.11
Other Liabilities	223.82	243.36
* Including Acceptance of ₹ 790.11 million (Previous year ₹ 788.11 million)		
	(A) 2,483.46	1,349.13
B) Provisions		
Proposed Dividend - Equity	39.19	39.19
Proposed Dividend - Preference	0.86	1.23
Provision for Corporate Tax on Dividend	6.65	6.87
Provision for Income Tax (Net of Advance Tax)	3.84	-
Provision for Warranty and Maintenance Expenses	37.25	35.00
Provision for Bonus	0.97	3.90
Provision for Gratuity	7.66	8.40
Provision for Leave Encashment	3.54	3.69
	(B) 99.96	98.28
TOTAL (A + B)	2,583.42	1,447.41

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
SCHEDULE - 9		
OTHER INCOME		
Income from Investments and Securities Division (TDS Nil, Previous year ₹ 3.02 Million) [Refer Note B-7 of Schedule-14]	16.96	12.33
Profit on Sale of Fixed Assets	63.06	1.49
Miscellaneous Income	5.97	5.98
Exchange Rate Fluctuations	11.10	-
TOTAL	97.09	19.80
SCHEDULE - 10		
COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	2,498.52	2,326.39
Add: Purchases	14,433.90	10,160.30
	16,932.42	12,486.69
Less: Closing Stock	2,530.29	2,498.52
(A)	14,402.13	9,988.17
B. (Increase)/Decrease in Stock		
Closing Stock:		
Finished Goods	222.82	235.41
Work in Process	865.50	851.59
	1,088.32	1,087.00
Opening Stock:		
Finished Goods	235.41	86.13
Work in Process	851.59	979.43
	1,087.00	1,065.56
(B)	(1.32)	(21.44)
TOTAL (A + B)	14,400.81	9,966.73
SCHEDULE - 11		
SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	235.06	183.00
Contribution to Provident and Other Funds	14.05	11.70
Staff Welfare	24.24	13.04
TOTAL	273.35	207.74
SCHEDULE - 12		
MANUFACTURING AND OTHER EXPENSES		
Power, Fuel and Water	84.74	79.93
Repairs to Plant and Machinery	25.23	21.02
Repairs to Building	1.45	1.83
Repairs to Others	8.97	6.92
Carriage and Cartage	144.11	126.42
Rent	1.04	1.49
Rates and Taxes	23.00	21.16
Insurance	5.30	6.43
Warranty and Maintenance Expenses	84.50	39.05
Advertisement, Publicity and Sales Promotion	25.44	20.47
Bank Charges	27.25	19.32
Auditors' Remuneration	2.00	1.60
Directors' Sitting Fees	0.07	0.08
Exchange Rate Fluctuations	-	9.92
Miscellaneous Expenses	61.27	75.71
TOTAL	494.37	431.35
SCHEDULE - 13		
INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	409.02	263.47
On Others	440.58	324.72
	849.60	588.19
Less: Interest Received (TDS ₹ 5.62 million, Previous year ₹ 1.78 million)	57.40	9.25
TOTAL	792.20	578.94

SCHEDULE - 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

b) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, provision for warranty cost and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which the results are known and materialised.

2. Fixed Assets/Capital Work in Progress

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

b) Capital Work in Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

3. Depreciation

The Company provides depreciation on fixed assets on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956, except on plant and machinery used in Refrigerator and Washing Machine Divisions, on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Intangible Assets are amortised over a period of five years.

4. Impairment of Assets

The Fixed Assets or a group of assets (cash generating units) are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

5. Investments

Quoted Investments are valued at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the Unquoted Investments, other than temporary, is provided for. Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

6. Inventories

Inventories are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

7. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

8. Excise and Customs Duty

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

9. CENVAT/Value Added Tax

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

10. Revenue Recognition

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

b) Sales/Turnover for the period/ year includes sales value of goods, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sales tax, value added tax and recovery of finance and discounting charges.

c) Insurance, duty drawback and other claims are accounted for as and when admitted by the appropriate authorities.

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

11. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the period.

12. Employee Benefits

a) Short Term Employee Benefits

Short Term Employee Benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the period in which the related services are rendered.

b) Post Employment Benefits

i) Provident Fund - Defined Contribution Plan

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

ii) Gratuity - Defined Benefit Plan

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

iii) Leave Encashment

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

13. Taxation

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilisation of such credit.

14. Research and Development

Revenue Expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the year in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets, under the respective heads.

15. Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent assets are not recognised in the financial statements.

16. Warranty

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

17. Prior period Items etc.

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

18. Other Accounting Policies

These are consistent with the generally accepted accounting principles.

B) NOTES TO ACCOUNTS

	(₹ Million)	
	As at 31st Dec., 2010	As at 30th Sept., 2009
1. Contingent Liabilities not provided for in respect of:		
a) Letters of Guarantees	27.67	23.32
b) Letters of Credit opened	146.18	135.27
c) Excise Duty demands under dispute (Amount paid under protest ₹ 1.00 million, Previous year ₹ 1.00 million)	2.29	3.41
d) Custom Duty demands under dispute (Amount paid under protest ₹ 2.59 million, Previous year ₹ 1.50 million)	12.38	7.40
e) Service Tax demands under dispute	1.00	1.00
f) Sales Tax demands under dispute (Amount paid under protest ₹ 27.93 million, Previous year ₹ 26.06 million)	86.18	120.55
g) The Company is a Co-guarantor in respect of borrowings of group companies. The aggregate amount of said guarantees, extended alongwith 8 other Co-guarantors are ₹ 9,056.00 million (Previous year ₹ 9,694.00 million). The said guarantees are extended on the basis of support in the form of undertaking provided by certain other group companies to the extent of the amount of the guarantees. Further, the Company is a Co-guarantor along with 14 other Co-guarantors in respect of borrowings of group companies amounting to ₹ 3,500.00 million (Previous year Nil).		
2. Secured Loans:		
a) The Non-Convertible Debentures are secured by first mortgage and charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements and excluding equipments charged to Financial Institutions for their equipment finance, ranking <i>pari passu</i> with the charge created and/or to be created in favour of Financial Institutions/ Banks in respect of their existing and future financial assistance. The Debentures referred above are redeemable at par in one or more installments on various dates with the earliest redemption being on 1st April, 2011 and last date being 1st April, 2012. The debentures are redeemable as follows: ₹ 21.83 million in financial year 2011 and ₹ 5.21 million in financial year 2012.		
b) Rupee Term Loans from Banks and Financial Institutions are secured by mortgage and charge on the immovable and movable properties, both present and future (subject to the charges created and/or to be created in favour of bankers on specified movables/current assets for securing borrowings for working capital requirements), ranking <i>pari passu</i> with the charges created and/or to be created in favour of other lenders and guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.		
c) External Commercial Borrowings are secured by a first charge ranking <i>pari passu</i> on the movable and immovable fixed assets. The loan is further secured by corporate guarantee given by Videocon Industries Limited.		
d) The Working Capital Loans from Banks are secured by hypothecation of inventories, book-debts and other receivables, both present and future.		
3. Unsecured Loan from Bank is guaranteed by Mr. Venugopal N. Dhoot, the director of the Company.		

4. The gross block of the Fixed Assets includes ₹ 1,232.14 million (Previous year ₹ 1,232.14 million) on account of revaluation of Plant and Machinery made as at 1st April, 1998. The additional depreciation of ₹ 8.75 million (Previous year ₹ 13.74 million) consequent to the said revaluation has been withdrawn from Revaluation Reserves and credited to the Profit and Loss Account.
5. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) ₹ 5.07 million (Previous Year Nil).
6. Capital Work in Progress includes advances for capital assets of ₹ 12.54 million (Previous year Nil), Interest and Finance Charges capitalised during the period ₹ Nil (Previous year ₹ 7.68 million).
7. The Company has kept the investment activities separate and distinct from the normal business. Consequently, all the income and expenditure pertaining to investment activities has been allocated to the Investments and Securities Division and the income after netting off the related expenditure has been shown as "Income from Investments and Securities Division" under "Other Income". The Income/(Loss) from Investments and Securities Division includes:

	(₹ Million)	
	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
i) Dividend:		
On Long Term Investments	1.02	1.65
On Current Investment	-	0.06
ii) Gain/(Loss) on Sale of Investments		
Long Term	29.30	(2.61)
Current	0.00	4.73

8. As per the accounting policy followed by the Company, the Grant received from Ozone Projects Trust Fund for financing the machinery under the project has been treated as "deferred income" to be recognised in Profit and Loss Account over the useful life of the assets under the project. Accordingly, an amount of ₹ 5.22 million (Previous year ₹ 5.22 million) has been allocated to income and credited to miscellaneous income, in proportion to the depreciation charged on those assets for the period. The balance deferred income has been carried to Balance Sheet as Grant from Ozone Projects Trust Fund.
9. The Company has made a provision of ₹ 43.90 million (Previous year ₹ 12.45 million) towards current income tax, after taking into consideration, the benefits admissible under the provisions of the Income Tax Act, 1961 and the same is, in the opinion of the Management, adequate.
10. The Minimum Alternate Tax (MAT) paid by the Company is entitled to be carried forward and utilised in subsequent years. In the opinion of Management, on the basis of projections and the estimates of future taxable income, the Company would have normal tax liability within the specified period to avail such MAT credit. Consequently, the Company has recognized the MAT credit entitlement of ₹ 4.94 million in respect of current period.
11. The Company is primarily engaged in manufacturing of Electrical and Electronic Appliances and there is no other reportable segment as defined in Accounting Standard 17 "Segment Reporting".

12. Related Party Disclosures:

- a) Key Management Personnel
 - Mr. Manjunath P. Bhosale (General Manager) upto 31st March, 2010
 - Mr. Sanjay R. Patil (Asst. General Manager) w.e.f. 1st April, 2010

- b) Transactions with Related Parties:

Remuneration to Key Management Personnel

	(₹ Million)	
	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
Remuneration to Key Management Personnel	2.37	3.29

13. The break up of deferred tax assets/liabilities is as under:

A. Deferred Tax Liabilities

Depreciation on Fixed Assets and Amortisation

	(₹ Million)	
	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
Depreciation on Fixed Assets and Amortisation	972.32	935.97
	972.32	935.97
B. Deferred Tax Assets		
Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	16.54	11.08
	16.54	11.08
Net Deferred Tax Liability	955.78	924.89

Net Deferred Tax Liability

14. Earnings Per Share:

- a) Net Profit for the period after tax adjustment for earlier years
 Less: Dividend on Preference Shares and tax thereon
 Net Profit attributable to Equity Shareholders
- b) Weighted Average Number of Equity Shares
- c) Basic and Diluted Earnings Per Share of ₹ 10/- each

	(₹ Million)	
	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
Net Profit for the period after tax adjustment for earlier years	144.40	48.06
Less: Dividend on Preference Shares and tax thereon	1.00	1.44
Net Profit attributable to Equity Shareholders	143.40	46.62
Weighted Average Number of Equity Shares	39,185,675	39,185,675
Basic and Diluted Earnings Per Share of ₹ 10/- each	₹ 3.66	₹ 1.19

15. Employee Benefits:

i) Defined Contribution Plans:

Amount of ₹ 14.05 million (Previous year ₹ 11.70 million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule-11) in the Profit and Loss Account.

ii) Defined Benefit Plans:

(₹ Million)

	Gratuity		Leave Encashment	
	31st Dec., 2010	30th Sept., 2009	31st Dec., 2010	30th Sept., 2009
a) The amounts recognised in the Balance Sheet as at the end of the period/year				
1. Present Value of Defined Benefit Obligation	15.73	16.51	3.54	3.69
2. Fair value of Plan Assets	8.07	8.11	-	-
3. Funded Status – Surplus/(Deficit)	(7.66)	(8.40)	(3.54)	(3.69)
4. Net Assets/(Liability)	(7.66)	(8.40)	(3.54)	(3.69)
b) The amounts recognised in Profit and Loss for the period/year				
1. Current Service Cost	1.48	1.42	1.11	1.73
2. Interest Cost	1.53	1.11	0.40	0.21
3. Actuarial (Gain)/Losses	(0.61)	3.53	2.11	0.33
4. Actual Return on Plan Assets	0.66	0.71	-	-
5. Total Expenses	1.74	5.35	3.62	2.27
c) The changes in Obligations during the period/year				
1. Present value of Defined Benefit Obligation at the beginning of the year	16.51	13.11	3.69	2.88
2. Current Service Cost	1.48	1.42	1.11	1.73
3. Interest Cost	1.53	1.11	0.40	0.21
4. Actuarial (Gain)/Losses	(0.61)	3.53	2.11	0.33
5. Benefit Payments	3.18	2.66	3.77	1.46
6. Present value of Defined Benefit Obligation at the end of the period/year	15.73	16.51	3.54	3.69
d) The changes in Plan Assets during the period/year				
1. Plan Assets at the beginning of the period	8.11	9.52	-	-
2. Contribution by Employer	2.48	0.54	-	-
3. Actual Benefit paid	3.18	2.66	-	-
4. Plan Assets at the end of the period/year	8.07	8.11	-	-
5. Actual return on Plan Assets	0.66	0.71	-	-

Actuarial assumptions:

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

16. a) The Financial Institutions have a right to convert at their option the whole outstanding amount of term loans or a part not exceeding 20% of defaulted amount of loan, whichever is lower, into fully paid up Equity Shares of the Company at par on default in payments/repayments of three consecutive installments of principle and/or interest thereon or on mismanagement to the affairs of the Company.

b) The Financial Institutions have a right to convert at their option, the whole or a part of outstanding amount of Preference Shares, into fully paid up Equity Shares of the Company as per SEBI guidelines, on default in payment of dividend or a default in redemption of Preference Shares or any combination thereof.

17. The outstanding balances of certain Debtors, Creditors, Deposits and Advances are subject to confirmation.

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

19. There are no amounts due and outstanding, to be credited to Investor Education and Protection Fund.

20. Auditors' Remuneration:

(₹ Million)

	* Period Ended 31st Dec., 2010	** Year Ended 30th Sept., 2009
a) Audit fees	1.30	1.23
b) Tax Audit fees	0.15	0.12
c) Other services	0.52	0.19
d) Out of Pocket Expenses	0.03	0.06
TOTAL	2.00	1.60

* Excluding Service Tax Amount

** Including Service Tax Amount

(₹ Million)

21. Disclosures under Micro, Small and Medium Enterprises Development Act, 2006:

	As at 31st Dec., 2010	As at 30th Sept., 2009
a) Principal amount remaining unpaid to any suppliers as at the end of each accounting year	-	-
b) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
c) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d) The amount of interest due and payable for the period of delay in making payment	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006	-	-

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

22. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the disclosure with respect to Provision for Warranty and Maintenance Expenses is as follows:

	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
a) Amount at the beginning of the year	35.00	10.99
b) Additional provision made during the period/year	36.48	34.44
c) Amount used during the period/year	34.23	10.43
d) Amount at the end of the period/year	37.25	35.00

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

	Period ended 31st December, 2010		Year ended 30th September, 2009	
	Quantity	₹ Million	Quantity	₹ Million
Details of Production, Purchase, Stock and Turnover:				
(As certified by the Management)				
I. Production:				
(including goods manufactured through third parties and others but excluding goods manufactured for others on job basis)				
Electrical and Electronic Appliances	2,958,438 Nos.		2,094,087 Nos.	
II. Opening Stock:				
Electrical and Electronic Appliances	76,980 Nos.	235.41	24,267 Nos.	86.13
III. Closing Stock:				
Electrical and Electronic Appliances	71,556 Nos.	222.82	76,980 Nos.	235.41
IV. Sales:				
Electrical and Electronic Appliances	2,963,862 Nos.	17,540.96	2,041,374 Nos.	12,352.11
V. Raw Materials including Stores and Spares Consumed:				
a) Steel Sheets (Metric Tonnes)	30,659 MT	1,418.61	21,991 MT	978.38
b) Electrical and Electronic Components/Parts	*	8,364.75	*	5,736.39
c) Other Raw Material/Stores	*	4,618.77	*	3,273.40
TOTAL		14,402.13		9,988.17

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

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

	Period Ended 31st December, 2010		Year Ended 30th September, 2009	
	Percentage	₹ Million	Percentage	₹ Million
VI. Value of Imported and Indigenous Raw Materials, Components and Spares Consumed:				
Imported	8.05	1,159.37	9.52	951.26
Indigenous	91.95	13,242.76	90.48	9,036.91
TOTAL		14,402.13		9,988.17

	Period Ended 31st December, 2010	Year Ended 30th September, 2009
	₹ Million	₹ Million
VII. C.I.F. Value of Imports and Expenditure in Foreign Currency:		
a) C.I.F. Value of Imports:		
Raw Materials	1,160.98	1,005.28
Capital Goods	6.44	2.62
b) Expenditure incurred in Foreign Currency: (on Payment Basis)		
Travelling	-	0.26
Interest and Bank Charges	35.82	68.89

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

	Period ended 31st December, 2010	Year ended 30th September, 2009
a) Number of Non-Resident Shareholders	308	314
b) Number of Equity Shares held by them	122,672	132,629
c) Gross Amount of Dividend (₹ Million)	0.12	0.07

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration Number	L99999MH1988PLC046445
State Code	11
Balance Sheet Date	31st December, 2010

Application of Funds

Net Fixed Assets	8,067.15
Investments	529.96
Net Current Assets	5,176.19
Accumulated Losses	Nil

II. CAPITAL RAISED DURING THE PERIOD (Amounts ₹ Million)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

IV. PERFORMANCE OF COMPANY (Amounts ₹ Million)

Turnover (Including Other Income)	17,233.36
Total Expenditure	17,002.97
Profit Before Tax	230.39
Profit After Tax	160.54
Earnings per Share in ₹	3.66
Dividend Rate %	10

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amounts ₹ Million)	
Total Liabilities	13,773.30
Total Assets	13,773.30

Sources of Funds

Paid-up Capital	398.01
Reserves and Surplus	4,160.57
Government Grant	15.97
Deferred Tax Liability (Net)	955.78
Secured Loans	5,493.12
Unsecured Loans	2,749.85

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (As per monetary terms)

a) Item Code No. (ITC Code)	8450.00
Product Description	Washing Machine
b) Item Code No. (ITC Code)	8415.10
Product Description	Air Conditioner
c) Item Code No. (ITC Code)	8418.21
Product Description	Refrigerator

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Director

N. B. MANDHANA
Director

NISHA KHANDELWAL
Company Secretary

Place : Mumbai
Date : 26th May, 2011

PROXY FORM

VALUE INDUSTRIES LIMITED

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

Regd. Folio No./Client ID and DP 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/us on my/our behalf
at the Twenty-Third Annual General Meeting of the Company to be held on Wednesday, June 29, 2011 at 10.00 a.m. at
the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka Paithan,
District: Aurangabad - 431 105 (Maharashtra) and at any adjournment thereof.

Affix a
15 Paise
Revenue
Stamp

Signed this day of 2011.

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

TEAR HERE



ATTENDANCE SLIP

VALUE INDUSTRIES LIMITED

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

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

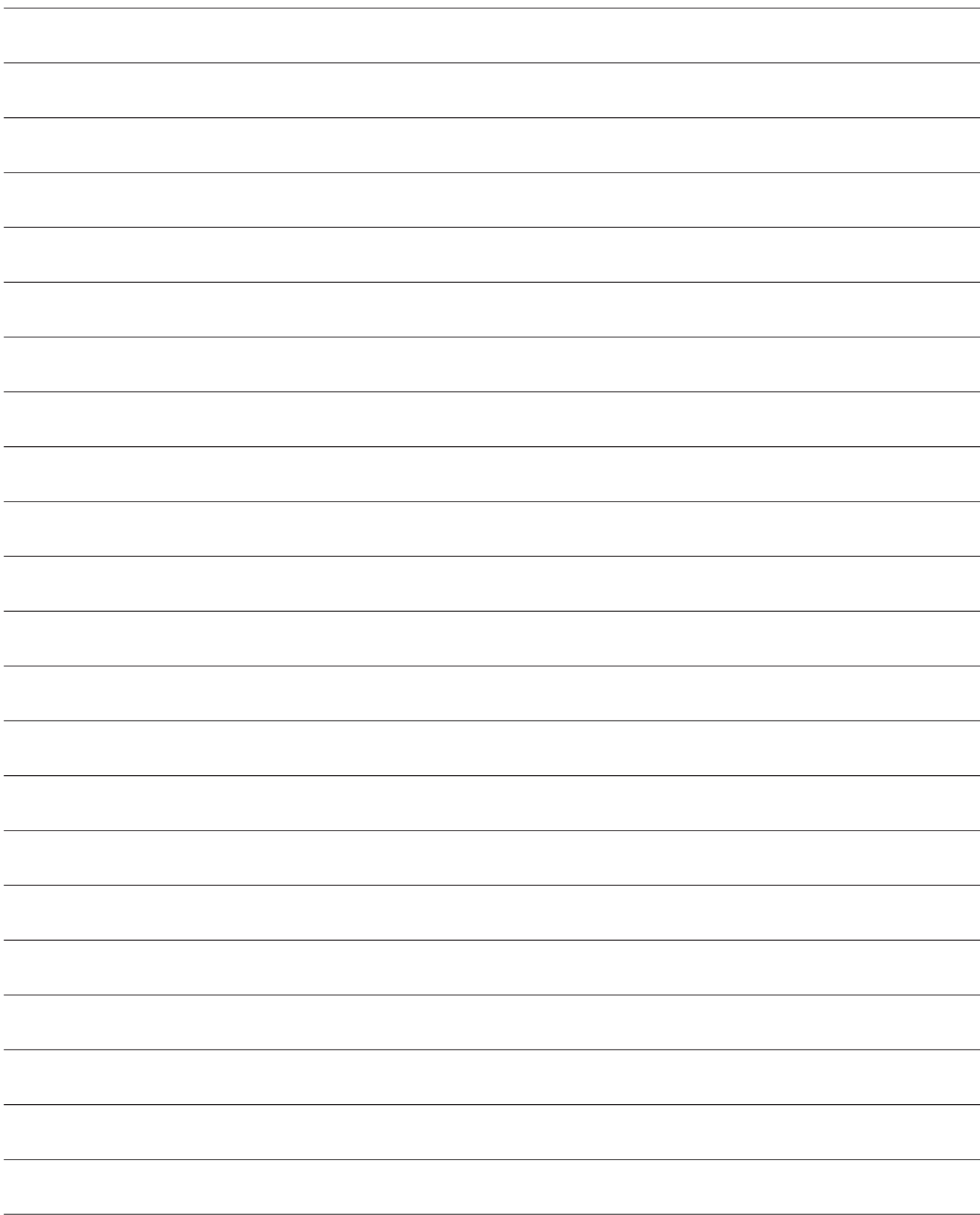
I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company.

I hereby record my presence at the Twenty-Third Annual General Meeting of the Company held on Wednesday, June 29, 2011 at
10.00 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka
Paithan, District Aurangabad - 431 105 (Maharashtra).

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

.....
Member's / Proxy's Signature

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



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