



# **VALUE INDUSTRIES LIMITED**

**ANNUAL REPORT 2012**



## CORPORATE INFORMATION

### Board of Directors

- 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

### Company Secretary

- Sonal Bhandari

### Bankers

- Allahabad Bank
- Axis Bank Limited
- Bank of Baroda
- Bank of India
- Indian Bank
- IDBI Bank Limited
- Punjab National Bank
- State Bank of Bikaner & Jaipur
- State Bank of India
- The Federal Bank Limited
- UCO Bank

### 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-Fifth Annual General Meeting of the members of **VALUE INDUSTRIES LIMITED** (the "Company") will be held on Thursday, 27th June, 2013 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 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st December, 2012 and the Audited Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Naveen B. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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**

**SONAL BHANDARI**  
Company Secretary

Place : Mumbai  
Date : 15th May, 2013

### Registered Office:

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

### NOTES:

1. **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.**
2. 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.
3. In terms of the provisions of Section 255, 256 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Naveen B. Mandhana, Director, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of Mr. Naveen B. Mandhana, seeking re-appointment at the Meeting together with the details of shares held by him, if any, forms part of the Corporate Governance Report. The Board of Directors of your Company recommend his re-appointment.

4. 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.
5. 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.
6. The Register of Members and Share Transfer Books shall remain closed from Friday, 14th June, 2013 to Thursday, 27th June, 2013 (both days inclusive) for the purpose of the Meeting.
7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2004-05 to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Dividend for the financial year ended 2005-06 and thereafter, which remains 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 draft(s) by writing to the Company's Registrar and Share 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 date they first became due for payment and no payment shall be made in respect of any such claims.
8. Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, for consolidation into a single folio.
9. The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 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.
10. 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.
11. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately, of change in their residential status on return to India for permanent settlement together with particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

By order of the Board of Directors of  
**VALUE INDUSTRIES LIMITED**

**SONAL BHANDARI**  
Company Secretary

Place : Mumbai  
Date : 15th May, 2013

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-Fifth Annual Report of the Company together with the Audited Accounts and Auditors' Report for the financial year ended 31st December, 2012.

### FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended 31st December, 2012, is summarized hereunder:

(` in Million)

Particulars	Year ended 31st Dec.,2012	Year ended 31st Dec.,2011
Net Sales	<b>11,844.08</b>	13,386.87
Other Income	<b>52.52</b>	112.42
Total Income	<b>11,896.60</b>	13,499.29
Profit before Finance Costs, Tax and Depreciation	<b>1,011.57</b>	1,578.38
Finance Costs	<b>960.46</b>	696.87
Depreciation and Amortisation	<b>890.98</b>	829.18
Profit/(Loss) before Tax	<b>(839.87)</b>	52.33
Profit/(Loss) for the year	<b>(643.88)</b>	41.19

In view of numerous opportunities available for enlargement of area of operation of the Company, the Main Objects Clause of the Memorandum of Association was altered during the year, by inserting the words mobile tablets, mobile phones etc.

The financial year ended on 31st December, 2012, was marked by the challenges in both the internal and external environment. The challenges of high fiscal deficit, increasing inflation rate and rising of interest rates have impacted the domestic market; and the Company and its manufacturing activities were also affected by the same. The net sales of the Company have declined from ` 13,386.87 Million for the financial year ended 31st December, 2011 to ` 11,844.08 Million for the financial year ended 31st December, 2012. The Company has incurred a loss of ` 643.88 Million for the financial year ended 31st December, 2012 as compared to the profit of ` 41.19 Million for the financial year ended 31st December, 2011.

### DIVIDEND

In view of the loss incurred by the Company, the Board of Directors thought it fit not to recommend any dividend for the financial year ended 31st December, 2012.

### TRANSFER TO RESERVE

Due to the loss incurred during the year, your Directors propose not to transfer any amount to the General Reserve.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ` 0.8 Million in respect of unclaimed/unpaid dividend for the financial year 2004-05 to the Investor Education and Protection Fund.

### FIXED DEPOSIT

During the year 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 year under review, the foreign exchange outgo amounted to ` 787.84 Million as against ` 953.00 Million during the year ended 31st December, 2011. There were no foreign exchange earnings during the year under review and previous year ended on 31st December, 2011.

### CONSERVATION OF ENERGY

Your Company is taking continuous efforts towards optimum utilization of energy resources. The conservation of energy is the most important part of Corporate Social Responsibility of the Company. Energy conservation measures have been implemented by your Company at its manufacturing plant and offices. Your Company continues to explore several measures to conserve scarce resources and protect the environment. These include:

- Awareness campaigns across all segments to employees by giving scheduled training at regular intervals, about importance of energy conservation and basic techniques of conservation;
- Display of visual information at all work places to encourage employees to think about energy conservation;
- Installation of energy efficient light fittings;
- Use of natural light during day time by providing transparent sheets and ventilators;
- Adherence to preventive maintenance of all machineries to ensure the rated efficiency of all machineries;
- Monitoring and maintaining unity power factor in distribution network to minimize the losses;
- Daily monitoring of energy consumption of various production lines in the factory as per KWH/PRODUCT Target and Analysis of the same on weekly basis;
- Replacement of Furnace Oil to LPG in paint shop ovens and burners, which has resulted into 10% saving in the fuel cost and has improved the overall equipment efficiency;
- Modification in pre-treatment heating system at paint shop, from existing individual burners in tanks to stainless steel coils in the ovens, which has reduced the consumption of LPG to 30-35%;
- Auto shut off of electronic equipments during lunch breaks; and
- Timely maintenance of equipments.
- Re-use of canteen waste water in gardens maintained in the factory area by treating waste water in simple process by using Peddles, Selex and Activated Carbons;
- Installation of Sewage Treatment Plant (STP) and utilizing treated water for gardening;

The Company also has formed an in-house team of employees to undertake the projects of energy conservation and for Research and Development activities in the area of conservation of energy.

As a result of measures taken above, there is a reduction in contamination of water, increased environmental quality and increased time cycles of the machines.

### RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

For any organization to prevail and grow in this razor edged competitive environment, "Innovation" is the tried and tested mantra. Your Company believes in constant change for better, that is why innovation and high quality standards are at core of the business philosophy. That is the reason why millions have entrusted their faith and patronage in products and services that are created by your Company.

Research and Development (R & D) is the key for success of any business enterprise and your Company believes and promotes the best environment which is necessary for innovative product development program. The Company has build up a strong and efficient R & D team to cope up with the ever changing consumer electronic trends. This has resulted in introduction of a wide range of products that are innovative, modern, desirable and affordable.

The R & D team comprise of experts in their individual area who are involved in extensive research based on usability, ergonomics, desire for new utilities, different environmental conditions and transform them in products to give the delightful user experience. The R & D team is constantly monitoring the changing market scenario with exhaustive study of various products and identifies the need for new product using scientific tools before taking up on a development project. The R & D team is developing customer-focused business solutions based on the intellectual property developed by multiple research groups.

The manufacturing plant follows the Japanese system of '5S' principles (to sort, to set, to shine, to standardize and to sustain) for organizing the work

place more effectively and with greater efficiency and to improve the working standards. Also, in the assembly areas inspection table has been provided with required illumination to check and control aesthetic quality of the products manufactured. Training sessions are conducted for the employees for awareness of electrical energy savings.

Following are the major activities carried out by the R & D centre:

- Constantly improving and upgrading the existing range of products;
- Technological advancement;
- Extensive market research and identification of new avenues for development;
- Identification of new needs to generate new ideas;
- Environment and Eco friendly products;
- Extensive Product development road map;
- Improve the system efficiency;
- Reduce cost of manufacturing by adopting modern methodology;
- Introduction of products that are available in the market at affordable cost, reliable and are full of utility; and
- After sales service training program.

The R & D activities of the Company are focused on increasing productivity, maximizing value, cutting down the cost and creating high performance environment to promote innovation.

#### Benefits Derived from R & D activities:

- Enhanced manufacturing ability and higher standard of quality;
- Cutting down unwanted costs and activities;
- Maximum satisfaction of consumers;
- Reduced power consumption and energy conservation; and
- Development of energy efficient products.

#### Expenses incurred for R & D activities:

During the year under review, the R & D recurring expenses amounted to ₹ 13.23 Million representing 0.11 % of the turnover.

#### Future Plan of action in R & D and Technology Absorption:

The Company plans to devise a product development road map for generating and adopting advanced technologies in the coming years, strictly adhering to eco and environment friendly products, modernization of processes and manufacturing system, scientific analytical program, modern and state of art systems with optimum utilization of capital resources and maintain a favorable position in market as a most preferable service provider.

### HEALTH, SAFETY AND ENVIRONMENT MEASURES

Employee engagement activities like health talks, free health check up by noted health professionals and various helpdesk were set up to facilitate employee welfare during the year.

Safety committees at the manufacturing unit are functioning properly to ensure safe and healthy work environment. Banners, pamphlets, guidance notes regarding safety measures, health tips, emergency numbers and basic first aid notes are issued at regular intervals to the employees of the Company. Fire Extinguishers are set-up at the manufacturing plant.

#### Health & Safety Initiatives:

- Procurement of new fire extinguisher to maintain spare stock in case of emergency;
- Procurement and installation of safety equipments in campus;
- Implementation of work permits system with availability of security guard for close monitoring;
- Procurement of new fire tender having water capacity of 4500 litres & foam capacity of 500 litres, which has helped in reduction of response time during emergency situation & mitigation of damage to property & human injury;
- Basic first aid course and demonstration of fire extinguishers courses conducted for the employees and security guards during the year;
- Conducting regular safety audit & mock drill in the campus;
- Incident /Accidents Investigation, if any, and Reporting with root cause, corrective and preventive actions;
- Installation of first aid box & fire blanket at security check point for every department;

- Provided fire point at high hazardous area (Zone-0);
- Conducted HPT (Hydraulic Pressure Testing) of pressurized extinguisher;
- Display of list of on-site & off-site contact numbers at conspicuous places in manufacturing facility for quick response at the time of emergency;
- Display of cautionary signs at high hazardous area to warn workers about imminent hazard dealt at site;
- Enhanced road safety by displaying road convex mirror, speed limit board & guideline for visitors;
- Regular training programs for employees and managers at all the levels;
- Display of emergency evacuation plans with location of fire extinguisher at the entrance of every building and shop floor;
- Display of MSDS (Material Safety Data Sheet) at chemical storage area;
- Display of UN classification boards at Zone - 0 area (Highly flammable area); and
- Celebrated Safety promotional activities like - National safety week & fire service week in the factory.

#### Environmental Initiatives:

- Implementation of 3R system i.e. Reduce, Reuse & Recycle;
- Environment awareness camps;
- Disposal of Hazardous & Non-Hazardous waste to the authorized agency (Authorized by pollution control authority) as per statutory requirements;
- Tree plantation on different events and occasions;
- Celebrated World Environment Day, to increase the mass awareness among the employees;
- Up-gradation of effluent treatment & sewage treatment plant and using treated water for gardening; and
- Maintenance of effluent treatment plants and sewage treatment plants to monitor the outlet water parameter as per the limits of CPCB (Central Pollution Control Board).

### INFORMATION TECHNOLOGY

From the simple application of e-mail communications to online teleconferences, connecting organizations worldwide, Information Technology is having a direct impact on how industries conduct business. The use of Information Technology has become indispensable.

The Company is endeavoring for systematic and automatic manufacturing and business activities with the help of various Information Technology Software.

The Company has put in place an enabled customer interaction center for addressing the complaints and suggestions from consumers, retailers and distributors.

The Company has always focused on up-gradation of its Information Technology Software to help its employees to maximize their productivity for enhancing quality and higher customer satisfaction.

### CORPORATE SOCIAL RESPONSIBILITY

Contributing to society is one of the Company's core values. The Company believes that, while profit is important for all businesses, profit cannot be the only reason for the existence. Profits help to achieve the mission while contributing to the society. Corporate Social Responsibility (CSR) encompasses within itself sustainability which means creating an awareness of climate change and social imbalance and demands suitable action.

The Company continues to impact lives of people through relentless CSR initiatives. The Company is committed to raise the quality of life and social well-being of communities where it operates and beyond and promote sustainable development through two-way open dialogue with its stakeholders, which is the key for sustainable community development.

CSR is not just a corporate philanthropy but it implies protecting health and ensuring well-being and security of all the employees, at all levels. It equally extends to suppliers, customers and consumers. And the Company, in spirit and action, is committed to its policy of "Safety of persons overrides all production targets".

## VALUE INDUSTRIES LIMITED

Company's community development efforts are focused on fostering self-reliance through education, livelihood interventions, vocational trainings, integrated village development, empowerment of women and social mobilization. Thus, in a larger perspective, such endeavors are taking the Company towards social institution building for sustainability and building a strong and vibrant India.

### INDUSTRIAL RELATIONS

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

### BOARD OF DIRECTORS

The Board of Directors of the Company is duly constituted. Mr. Pradipkumar N. Dhoot and Mr. Venugopal N. Dhoot resigned from the directorship of the Company w.e.f. 27th January, 2012 and 1st February, 2012 respectively. The Board would like to express its sincere gratitude towards the contribution made by Mr. Pradipkumar N. Dhoot and Mr. Venugopal N. Dhoot during their tenure as Directors, of the Company.

The present Board consists of three Non-Executive Independent Directors i.e. Mr. Naveen B. Mandhana, Mr. Subhash S. Dayama and Mr. Avinash H. Malpani.

Pursuant to the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Naveen B. Mandhana, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. The Board recommends re-appointment of Mr. Naveen B. Mandhana.

Pursuant to the provisions of the Clause 49 of the Listing Agreement, a brief profile of the Director 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. 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.

The Board of Directors recommend their re-appointment at the ensuing Annual General Meeting.

### AUDITORS' REPORT

The Auditors' Report is unqualified.

### AUDIT COMMITTEE

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

### COST AUDIT

The Central Government had directed, vide its Orders No. 52/315/CAB-95 and 52/316/CAB-95 dated 25th August, 1995, to conduct a Cost Audit in respect of the specified products viz., Refrigerators and Air Conditioners respectively.

The Board of Directors of the Company have accorded its approval for re-appointment of Mr. Jayant B. Galande, Cost Accountant in Whole-Time Practice (Membership Number 5255), Aurangabad, as the Cost Auditor of the Company, to conduct Audit of the Cost Accounts Records maintained by the Company for the financial year 2013, subject to the approval of the Central Government.

In compliance with the provisions of The Companies (Cost Audit Report) Rules, 2011 and General Circular No. 15/2011 issued by Government of India, Ministry of Corporate Affairs, we hereby submit that the Company has filed the Cost Audit Report for the financial year ended 31st December, 2011 on 29th January, 2013 (due date 28th February, 2013). As regards to the financial year ended on 31st December, 2012, the due date for filing the Cost Audit Report is 29th June, 2013 and the Company shall file the same on or before due date.

### SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

### CASH FLOW STATEMENT

The Cash Flow Statement for the financial year ended 31st December, 2012, in conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges in India and as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by The Institute of Chartered Accountants of India, is annexed hereto.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, 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 year 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:

- 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;
- that the accounting policies selected have been applied consistently; and judgments 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, 2012 and of the loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- that the Annual Accounts of the Company have been prepared on 'going concern' basis.

### ACKNOWLEDGEMENT

We would like to express our heartfelt gratitude to all the customers, business partners, bankers and auditors for their continued support and association. We also wish to thank the Government and all the statutory authorities for their support and co-operation.

We would also like to place on record our appreciation for collective contribution made by all the employees during the last year.

We, finally, would like to specially thank and place on record the gratitude to all the members of the Company for their faith in the management and continued affiliation with the Company.

For and on behalf of the Board of Directors of  
**VALUE INDUSTRIES LIMITED**

**S. S. DAYAMA**  
Director

**N. B. MANDHANA**  
Director

Place : Mumbai  
Date : 15th May, 2013



## CORPORATE GOVERNANCE REPORT

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. 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

Corporate Governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company. The Management of the Company believes, a well-defined and enforced Corporate Governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as legal framework.

The Company believes that sound Corporate Governance is necessary to enhance and retain stakeholders' trust. The disclosures always seek to attain best practices in international Corporate Governance. The Company tries for continuous endeavor to enhance long-term shareholders' value and respect minority rights in all its business decisions. In the recent years, the Company is moulding its internal reporting system to achieve transparency in the management, strong ethical culture, commitment to corporate sustainability, legal compliances system and more focused internal audit. The Company is in compliance with the requirements of Clause 49 of the Listing Agreement. The particulars of Compliances are detailed hereunder:

### BOARD OF DIRECTORS

The Board of Directors are a significant element of Corporate Governance practice of the Company and oversees how the management serves and protects the long-term interests of all the stakeholders. The Company believes that an active, well-informed and independent board is necessary to ensure the highest standards of Corporate Governance. The Board of Directors of the Company exercises its fiduciary responsibility in the widest sense of the term.

#### Composition as on 31st December, 2012:

The Board comprises of 3 (three) Non-Executive Independent Directors namely; Mr. Naveen B. Mandhana, Mr. Subhash S. Dayama and Mr. Avinash H. Malpani.

#### Proceedings of Board and Committee Meetings:

The Board is primarily responsible to provide and evaluate the strategic decisions of the Company, management policies and their effectiveness. The Board's responsibilities further include overseeing the functioning of the Company's top management, monitoring legal compliance and management of the risks related to the Company's operations.

The Board meets at regular intervals to discuss the business transactions and for strategic decision making. The Board has constituted four committees i.e. Audit Committee, Shareholders'/ Investors' Grievance Committee, Finance and General Affairs Committee and Remuneration Committee. The proceedings of conducting the Board and Committee meetings includes the following:-

#### Meetings and Attendance:

During the year under review, the Board met 13 (Thirteen) times on the following dates: 9th January, 2012, 27th January, 2012, 1st February, 2012, 11th February, 2012, 28th February, 2012, 13th March, 2012, 17th April, 2012, 28th April, 2012, 15th May, 2012, 12th June, 2012, 3rd July, 2012, 14th August, 2012 and 9th November, 2012. The gap between two Board Meetings has been less than four months.

Sr. No.	Name	Whether attended A GM held on 29th June, 2012	Attendance in Board Meeting	Other Directorships**			
				Directorship @	Company Chairmanship	Committee Chairmanship #	Committee Membership #
1	Venugopal N. Dhoot (upto 1st February, 2012)	No	2	12	1	2	4
2	Pradipkumar N. Dhoot (upto 27th January, 2012)	No	0	14	-	-	5
3	Naveen B. Mandhana	No	8	6	-	1	-
4	Avinash H. Malpani	No	7	0	-	-	-
5	Subhash S. Dayama	Yes	13	5	-	2	1

@ 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 Shareholders'/ Investors' Grievance Committee of Public Limited Companies have been considered.

## VALUE INDUSTRIES LIMITED

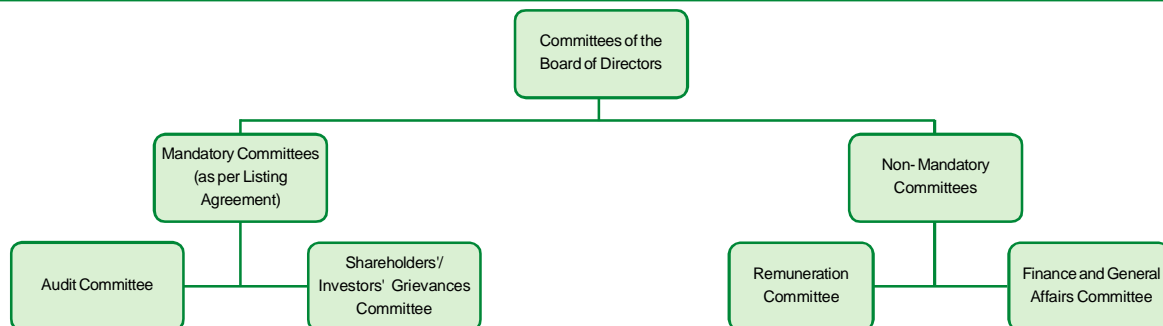
\*\* Other Directorship(s), Company Chairmanship(s), Committee Chairmanship(s) and Committee Membership(s) of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot is/are based on the disclosure submitted at the beginning of the year under review. As regards other directors, it is as on 31st December, 2012.

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 of the Director proposed to be re-appointed, as required in terms of the provisions of the Clause 49 of the Listing Agreement:**

Sr. No.	Particulars	Profile of the Director
1.	Name of the Director	Mr. Naveen B. Mandhana
2.	Date of Birth	18th September, 1956
3.	Educational Qualification	Engineering Graduate
4.	Date of appointment on the Board	8th March, 1988
5.	Category of the Director	Independent Director
6.	Area of Expertise / Senior Position Held / Work Experience	He carries with him more than 3 decades of experience in the field of manufacturing, technical, financial and marketing.
7.	Details of Directorships in other Public Limited Companies (including subsidiaries of Public Company)	Videcon Semiconductor Limited Videcon Display Limited Videcon Oil Services Limited Ram Ratna Wires Limited Panorama Logistic Solutions Limited Velogis-Net India Limited
8.	Names of the other Committees in which Chairman	Videcon Display Limited- Audit Committee
9.	Names of the other Committees in which Member	Nil
10.	No. of shares held	Nil

### BOARD COMMITTEES



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

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreements:

##### Powers of the Audit Committee includes:

- 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.

##### Terms of reference and scope of the Committee:

- Oversight 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 to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors 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 Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

- Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Observations and Qualifications in the draft audit report, if any.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  - Reviewing, with the management, 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, performance of statutory and internal auditors and adequacy of the 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.



9. Discussion with internal auditors any significant findings and follow-up there on.
10. Reviewing the findings 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.
11. 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.
12. To look into the reasons for substantial defaults in the payment, if any, to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. 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 & background, etc. of the candidate.
15. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

#### Review of information by Audit Committee:

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the Chief Internal Auditor.

#### Composition as on 31st December, 2012, Meetings and Attendances:

The composition of the Audit Committee satisfies the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the members of Audit Committee are financially literate and are having vast experience in the fields of finance, accounts and industry.

During the year under review, the Committee met 4 (four) times on the following dates- 28th February, 2012, 15th May, 2012, 14th August, 2012 and 9th November, 2012.

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

Name of the Member	Designation	Category	No. of Meetings Attended
Mr. Subhash S. Dayama	Chairman	Independent	4
Mr. Avinash H. Malpani	Member	Independent	2
Mr. Naveen B. Mandhana	Member	Independent	3

The Statutory Auditors, Cost Auditor and 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.

#### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 1956, the Company has constituted the Shareholders'/Investors' Grievance Committee.

The Shareholders'/Investors' Grievance Committee plays an important role in acting as a link between the management and ultimate owners of the Company i.e. the shareholders. The Committee not only performs the roles as laid down in Listing Agreement but also oversees performance of the Registrar and Share Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

#### Scope of the Committee:

- Transfer of shares;
- Transmission of shares;
- Issue of Duplicate Share Certificates;
- Change of Status;
- Change of name;
- Transposition of shares;
- Sub-division of shares;
- Allotment of securities;

- Consolidation of Folios;
- Requests for Dematerialization/Rematerialization of shares; and
- Redressal of investor grievances.

The Committee also monitors violation of the code of conduct for prevention of insider trading.

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, 2012, Meetings and Attendances:

During the year under review, the Committee met 4 (Four) times on the following dates: 27th February, 2012, 14th May, 2012, 13th August, 2012, 8th November, 2012.

During the year, Mr. Pradipkumar N. Dhoot resigned as the Director of the Company. Consequent to his resignation he ceased to be the member of the Committee. Mr. Subhash S. Dayama was appointed as the member of the Committee.

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

Name of the Member	Designation	Category	No. of Meetings Attended
Mr. Avinash H. Malpani	Chairman	Independent	2
Mr. Naveen B. Mandhana	Member	Independent	3
Mr. Subhash S. Dayama	Member	Independent	4

#### Compliance Officer:

During the year under review, Ms. Amruta Karkare resigned as a Company Secretary of the Company and Ms. Sonal Bhandari was appointed as a Company Secretary in her position w.e.f. 1st September, 2012.

Ms. Sonal Bhandari, Company Secretary, is the Compliance Officer of the Company.

#### Details of Share Transfer/ Demat/ Remat:

During the financial year under review, 50 (fifty) Sub-Committee Meetings were held. The request for transfer, dematerialization and rematerialization from the shareholders were received and approved, particulars of which are as under:

Particulars	Details
Number of share transfer deeds processed	123
Number of shares transferred	12,947
Average number of transfers per month	10.25
Number of demat request approved	395
Number of shares dematerialized	47,542
Percentage of shares dematerialized	0.12
Number of remat request approved	1
Number of shares rematerialized	136

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

Particulars	Received	Redressed	Pending as on 31st December, 2012
Non-Receipt of Refund Order	0	0	0
Non-Receipt of Dividend / Interest / Redemption Warrants	50	50	0
Non-Receipt of Share Certificate	12	12	0
Others	37	37	0
<b>Total</b>	<b>99</b>	<b>99</b>	<b>0</b>

#### REMUNERATION COMMITTEE

#### Terms of reference and Scope of the Committee:

- Fixing & 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.

## VALUE INDUSTRIES LIMITED

### Composition as on 31st December, 2012, Meetings and Attendances:

During the year under review, 1 (one) Committee Meeting was held on 27th January, 2012.

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

### Composition as on 31st December, 2012, Meetings and Attendances:

Name of the Member	Designation	Category	No. of Meetings Attended
Mr. Naveen B. Mandhana	Chairman	Independent	1
Mr. Avinash H. Malpani	Member	Independent	1
Mr. Subhash S. Dayama	Member	Independent	1

### Director's 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 year under review are as under:

Name of the Member	Sitting fees paid ( ` )
Mr. Naveen B. Mandhana	30,000
Mr. Avinash H. Malpani	23,500
Mr. Subhash S. Dayama	45,500
<b>TOTAL</b>	<b>99,000</b>

The Company has not issued any stock options during the financial year ended on 31st December, 2012.

### FINANCE AND GENERAL AFFAIRS COMMITTEE

During the year the Board of Directors of the Company has constituted a standing committee titled as "Finance and General Affairs Committee" on 3rd July, 2012.

### Scope of the Finance and General Affairs Committee:

The Committee is entrusted with various powers from time to time, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

During the year under review, 4 (four) Committee Meetings were held on 3rd August, 2012, 12th September, 2012, 25th October, 2012 and 13th December, 2012.

The composition, meeting and attendance of the members of the Committee are as follows-

Name of the Member	Designation	Category	No. of Meetings Attended
Mr. Subhash S. Dayama	Chairman	Independent	4
Mr. Avinash H. Malpani	Member	Independent	1
Mr. Naveen B. Mandhana	Member	Independent	3

### GENERAL BODY MEETINGS

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
22nd	30th March, 2010	14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	10.00 a.m.	NIL
23rd	29th June, 2011	14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	10.00 a.m.	NIL
24th	29th June, 2012	14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	10.00 a.m.	NIL

### POSTAL BALLOT

During the financial year under review, seven resolutions were passed through Postal Ballot, particulars of which are set out hereunder-

Resolution No.	Particulars of the Resolution Passed	Section of the Companies Act, 1956, under which the resolution is passed	Nature of Resolution
1.	Alter the Main Object Clause No. III A (1) "MAIN OBJECT TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION" of the Memorandum of Association of the Company by inserting the words "refrigerators, air conditioners, mobile tablets, mobile phones".	Section 17	Special Resolution
2.	Alter Clause No. III (B) 18 of the Memorandum of Association of the Company by substitution of the same with new Clause 18, to make the investment clause more elaborative and specific	Section 17	Special Resolution
3.	Alter Clause III (B) 19 of the Memorandum of Association of the Company by substitution of the same with new Clause 19, to explicitly provide the authority to extend guarantee or security in connection with various types of obligations whether monetary, non monetary, financial or otherwise or on account of performance obligations	Section 17	Special Resolution
4.	Amend Articles of Association of the Company by substituting the existing set of regulations No. 1 to 187 (both inclusive) with new set of regulations No. 1 to 199 (both inclusive)	Section 31	Special Resolution
5.	Authorize the Board of Directors of the Company to borrow money/moneys upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	Section 293 (1) (d)	Ordinary Resolution
6.	Authorize the Board of Directors of the Company to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of a Company upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	Section 293(1) (a)	Ordinary Resolution
7.	Authorize the Board of Directors of the Company to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	Section 372A	Special Resolution

Mr. Sharad B. Palod, Advocate, was appointed as a Scrutinizer for conducting the Postal Ballot process in fair and transparent manner and to receive and scrutinize the completed Ballot Forms from the members.

Notice of the Postal Ballot, together with Explanatory Statement in terms of the provisions of Section 173 (2) of the Companies Act, 1956, Postal Ballot Form (PBF) and self-addressed envelope, postage paid by the Company, were dispatched to all the shareholders of the Company and all other persons entitled to receive the same.

The procedure followed by the Company for conducting postal ballot was as per Section 192A of the Companies Act, 1956 and rules made thereunder namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Results were announced and resolutions were declared as passed on 30th May, 2012.

The voting pattern is as under:

Sr. No.	1 Particulars	2 Total No. of valid PBF received	3 Total no. of shares	4 % of shares to total equity	5 Total no. of PBF in favour	6 Total no. of votes casted in favour of the resolution	7 % of shares total no of shares respect of which PBF received	8 Total no. of PBF against	9 Total no. of votes casted against the resolution	10 % of shares to total no. of valid shares	11 Abstained from voting & short voting	12 No. of shares
1	Special Resolution under Section 17 of the Companies Act, 1956 for alteration of the Main Object Clause No. III A (1) "MAIN OBJECT TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION" of the Memorandum of Association of the Company by inserting the words "refrigerators, air conditioners, mobile tablets, mobile phones".	106	18,232,484	46.53	103	18,231,779	100.00	3	300	00	2	405
2.	Special Resolution under Section 17 of the Companies Act, 1956, for alteration of Clause No. III (B) 18 of the Memorandum of Association of the Company by substitution of the same with new Clause 18, to make the investment clause more elaborative and specific	106	18,232,484	46.53	101	18,231,559	99.99	4	345	00	5	580
3.	Special Resolution under Section 17 of the Companies Act, 1956 for alteration of Clause III (B) 19 of the Memorandum of Association of the Company by substitution of the same with new Clause 19, to explicitly provide the authority to extend guarantee or security in connection with various types of obligations whether monetary, non monetary, financial or otherwise or on account of performance obligations	106	18,232,484	46.53	99	18,228,049	99.98	6	3,805	0.02	4	630
4.	Special Resolution under Section 31 of the Companies Act, 1956 for amendment of Articles of Association of the Company by substituting the existing set of regulations No. 1 to 187 (both inclusive) with new set of regulations No. 1 to 199 (both inclusive)	106	18,232,484	46.53	99	18,231,343	99.99	7	686	00	2	455
5.	Ordinary Resolution under Section 293 (1)(d) for authorizing the Board of Directors of the Company to borrow money/moneys upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	106	18,232,484	46.53	97	18,227,827	99.97	8	4,227	0.02	3	430
6.	Ordinary Resolution under Section 293(1)(a) for authorizing the Board of Directors of the Company to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of a Company upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	106	18,232,484	46.53	98	18,227,927	99.98	7	4,077	0.02	3	480
7.	Special Resolution under Section 372A of the Companies Act, 1956, for authorizing the Board of Directors of the Company to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount not exceeding ` 30,000 Crores (Rupees Thirty Thousand Crores Only)	106	18,232,484	46.53	99	18,227,944	99.98	6	4,110	0.02	3	430

11 PBF representing 8,361 equity shares were rejected / invalid cases.

**VALUE INDUSTRIES LIMITED**

None of the businesses are proposed to be transacted at the ensuing Annual General Meeting which requires passing of 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. 33 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
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 of this clause	Mandatory requirements have been complied with and non-mandatory requirements like constitution of the Remuneration Committee, Finance and General Affairs Committee and implementation of Whistle Blower Policy have been adopted by the Company.

**GENERAL INFORMATION FOR SHAREHOLDERS**

1. Annual General Meeting	The 25th Annual General Meeting for financial year ended 31st December, 2012 shall be held on Thursday, 27th June, 2013 at 10.30 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, 2013 to 31st December, 2013
	Un-Audited Financial Results	Announcement within 45 days from end of each quarter or such limit as may be prescribed by SEBI/Stock Exchanges
	Results for the First Quarter	On or before 15th May, 2013
	Results for the Second Quarter	On or before 14th August, 2013
	Results for the Third Quarter	On or before 14th November, 2013
	Results for the Fourth Quarter and Audited Financial Results	On or before 1st March, 2014
	Annual General Meeting for Financial Period ended 31st December, 2013	On or before 30th June, 2014
3. Date of Book Closure	Friday, 14th June, 2013 to Thursday, 27th June, 2013 (both days inclusive)	
4. Dividend Payment Date	In view of the loss incurred; the Board of Directors of the Company do not recommend any dividend on equity shares for the year under review.	
5. Listing on Stock Exchanges	The equity shares of your Company are listed on BSE Limited and the National Stock Exchange of India Limited. The Company has paid Listing Fees for the year 2013-14. In terms of the requirements of Clause 7(d) of the SEBI (Delisting of Equity Shares) Regulations, 2009, the Com-	

	pany hereby declares that the equity shares of the Company have been delisted from Ahmedabad Stock Exchange Limited, The Delhi Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Pune Stock Exchange Limited. The confirmation of delisting from The Calcutta Stock Exchange Limited was received on 13th February, 2013 i.e. after the date of the Balance Sheet of the Company.																																																																						
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: BSE Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 500945 (Stock Code) The 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	Average monthly High and Low Prices of Value Industries Limited ("Value") at BSE and NSE are given below: <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">BSE (₹)</th> <th colspan="2">NSE (₹)</th> </tr> <tr> <th>High Price</th> <th>Low Price</th> <th>High Price</th> <th>Low Price</th> </tr> </thead> <tbody> <tr><td>January, 2012</td><td>18.80</td><td>13.15</td><td>17.50</td><td>13.00</td></tr> <tr><td>February, 2012</td><td>18.25</td><td>15.40</td><td>18.15</td><td>15.00</td></tr> <tr><td>March, 2012</td><td>17.00</td><td>13.80</td><td>17.40</td><td>13.90</td></tr> <tr><td>April, 2012</td><td>16.00</td><td>14.04</td><td>15.50</td><td>14.10</td></tr> <tr><td>May, 2012</td><td>15.89</td><td>12.60</td><td>15.20</td><td>12.10</td></tr> <tr><td>June, 2012</td><td>14.90</td><td>12.05</td><td>13.90</td><td>12.20</td></tr> <tr><td>July, 2012</td><td>14.40</td><td>11.25</td><td>14.40</td><td>11.05</td></tr> <tr><td>August, 2012</td><td>12.09</td><td>10.11</td><td>12.45</td><td>10.25</td></tr> <tr><td>September, 2012</td><td>11.99</td><td>10.10</td><td>12.80</td><td>10.00</td></tr> <tr><td>October, 2012</td><td>12.20</td><td>10.10</td><td>13.25</td><td>10.30</td></tr> <tr><td>November, 2012</td><td>13.80</td><td>10.15</td><td>13.70</td><td>10.30</td></tr> <tr><td>December, 2012</td><td>13.38</td><td>10.50</td><td>13.90</td><td>11.20</td></tr> </tbody> </table>		Month	BSE (₹)		NSE (₹)		High Price	Low Price	High Price	Low Price	January, 2012	18.80	13.15	17.50	13.00	February, 2012	18.25	15.40	18.15	15.00	March, 2012	17.00	13.80	17.40	13.90	April, 2012	16.00	14.04	15.50	14.10	May, 2012	15.89	12.60	15.20	12.10	June, 2012	14.90	12.05	13.90	12.20	July, 2012	14.40	11.25	14.40	11.05	August, 2012	12.09	10.11	12.45	10.25	September, 2012	11.99	10.10	12.80	10.00	October, 2012	12.20	10.10	13.25	10.30	November, 2012	13.80	10.15	13.70	10.30	December, 2012	13.38	10.50	13.90	11.20
Month	BSE (₹)			NSE (₹)																																																																			
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December, 2012	13.38	10.50	13.90	11.20																																																																			
8. Comparative Chart																																																																							
9. Registrar and Share 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 - 23726252/23726256																																																																						
10. Share Transfer System	Applications for transfer of shares held in physical form are received at the office of the Registrar 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, 2012, is given as under:					
Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B+C)	
<b>(A) Shareholding of Promoter and Promoter Group</b>					
(1)	Indian	24	18,322,406	46.76	
(2)	Foreign	-	-	-	
<b>Sub-Total (A)</b>		<b>24</b>	<b>18,322,406</b>	<b>46.76</b>	
<b>(B) Public Shareholding</b>					
(1)	Institutions	53	966,180	2.47	
(2)	Non-Institutions				
	-Bodies Corporate	634	1,595,537	4.07	
	-Individuals	70,286	18,082,905	46.15	
(3)	-Others	297	218,647	0.56	
<b>Sub-Total (B)</b>		<b>71,270</b>	<b>20,863,269</b>	<b>53.24</b>	
<b>TOTAL (A) + (B)</b>		<b>71,294</b>	<b>39,185,675</b>	<b>100.00</b>	
<b>(C) Shares held by Custodians and against which Depository Receipt have been issued</b>					
(1)	Promoter and Promoter Group	-	-	-	
(2)	Public	-	-	-	
<b>Sub-total (C)</b>		<b>-</b>	<b>-</b>	<b>-</b>	
<b>GRAND TOTAL (A) + (B) + (C)</b>		<b>71,294</b>	<b>39,185,675</b>	<b>100.00</b>	
b) Distribution of Shareholding as on 31st December, 2012, is as given below:					
Shareholding of Nominal Value	Number of Shareholders	% to total	Number of Shares	Amount (in `)	% to Total
Up to 5,000	67,289	94.38	8,171,806	81,718,060	20.85
5001 to 10000	2,146	3.01	1,769,454	17,694,540	4.52
10001 to 20000	903	1.27	1,395,586	13,955,860	3.56
20001 to 30000	312	0.44	797,231	7,972,310	2.03
30001 to 40000	142	0.20	506,160	5,061,600	1.29
40001 to 50000	138	0.19	659,131	6,591,310	1.68
50001 to 100000	168	0.24	1,214,838	12,148,380	3.10
100001 and above	196	0.27	24,671,469	246,714,690	62.96
<b>Total</b>	<b>71,294</b>	<b>100.00</b>	<b>39,185,675</b>	<b>391,856,750</b>	<b>100.00</b>

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, 2012, 3,46,73,089 equity shares (88.48% of the total number of shares) have been dematerialized. The entire shareholding of promoter/promoter group is in dematerialized mode.
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) 251 555; Fax: (02431) 251 571 Email: 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- 23726252/23726256

#### MEANS OF COMMUNICATION

The Company regularly intimates its Un-Audited as well as Audited Financial Results, including quarterly results, to the Stock Exchanges in compliance with the Listing Agreement. The Financial Results are published in Financial Express and Loksatta, the leading English and Marathi dailies respectively. The results of the Company are also available on the website of the Company, i.e., [www.valueindia.in](http://www.valueindia.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.

In terms of the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges in India, the un-audited financial results as well as audited financial results, Shareholding Pattern of the Company and Corporate Governance Report are electronically submitted, unless there are any technical difficulties and displayed through Corporate Filing and Dissemination System viz. [www.corpfiling.co.in](http://www.corpfiling.co.in) and on [listing.bseindia.com](http://listing.bseindia.com). Similarly, the un-audited financial results as well as audited financial results, Shareholding Pattern and Corporate Governance Report are also displayed on NEAPS (NSE Electronic Application Processing System) website i.e., [www.connect2nse.com](http://www.connect2nse.com)

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

#### Corporate Governance Voluntary Guidelines, 2009:

The management has also undertaken due initiatives to adopt the provisions of the Corporate Governance Voluntary Guidelines 2009, in its overall governance framework as applicable in case of the Company.

#### 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 laid down 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.

For **VALUE INDUSTRIES LIMITED**

**HEAD-OPERATIONS**

**COMPANY SECRETARY**

Place : Mumbai

Date : 15th May, 2013

**CERTIFICATION**

To,  
The Board of Directors,  
**VALUE INDUSTRIES LIMITED**

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

- a) We have reviewed the Financial Statement and the Cash Flow Statement for the financial year ended on 31st December, 2012 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- 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 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 year;
  - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement; and
  - iii. Instances of significant fraud of which we have become aware.

For **VALUE INDUSTRIES LIMITED**

**HEAD - OPERATIONS**

**CHIEF FINANCIAL OFFICER**

Place : Mumbai

Date : 15th May, 2013

**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, ("the Company") for the year ended on 31st December, 2012, 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*  
(Firm Registration No. 105049W)

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

**SHVRATAN AGARWAL**  
Partner  
Membership No. 104180

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

Place: Mumbai

Date : 15th May, 2013

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Board of Directors of the Company take pleasure in presenting the Management Discussion and Analysis Report in compliance with the Code of Corporate Governance as mentioned under Clause 49 of the Listing Agreement.

### INDUSTRY STRUCTURE & DEVELOPMENT

The side-effects of recession, increase in inflation, economic slow-down, announcement of Union Budget 2012-13, increased earning capacity of the consumers, altogether have had a mixed effect on the overall industry.

Indian market's impetus continues to grow amid of all the challenges and crisis and nothing has stopped this surge. The market continues to evolve at a rapid pace and demands more comfort and eco-friendly products. Globalization is the key and the Indian consumers are fast catching up on par with their global counterparts and thus are demanding more easy to operate, energy efficient and star-rated products.

The new and upcoming brands in the market have increased the competition in the consumer electronics sector and the offers and discounts provided by companies to stay in market is increasing day by day which is ultimately affecting the consumer preferences. The consumers have now become value conscious instead of brand conscious. The offers, deals and discounts are the most important criteria for buying consumer electronics.

To face the growing competition and price challenges, the Company is focused on e-advertising activity. "Digitization" is the new mantra to success for the business today. It marks a shift to an industrial revolution that is based on information economy. Even Henry Ford, the Management Guru, had once remarked that; "if asked to the customers, what they want, they would say a faster horse". The generation today understands the language of e-communication; they are more dynamic and impatient. In today's world information delayed is information decayed and thus, reaching the information to consumer-end at the earliest has become the most important aspect. The Company is concentrating on e-advertisement apart from the traditional advertising.

### 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) issued by the Institute of Chartered Accountants of India.

### PRODUCT WISE PERFORMANCE

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

#### a. Washing Machines:

The washing machine has become an integral house-hold appliance for rapidly growing middle class and increasing younger population due to increased purchasing power and easy and attractive finance options. Also, the increase in tech savvy and young working populace has generated a drive for aesthetically better looking products which are eco-friendly and hi-tech. The focus has shifted from price consideration to design, user friendly functions and trends. Augmentation in the nuclear families and working couples have given rise for the smaller capacities and high-end fully automatic washing machine models.

The demand for front loading fully automatic models is catching up owing to convenience, better wash performance and quality. The Company is focused on manufacturing of energy conserving and noise reducing models with special attention towards the washing quality of different fabrics. The recently introduced models of washing machines contain the following features:-

- ❖ Semi-Automatic Machine with Eco Wonder Wash Technology
- ❖ Semi-Automatic Machine with Multiple Wash program selection
- ❖ Special spinning function for different kind of clothes
- ❖ Detergent drawer for Semi-Automatic Machine
- ❖ Multi Cascade water flow technology
- ❖ Magic filter
- ❖ UV technology
- ❖ Hand Wash
- ❖ 5 step Wash
- ❖ Multiple Wash Speed selection

- ❖ Xpress dry
- ❖ Aqua Save
- ❖ Tilted Drum
- ❖ Direct Drive Technology
- ❖ Aero Wash Technology
- ❖ Tornado Air Dry
- ❖ LED Lights
- ❖ Super Spin Timer
- ❖ Easy Drainer
- ❖ Central Fall Spin Shower Rinsing
- ❖ Rust & Germ Free Body

"Green" has become the buzzword and the Company is working on strategy to make its entire product portfolio energy efficient, rolling out a product recycling initiative and reduce the hazardous materials in the manufacturing process.

#### b. Refrigerators:

Refrigerators have come a long way from simple ice-boxes of days gone by. A modern day refrigerator has a wide range of utility features that stride towards improving the kitchen life. Since long, refrigerators were predominately manufactured in a simple rectangular shape and were available in white color. Over time, there have been several innovative changes in style, color and shape of the refrigerators. Advancement in technology has stimulated customers asking for more and the refrigerator no longer remains a boring utility appliance standing in the corner of the modern home.

The Company is focused on manufacturing of 5 star rated high energy efficient refrigerators as the customers are now well abreast of the significance of the same, user-benefit and environment-friendly refrigerators and has come up with Tri Fresh Technology models which helps in efficient cooling, long lasting freshness of food items and power saving. The latest models of the refrigerator contain following flattering features:

- ❖ Automatic Ice & Water Dispenser
- ❖ Home Bar
- ❖ Magic Cool Zone
- ❖ No Frost Twin Fan Cooling Air Flow Technology
- ❖ Electronically controlled refrigerator
- ❖ Improved Energy Efficiency
- ❖ VCM door Finish
- ❖ Chiller Trays which avoids water dripping in DC Refrigerator.
- ❖ Safety Glass Shelves
- ❖ Tilting door pockets
- ❖ Introduction of Flush Look Doors
- ❖ Up to bottom foaming for Strong Refrigerator cabinet
- ❖ BLDC Fan motors introduced for low energy consumption
- ❖ Stylish Bar Handles
- ❖ Deodorizers
- ❖ Digital Clock
- ❖ FM Radio
- ❖ Humidity Controlled Crisper
- ❖ Wings Flow Turbo
- ❖ Blue ION Technology
- ❖ Infra Red Sterilization
- ❖ Digital Multi Sensor
- ❖ Digital Display

With the Tri Fresh Technology in the latest models, the Company is working on more attractive aesthetics like floral, geometric and abstract

## VALUE INDUSTRIES LIMITED

designs and interiors loaded with innovative and utility features to improve the look and feel of the models and their surroundings.

### c. Air Conditioners:

The perception of the Indian consumer towards the air conditioner has seen a paradigm shift over the years from a high-priced luxury to a value-based necessity in the hot and humid weather conditions of India. Also, with increase in per capita income and expanding of the economy, products which enhances lifestyle and comfort living have gained utmost prominence. Initially, the demand for air-conditioners was restricted to institutional segment or to affluent homes in top metropolitan cities of India but now due to the increased purchasing capacity of the Indian population the demand for air-conditioners has witnessed a steady increase.

The product has not just remained an item of comfort but also became a fashion statement and occupies coveted space at home and business place.

With the boosted demand of air conditioners in the middle class group, the Company has manufactured more affordable products to reach its new horizons. There is a greater awareness on Eco-friendly requirements like low power consumption, healthier air, low noise, ozone friendly technology coupled with trendy looks. The promotion of star rated product program has increased the awareness level of the consumers and has gained forefront prominence while making a buying decision. The Company has focused on manufacturing of air conditioners with auto clean and anti-bacterial filters for more fresh and active feeling.

Following are the eye-catching features of some of the latest models:

- ❖ Inverter Drive Technology
- ❖ Vitamin C Filters
- ❖ IMD Panels
- ❖ Heating and cooling Technology
- ❖ Anti bacterial filter on-off system
- ❖ Ionizer
- ❖ Gold Blue and Green fin evaporator
- ❖ Adjustable louvers
- ❖ PFC coils in outdoor Unit
- ❖ 100% Copper Pipes
- ❖ Choice for 5 star, 4 star and 3 Star models
- ❖ Network Control Technology
- ❖ Vita Air Technology
- ❖ Noiseless and Replacement Technology for refrigeration material
- ❖ Air Supply Technology
- ❖ Wellness Technology

*Cool Homes & Good Health*- the Company firmly believes in this tagline and abides by the same. The Company is manufacturing air-conditioners with healthy features that takes care of user's health apart from just cooling.

### STRATEGY AND OUTLOOK

Technology is now everywhere and this has an impact on the society as well as business. The present and the future market trends and conditions are exciting. Consumers are keeping themselves up-to-date with the global standards and models and are demanding more variety and more choices. The Company with its energetic Research & Development team is continuously striving to develop new technologies and widen the range of the products offered to its customers.

The consumer durables industry is witnessing a technology change and consumer demand is shifting from conventional models to latest technology models. There is a huge growth potential for the consumer goods industry in India. The Company shall focus on introducing new products with latest technology in the market to target new customer segments.

The visionary strategy of the Company for the coming years is to manufacture and create more value added systems with a perfect mix of new age technology, upcoming green initiatives and innovative mechanisms. The Company has adopted a bi-polar strategy; wherein premium image will be build through aesthetically and technologically superior products and volumes driven through

a frugally innovative range to cater to the mass market.

The Company is looking at enhancing product awareness in the consumer mindset through initiatives like road shows, mobile vans, hoarding and pamphlets. Also consumer engagement through online media and social network are part of Company's promotion strategy.

The Company is focusing more on high end products particularly in Frost Free Refrigerator, for which new moulds have been finalized and in the coming year(s) various new models duly benchmarked with competitive models shall be launched to give competitive advantage and to strengthen further market share in Frost Free category.

The Company seeks to strengthen its position in the business of "Electronics & Home Appliances" at national as well as international level by venturing into new areas of business through diversification policies and by increasing the scale of operations. The Company is also looking forward to improve the quality of Human Capital and develop deep understanding of the industrial trends and fluctuations. The Company also has investment plans in infrastructure so as to increase the range and variety of products.

### OPPORTUNITIES AND THREATS

Transparent and level playing work environment, energetic leadership, deep rooted technology, value focused business model and simplicity in structure are some of the strengths of the Company which help Company to identify and grab new opportunities even in this market competitive world.

The Company has to face certain threats as well, prevailing due to high competition, but Company always focuses on its strengths and opportunities.

The opportunities and threats which are identified and perceived by the Company are as under:

#### ❖ Opportunities:

- Strong and Vibrant Market;
- Increasing number of middle class households with double income;
- Innovative Technology at reasonable rates;
- Vigorous Research & Development teams;
- Lower penetration of the products in the Indian Market; and
- Range of products catering to rural as well as urban markets.

#### ❖ Threats:

- Low pricing by the competitors;
- Competition from new entrants and foreign companies;
- Frequent changes in commodity process;
- Rise in excise duty and other taxes;
- High cost of production;
- Requirement for strategic advertising;
- Seasonal Fluctuations;
- No Customer Loyalty; and
- High turnover of employee due to high competition.

### FINANCIAL PERFORMANCE

#### Income:

##### Sales:

During the year under review, the Company achieved Gross Sales of ₹ 12,480.91 Million as against ₹ 13,793.13 Million for the year ended 31st December, 2011.

##### Other Income:

Other Income amounted to ₹ 52.52 Million for the year ended on 31st December, 2012, as against ₹ 112.42 Million for the year ended on 31st December, 2011. Other Income comprises of investment income, profit on sale of fixed assets, insurance claim received and other non operating income.

**Expenditure:****Cost of Goods Consumed/sold:**

Cost of goods consumed/sold amounted to ` 9,993.18 Million for the year ended 31st December, 2012 and ` 11,130.02 Million for the year ended on 31st December, 2011.

**Employee Benefits Expense:**

During the year under review, employee benefits expense were ` 259.64 Million as against ` 243.20 Million for the year ended on 31st December, 2011.

**Other Expenses:**

During the year under review, the other expenses were ` 632.21 Million as against ` 547.69 Million for the year ended on 31st December, 2011.

**Finance Costs:**

For the year under review, finance costs amounted to ` 960.46 Million as against ` 696.87 Million for year ended on 31st December, 2011.

**Depreciation and Amortization:**

Depreciation and Amortization amounted to ` 890.98 Million as against ` 829.18 Million for the year ended on 31st December, 2011.

**Profit / Loss before Tax:**

The loss before tax was ` 839.87 Million for the financial year ended 31st December, 2012, as against the profit before tax of ` 52.33 Million for the year ended on 31st December, 2011.

**Net Profit / Loss:**

Net Loss for the year amounted to ` 643.88 Million as against the Net Profit of ` 41.19 Million for the year ended 31st December, 2011.

**Earnings Per Share:**

The Basic and Diluted Earnings Per Share of the Company for the year ended 31st December, 2012, amounted to ` (16.43) as against ` 1.05 for the year ended 31st December, 2011.

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**RISKS AND CONCERNS**


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There is always a risk involved in every business and Consumer Electronics & Home Appliances business cannot be an exception.

One of the fastest moving industries in the world has always been Consumer Electronics & Home Appliances and those who supply the customer segment of this market are hit due to margin squeeze and new product introduction pressure.

The top risks faced by the manufacturers and dealers are:

1. Short product cycle and shorter market window to have first-to-market status and the likelihood of greater acceptance & margins in the market.
2. Inventory liability and business risk only increase with shorter product cycle, volatile demand and supply chain spanning the globe. Outsourcing usually shifts some responsibility, even though market risk is too high.

The economic environment, pricing pressure and decreased utilization rates could negatively impact the revenue and operating results. Due to increase in competition from foreign market there is need of strong branding campaign and strategic advertising.

The Company expects that as the market is growing and there is a need of foreign currency inflow, the government may reduce the amount of certain taxes which will enable the Company to venture abroad and capture the foreign markets. The Company plans to offer latest techno-savvy products at affordable

prices and reduce the cost of production to eliminate the risk and grab the foreign market share.

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**INTERNAL CONTROL SYSTEM**


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The management continuously reviews the internal control systems and procedures leading to orderly and efficient conduct of its business. The Company always adheres to the prescribed guidelines with respect to all the transactions to ensure that all its assets are safeguarded properly and protected against losses and from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Internal audit is conducted throughout the year to monitor and report on the effectiveness of the internal controls in the organization. The plan and the internal audit reports are shared with the Statutory Auditors. Significant findings of the internal audit are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Reports of the internal auditors are also continuously reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems.

The Company's Internal Audit function objectively and independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system. The function also reviews and reports on adherence to operating guidelines and statutory requirements, recommends improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information.

The Company has put in place a Risk Assessment and Mitigation Policy for process across all its business operations, which is periodically reviewed by the management.

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**HUMAN RESOURCE MANAGEMENT**


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Human Resource Management is the management of an organization's human resources. It is responsible for the attraction, selection, training, assessment and rewarding of employees, while also overseeing organizational leadership and culture and ensuring compliance with employment and labour laws.

Human capital is our most important asset. We believe that quality and level of service that our professionals deliver are among the highest in the industry and our training, continuing education and career development programs are designed to ensure their skills are in alignment with their respective roles. We also offer increment benefit and performance based salary hike which motivate the employees to deliver quality work.

The progress of the Company is highly dependent upon satisfaction of human resources. The Company is also planning to implement various employee benefit plans to support the family of an employee in case of urgency. The individual growth of an employee is also a concern of the Company along with the growth of the Company. The Management believes that happiness and satisfaction of human resources is the ultimate responsibility of the Company. The Company's workforce comprises of around 425 employees.

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

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**CAUTIONARY STATEMENT**


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*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.*

**AUDITORS' REPORT**

To,  
The Members of  
**VALUE INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **VALUE INDUSTRIES LIMITED** ("the Company"), as at 31st December, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, 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 paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss 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, the Statement of Profit and Loss and the 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) On the basis of written representations received from the directors of the Company as on 31st December, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2012 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 with the 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, 2012;
    - (ii) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**SHIVRATAN AGARWAL**  
*Partner*  
Membership No.: 104180

Place : Mumbai  
Date : 28th February, 2013

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

**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** ("the Company") on the financial statements for the year ended 31st December, 2012.

- (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 year the Company has not disposed off any substantial part of fixed assets.
- (ii) (a) As per the information and explanation given to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. As per information and explanation given to us, the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) As the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, 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, no major weakness has been noticed 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 Lacs, in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits 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 thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has 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 accounts 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 determining 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, the 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, 2012 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company examined by us and information and explanations given to us, the particulars of dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty, Cess which have not been deposited on account of any dispute, are given below:

Name of the Statute	Nature of the Dues	Amount (` in Million)	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty (Including Penalty and Interest)	0.88	Commissioner
		0.38	Asst. Commissioner
		5.46	Commissioner(Appeal)
		5.49	CESTAT
		4.37	Tribunal
2. Central Excise Act, 1944	Excise Duty (Including Penalty)	3.30	Asst. Commissioner
		1.29	CESTAT
3. Finance Act, 1994 (Service Tax Provisions)	Service Tax	35.61	Commissioner
		1.00	Asst. Commissioner
4. Sales Tax Act of various States	Sales Tax	0.20	Asst. Commissioner
		58.23	DCST (Appeal)
		0.95	High Court
		0.70	Tribunal

- (x) There are no accumulated losses as on 31st December, 2012. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given to us, we observed that, the Company has defaulted in repayment of dues to banks. The delays have been summarized below indicating the principal amount, interest amount and period.

Particulars	Principal (` in Million)	Interest (` in Million)	Delay in Days – Range
Amount paid before the year end	696.88	263.85	2 to 86 days
Amount outstanding as at 31st December, 2012 and paid	-	-	-
Total	696.88	263.85	

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore, the Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment 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 to 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 were applied, on an overall basis, for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that, the Company has not used funds raised on short term basis for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**SHIVRATAN AGARWAL**  
Partner  
Membership No.: 104180

Place : Mumbai  
Date : 28th February, 2013

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

**U. S. KADAM**  
Partner  
Membership No.: 31055

## BALANCE SHEET AS AT 31ST DECEMBER, 2012

(` in Million)

Particulars	Note No.	As at 31st Dec., 2012	As at 31st Dec., 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' Funds</b>			
a) Share Capital	2	391.86	391.86
b) Reserves and Surplus	3	3,557.74	4,201.62
		3,949.60	4,593.48
<b>2) Grant from Ozone Projects Trust Fund</b>	4	10.30	12.82
<b>3) Non-Current Liabilities</b>			
a) Long Term Borrowings	5	5,549.27	4,462.62
b) Deferred Tax Liability (Net)	6	753.68	960.89
c) Other Long Term Liabilities	7	24.31	1.93
d) Long Term Provisions	8	14.02	14.29
		6,341.28	5,439.73
<b>4) Current Liabilities</b>			
a) Short Term Borrowings	9	4,588.54	5,506.52
b) Trade Payables	10	1,603.05	2,031.92
c) Other Current Liabilities	11	764.23	1,141.76
d) Short Term Provisions	12	61.95	46.12
		7,017.77	8,726.32
<b>TOTAL</b>		<b>17,318.95</b>	<b>18,772.35</b>
<b>II. ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Fixed Assets			
i) Tangible Assets	13	7,756.69	8,196.61
ii) Intangible Assets	13	15.65	-
iii) Capital work-in-progress	13	205.82	576.74
b) Non-Current Investments	14	465.56	947.70
c) Long Term Loans and Advances	15	73.45	67.71
		8,517.17	9,788.76
<b>2) Current Assets</b>			
a) Inventories	16	5,665.75	5,412.95
b) Trade Receivables	17	2,560.96	2,582.17
c) Cash and Bank Balances	18	119.56	119.72
d) Short Term Loans and Advances	19	449.49	865.13
e) Other Current Assets	20	6.02	3.62
		8,801.78	8,983.59
<b>TOTAL</b>		<b>17,318.95</b>	<b>18,772.35</b>
<b>Notes forming part of the Financial Statements</b>	<b>1 to 41</b>		

As per our report of even date

For KHANDELWAL JAIN & CO.  
Chartered AccountantsSHIVRATAN AGARWAL  
Partner  
Membership No. 104180Place : Mumbai  
Date : 28th February, 2013For KADAM & CO.  
Chartered AccountantsU. S. KADAM  
Partner  
Membership No. 31055

For and on behalf of the Board

S. S. DAYAMA  
DirectorN. B. MANDHANA  
DirectorSONAL BHANDARI  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST DECEMBER, 2012

(₹ in Million)

Particulars	Note No.	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
<b>I. INCOME</b>			
Revenue from Operations	21	12,480.91	13,793.13
Less: Excise Duty		636.83	406.26
Net Revenue from Operations		11,844.08	13,386.87
Other Income	22	52.52	112.42
<b>Total Revenue</b>		<b>11,896.60</b>	<b>13,499.29</b>
<b>II. EXPENSES</b>			
Cost of Materials Consumed	23	5,100.90	6,312.80
Purchase of Stock-in-Trade	24	5,080.91	5,022.28
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	25	(188.63)	(205.06)
Employee Benefits Expense	26	259.64	243.20
Finance Costs	27	960.46	696.87
Depreciation and Amortisation	13	890.98	829.18
Other Expenses	28	632.21	547.69
<b>Total Expenses</b>		<b>12,736.47</b>	<b>13,446.96</b>
<b>III. PROFIT/(LOSS) BEFORE TAX</b>		<b>(839.87)</b>	<b>52.33</b>
<b>IV. TAX EXPENSES</b>			
Current Tax		-	(14.00)
MAT Credit Entitlement		-	1.96
Deferred Tax		207.21	(5.11)
Excess/(Short) Provision of Income Tax for earlier years		(11.22)	6.01
<b>V. PROFIT/(LOSS) FOR THE YEAR</b>		<b>(643.88)</b>	<b>41.19</b>
<b>VI. EARNINGS PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH</b>			
Basic and Diluted	29	₹ (16.43)	₹ 1.05
<b>Notes forming part of the Financial Statements</b>	<b>1 to 41</b>		

As per our report of even date

For KHANDELWAL JAIN & CO.  
Chartered AccountantsSHIVRATAN AGARWAL  
Partner  
Membership No. 104180Place : Mumbai  
Date : 28th February, 2013For KADAM & CO.  
Chartered AccountantsU. S. KADAM  
Partner  
Membership No. 31055

For and on behalf of the Board

S. S. DAYAMA  
DirectorN. B. MANDHANA  
DirectorSONAL BHANDARI  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2012

(' in Million)

Particulars	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(839.87)	52.33
Adjustments for:		
Depreciation and Amortisation	890.98	829.18
Finance Costs	973.86	736.75
Provision for Warranty and Maintenance Expenses	15.10	6.80
Provision for Gratuity	0.54	4.93
Provision for Leave Encashment	0.06	0.09
Interest Received	(13.40)	(39.88)
Diminution/(Write back) in Value of Investments	(17.86)	18.72
Income from Investments and Securities Division	(0.22)	(117.37)
Profit on Sale of Fixed Assets	(29.57)	(10.03)
Adjustment of Grant	(2.52)	(3.15)
<b>Operating Profit before Working Capital Changes</b>	<b>977.10</b>	<b>1,478.37</b>
Adjustments for:		
Inventories	(252.80)	(1,624.60)
Trade Receivables	21.21	77.56
Loans and Advances	404.14	258.39
Other Current Assets	(2.40)	2.04
Trade Payables	(428.87)	(216.98)
Other Current/Long Term Liabilities	(10.52)	(51.05)
Cash generated from/(used in) Operations	707.86	(76.27)
Less: Taxes Paid/(Refund)-net	5.46	24.79
<b>Net Cash from/(used in) Operating Activities</b>	<b>(A) 702.40</b>	<b>(101.06)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	38.68	57.81
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(104.90)	(1,595.71)
Interest Received	13.40	39.88
(Increase) in Fixed Deposits and Other Bank Balances	(4.03)	(4.77)
Income from Investments and Securities Division	0.22	117.37
(Increase)/Decrease in Investments (Net)	500.00	(436.46)
<b>Net Cash from/(used in) Investing Activities</b>	<b>(B) 443.37</b>	<b>(1,821.88)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Decrease) in Preference Share Capital	-	(6.15)
Increase in Long Term Borrowings	742.89	600.39
Increase/(Decrease) in Short Term Borrowings	(917.98)	2,083.90
Finance Costs	(973.86)	(736.75)
Payment of Dividend	(0.99)	(38.97)
Tax on Dividend	(0.02)	(6.65)
<b>Net Cash (used in)/from Financing Activities</b>	<b>(C) (1,149.96)</b>	<b>1,895.77</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(A+B+C) (4.19)</b>	<b>(27.17)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>40.43</b>	<b>67.60</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>36.24</b>	<b>40.43</b>
<b>Other Bank Balances</b>	<b>83.32</b>	<b>79.29</b>
<b>Cash and Bank Balances at the end of the year (Note No. 18)</b>	<b>119.56</b>	<b>119.72</b>

As per our report of even date

For and on behalf of the Board

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

**For KADAM & CO.**  
Chartered Accountants

**S. S. DAYAMA**  
Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

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

**N. B. MANDHANA**  
Director

Place : Mumbai  
Date : 28th February, 2013

**SONAL BHANDARI**  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) 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.

#### B) 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.

#### C) 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.

#### D) 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.

#### E) Investments

Quoted Investments are stated 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.

#### F) 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.

#### G) Borrowing Costs

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

#### H) Excise and Customs Duty

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

#### I) CENVAT/Value Added Tax

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

#### J) Revenue Recognition

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sales/Turnover for the 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.

#### K) 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 year.

#### L) Employee Benefits

- a) Short Term Employees Benefits  
Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year 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 Statement of Profit and Loss on accrual basis.



## VALUE INDUSTRIES LIMITED

- 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 recognized immediately in the Statement of Profit and Loss.
- 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 Statement of Profit and Loss.
- M) 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 the 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 give 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.
- N) 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.
- O) 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 estimates can be made.  
Contingent Liabilities are not recognised but are disclosed in the Notes. Disputed demands in respect of Central Excise, Custom duty, Income tax, Sales tax and Other 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.
- P) Warranty**  
Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.
- Q) Prior period items**  
Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Financial Statements.
- R) Other Accounting Policies**  
These are consistent with the generally accepted accounting principles.

## 2. SHARE CAPITAL

	(` in Million)	
	As at 31st Dec., 2012	As at 31st Dec., 2011
<b>Authorised:</b>		
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
<b>Total</b>	<b>1,300.00</b>	<b>1,300.00</b>
<b>Issued, Subscribed and Paid-up:</b>		
39,185,675 (Previous year 39,185,675) Equity Shares of ` 10/- each fully paid-up.	391.86	391.86
<b>Total</b>	<b>391.86</b>	<b>391.86</b>

### 2.1 Reconciliation of the Number of Shares:

	As at 31st Dec., 2012		As at 31st Dec., 2011	
	No. of Shares	` in Million	No. of Shares	` in Million
<b>Equity Shares of ` 10/- each</b>				
Outstanding at the beginning of the year	39,185,675	391.86	39,185,675	391.86
Issued during the year	-	-	-	-
Outstanding at the end of the year	39,185,675	391.86	39,185,675	391.86
<b>8% Cumulative Redeemable Preference Shares of ` 20/- each</b>				
Outstanding at the beginning of the year	-	-	307,731	6.15
Issued during the year	-	-	-	-
Redeemed during the year	-	-	307,731	6.15
Outstanding at the end of the year	-	-	-	-

### 2.2 Rights, preference and restrictions:

- a) The Company has only one class of Equity Shares having par value of ` 10/- per Share. Each holder of Equity Shares is entitled to equal right of voting and dividend.
- b) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

## 2.3 Details of Shareholders holding more than 5% Shares:

Name of Shareholders	As at 31st Dec., 2012		As at 31st Dec., 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
a) Dome-Bell Electronics India Private Limited	4,498,498	11.48	4,772,895	12.18
b) Waluj Components Private Limited	2,606,478	6.65	2,606,478	6.65
c) Videocon Industries Limited	1,971,973	5.03	1,811,748	4.62

(` in Million)

## 3. RESERVES AND SURPLUS

		As at 31st Dec., 2012	As at 31st Dec., 2011
<b>A) Capital Reserve (including Capital Subsidy)</b>			
As per last Balance Sheet		3.64	3.64
	(A)	3.64	3.64
<b>B) Capital Redemption Reserve</b>			
As per last Balance Sheet		780.76	774.61
Add: Transferred from Surplus in the Statement of Profit and Loss		-	6.15
	(B)	780.76	780.76
<b>C) Securities Premium Account</b>			
As per last Balance Sheet		899.03	899.03
	(C)	899.03	899.03
<b>D) Debenture Redemption Reserve</b>			
As per last Balance Sheet		5.35	13.55
Less: Transferred to Surplus in the Statement of Profit and Loss		5.35	8.20
	(D)	-	5.35
<b>E) General Reserve</b>			
As per last Balance Sheet		1,625.62	1,620.62
Add: Transferred from Surplus in the Statement of Profit and Loss		-	5.00
	(E)	1,625.62	1,625.62
<b>F) Surplus in the Statement of Profit and Loss</b>			
As per last Balance Sheet		887.22	849.12
Add: Profit/(Loss) for the year		(643.88)	41.19
Add: Transferred from Debenture Redemption Reserve		5.35	8.20
Balance available for Appropriations		248.69	898.51
Appropriations			
Transfer to Capital Redemption Reserve		-	6.15
Transfer to General Reserve		-	5.00
Proposed Dividend - Preference Shares		-	0.12
Tax on Proposed Dividend		-	0.02
	(F)	248.69	887.22
<b>Total (A to F)</b>		<b>3,557.74</b>	<b>4,201.62</b>

4. 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 the Statement of Profit and Loss over the useful life of the assets under the project. Accordingly, an amount of ` 2.52 Million (Previous year ` 3.15 Million) has been allocated to income and credited to miscellaneous income, in proportion to the depreciation charged on those assets for the year. The balance deferred income has been carried to Balance Sheet as Grant from Ozone Projects Trust Fund.

(` in Million)

## 5. LONG-TERM BORROWINGS

	As at 31st Dec., 2012		As at 31st Dec., 2011	
	Non-Current	Current	Non-Current	Current
<b>a) Secured</b>				
Non-Convertible Debentures	-	-	-	10.67
Term Loans				
Rupee Loans from Banks	-	-	1,619.95	533.00
External Commercial Borrowings	275.80	330.96	589.82	375.34
Vehicle Loan from Banks	1.84	1.01	2.85	0.91
	(a)	277.64	331.97	2,212.62
<b>b) Unsecured</b>				
Rupee Loans from Bank	260.00	239.77	-	-
From Others	5,011.63	4.42	2,250.00	-
	(b)	5,271.63	244.19	2,250.00
<b>Total (a+b)</b>		<b>5,549.27</b>	<b>576.16</b>	<b>4,462.62</b>

## VALUE INDUSTRIES LIMITED

### 5.1 Secured Loans:

- External Commercial Borrowings are secured by a first charge ranking pari-passu on the movable and immovable fixed assets. The same is further secured by corporate guarantee given by Videocon Industries Limited.
- Vehicle Loans from Banks are secured by way of hypothecation of vehicles acquired out of the said loan.
- Unsecured Rupee Loans from Bank are guaranteed by personal guarantee of Mr. Venugopal N. Dhoot and corporate guarantee of Videocon Industries Limited.

	(` in Million)			
5.2 Maturity Profile:	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years
Secured Loans:				
External Commercial Borrowings	275.80	-	-	-
Vehicle Loan from Banks	1.17	0.67	-	-
Unsecured Loans:				
Rupee Loans from Bank	260.00	-	-	-
From Others	5.00	5.67	0.96	5,000.00

(` in Million)

### 6. DEFERRED TAX LIABILITY (Net)

	As at 31st Dec., 2012	As at 31st Dec., 2011
a) Deferred Tax Liability Related to Depreciation on Fixed Assets and Amortisation	994.58	968.35
	<b>(a)</b>	<b>968.35</b>
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	7.46	7.46
ii) Carried Forward Losses	233.44	-
	<b>(b)</b>	<b>7.46</b>
Net Deferred Tax Liability	<b>(a-b)</b>	<b>960.89</b>

### 7. OTHER LONG-TERM LIABILITIES

Security Deposits from Dealers	24.31	1.93
<b>Total</b>	<b>24.31</b>	<b>1.93</b>

### 8. LONG-TERM PROVISIONS

Provision for Gratuity (Refer Note No. 32B)	10.58	11.08
Provision for Leave Encashment (Refer Note No. 32B)	3.44	3.21
<b>Total</b>	<b>14.02</b>	<b>14.29</b>

### 9. SHORT-TERM BORROWINGS

<b>Secured</b>		
Working Capital Loans from Banks	4,588.54	3,614.21
	<b>(a)</b>	<b>3,614.21</b>
<b>Unsecured</b>		
Short Term Loans from Banks	-	1,892.31
	<b>(b)</b>	<b>1,892.31</b>
<b>Total (a+b)</b>	<b>4,588.54</b>	<b>5,506.52</b>

- 9.1 The Working Capital Loans from Banks are secured by hypothecation of inventories, book-debts and other receivables, both present and future.

(` in Million)

### 10. TRADE PAYABLES

	As at 31st Dec., 2012	As at 31st Dec., 2011
Micro, Small and Medium Enterprises	-	-
Others	1,603.05	2,031.92
<b>Total</b>	<b>1,603.05</b>	<b>2,031.92</b>

### 10.1 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

a) Principle amount remaining unpaid as at the end of the year	-	-
b) Interest due thereon as at the end of the year	-	-
c) 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 payment made to the suppliers beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid at the end of the year	-	-
f) 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 deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note: This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such vendors/parties have been identified on the basis of information available with the Company.

(₹ in Million)

**11. OTHER CURRENT LIABILITIES**

Current maturities of Long-term Borrowings (Refer Note No. 5)  
Bank Overdraft as per books  
Interest accrued but not due on Borrowings  
Unclaimed Dividend  
Security Deposits from Dealers  
Other Payables

	As at 31st Dec., 2012	As at 31st Dec., 2011
	576.16	919.92
	-	7.58
	7.69	45.44
	8.15	9.02
	14.57	-
	157.66	159.80
<b>Total</b>	<b>764.23</b>	<b>1,141.76</b>

**12. SHORT-TERM PROVISIONS**

Proposed Dividend - Preference Shares  
Provision for Tax on Dividend  
Provision for Warranty and Maintenance Expenses (Refer Note No. 31)  
Provision for Gratuity (Refer Note No. 32B)  
Provision for Leave Encashment (Refer Note No. 32B)

	As at 31st Dec., 2012	As at 31st Dec., 2011
	-	0.12
	-	0.02
	59.15	44.05
	2.55	1.51
	0.25	0.42
<b>Total</b>	<b>61.95</b>	<b>46.12</b>

**13. FIXED ASSETS**

(₹ in Million)

Particulars	Gross Block			Depreciation/Amortisation/Impairment				Net Block		
	As at 31st Dec., 2011	Additions	Deductions/ Adjustments	As at 31st Dec., 2012	As at 31st Dec., 2011	For the year	Deductions/ Adjustments	As at 31st Dec., 2012	As at 31st Dec., 2012	As at 31st Dec., 2011
<b>i) Tangible Assets</b>										
Freehold Land	8.14	-	-	8.14	-	-	-	-	8.14	8.14
Building	1,637.93	-	8.84	1,629.09	455.51	30.63	4.79	481.35	1,147.74	1,182.42
Plant and Machinery	15,382.50	422.97	17.73	15,787.74	8,441.50	850.38	12.67	9,279.21	6,508.53	6,941.00
Electrical Installation	100.28	5.32	-	105.60	89.97	0.72	-	90.69	14.91	10.31
Computers	37.46	0.97	0.08	38.35	35.31	0.48	0.08	35.71	2.64	2.15
Furniture and Fixtures	65.95	23.34	-	89.29	28.60	3.49	-	32.09	57.20	37.35
Office Equipments	22.80	4.15	-	26.95	12.89	1.25	-	14.14	12.81	9.91
Vehicles	14.47	-	-	14.47	9.14	0.61	-	9.75	4.72	5.33
<b>Total (i)</b>	<b>17,269.53</b>	<b>456.75</b>	<b>26.65</b>	<b>17,699.63</b>	<b>9,072.92</b>	<b>887.56</b>	<b>17.54</b>	<b>9,942.94</b>	<b>7,756.69</b>	<b>8,196.61</b>
<b>ii) Intangible Assets</b>										
Computer Software	18.92	19.07	-	37.99	18.92	3.42	-	22.34	15.65	-
<b>Total (ii)</b>	<b>18.92</b>	<b>19.07</b>	<b>-</b>	<b>37.99</b>	<b>18.92</b>	<b>3.42</b>	<b>-</b>	<b>22.34</b>	<b>15.65</b>	<b>-</b>
<b>Total (i+ii)</b>	<b>17,288.45</b>	<b>475.82</b>	<b>26.65</b>	<b>17,737.62</b>	<b>9,091.84</b>	<b>890.98</b>	<b>17.54</b>	<b>9,965.28</b>	<b>7,772.34</b>	<b>8,196.61</b>
Previous year as at 31st Dec., 2011	16,290.26	1,063.81	65.62	17,288.45	8,280.50	829.18	17.84	9,091.84	8,196.61	
<b>iii) Capital Work-in-Progress</b>									<b>205.82</b>	576.74

**14. NON-CURRENT INVESTMENTS**

	Face Value	As at 31st Dec., 2012		As at 31st Dec., 2011	
		No. of Shares	₹ in Million	No. of Shares	₹ in Million
<b>QUOTED</b>					
<b>In Equity Shares (Fully Paid-up) - Trade</b>					
Videocon Industries Limited	₹ 10	435,411	93.57	435,411	75.72
			93.57		75.72
<b>In Equity Shares (Fully Paid-up) - Others</b>					
Punj Lloyd Limited	₹ 2	500	0.03	500	0.02
Sri Laxmi Saraswati Textiles Limited	₹ 10	11,800	0.16	11,800	0.16
Hindustan Adhesive Limited	₹ 10	14,200	0.09	14,200	0.09
India Steel Works Limited	₹ 1	7,500	0.02	7,500	0.02
			0.30		0.29
<b>UNQUOTED</b>					
<b>In Equity Shares (Fully Paid-up) - Trade</b>					
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 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	₹ 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
			236.48		236.48

**VALUE INDUSTRIES LIMITED**

	Face Value	As at 31st Dec., 2012 in Million		As at 31st Dec., 2011 in Million	
<b>In Equity Shares (Fully Paid-up) - Others</b>					
Digital Display Devices S.p.A.	€ 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	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
PT Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Powerking Corporation Limited	US\$ 1	2,717	0.13	2,717	0.13
Quadrant Corporation Inc.	US\$ 1	190	0.01	190	0.01
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
Tusker Overseas Inc.	US\$ 1	190	0.01	190	0.01
VCIL Netherlands B.V.	€ 100	34	0.13	34	0.13
Venus Corporation Limited	US\$ 1	2,983	0.14	2,983	0.14
Videocon (Cayman) Limited	US\$ 1	579,500	28.65	579,500	28.65
Videocon (Mauritius) Infrastructure Ventures Limited	US\$ 1	100,700	4.92	100,700	4.92
Videocon Oil Services Limited	₹ 10	9,500	0.10	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
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	510,000	5.10
Veronica Properties Private Limited	₹ 10	2,500	0.03	2,500	0.03
Bombay Mercantile Co-Operative Bank Limited	₹ 10	500	0.01	500	0.01
In Co-Operative Societies			0.002	-	0.002
			53.75		53.75
<b>In Preference Shares (Fully Paid-up)</b>					
Plugin Sales Limited	₹ 100	3,800	0.38	3,800	0.38
			0.38		0.38
<b>In Mutual Fund Units</b>					
Axis Equity Fund	₹ 10	50,000	0.50	50,000	0.50
			0.50		0.50
<b>Share Application Money Pending Allotment</b>					
Sapphire Overseas Inc.			80.58		80.58
Bharat Business Channel Limited			-		500.00
			80.58		580.58
<b>Total Non-Current Investments</b>					
			465.56		947.70
Aggregate amount of Quoted Investments			93.87		76.01
Aggregate Market value of Quoted Investments			94.17		76.13
Aggregate amount of Unquoted Investments			371.69		871.69

(₹ in Million)

**15. LONG TERM LOANS AND ADVANCES**

	As at 31st Dec., 2012	As at 31st Dec., 2011
(Unsecured, considered good)		
Capital Advances	3.89	1.01
Security Deposits	22.45	15.19
Other Deposits	32.88	31.52
MAT Credit Entitlement	1.72	6.90
Advance Income Tax (Net of Provision)	12.51	13.09
<b>Total</b>	<b>73.45</b>	<b>67.71</b>

**16. INVENTORIES**

	As at 31st Dec., 2012	As at 31st Dec., 2011
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	4,110.16	3,927.29
Raw Materials in Transit and in Bonded Warehouse	73.58	192.28
Work-in-Process	1,179.94	1,071.71
Finished Goods and Stock in Trade	302.07	221.67
<b>Total</b>	<b>5,665.75</b>	<b>5,412.95</b>

(` in Million)

	As at 31st Dec., 2012	As at 31st Dec., 2011
<b>17. TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	5.50	3.06
Others	2,555.46	2,579.11
<b>Total</b>	<b>2,560.96</b>	<b>2,582.17</b>
<b>18. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	3.91	2.01
Balances with Banks		
In Current Accounts	32.33	38.42
<b>Sub-Total</b>	<b>36.24</b>	<b>40.43</b>
<b>Other Bank Balances</b>		
In Dividend Warrant Accounts	8.15	9.02
In Fixed Deposits (held as margin money)	75.17	70.27
* [Includes Fixed Deposits of ` 31.63 Million (Previous year ` 11.12 Million) with maturity of more than 12 months]		
<b>Sub-Total</b>	<b>83.32</b>	<b>79.29</b>
<b>Total</b>	<b>119.56</b>	<b>119.72</b>
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Balance with Central Excise/Customs Department	0.55	2.92
Other Short Term Loans and Advances	448.94	862.21
<b>Total</b>	<b>449.49</b>	<b>865.13</b>
<b>20. OTHER CURRENT ASSETS</b>		
Interest Accrued	5.01	3.05
Insurance Claim Receivable	1.01	0.57
<b>Total</b>	<b>6.02</b>	<b>3.62</b>

(` in Million)

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
<b>21. REVENUE FROM OPERATIONS</b>		
Sale of Products - Electrical and Electronic items	12,414.22	13,727.62
Income from Services	49.25	58.47
Other Operating Revenue	17.44	7.04
<b>Total</b>	<b>12,480.91</b>	<b>13,793.13</b>
<b>22. OTHER INCOME</b>		
Income from Investments and Securities Division (Refer Note No. 30.2)	18.08	98.65
Profit on Sale of Fixed Assets	29.57	10.03
Insurance Claim Received	1.70	-
Other Non Operating Income	3.17	3.74
<b>Total</b>	<b>52.52</b>	<b>112.42</b>

**23. COST OF MATERIALS CONSUMED**

	Year ended on 31st Dec., 2012 Percentage ` in Million	Year ended on 31st Dec., 2011 Percentage ` in Million
Imported	15.89 810.32	15.63 986.92
Indigenous	84.11 4,290.58	84.37 5,325.88
<b>Total</b>	<b>100.00 5,100.90</b>	<b>100.00 6,312.80</b>

(` in Million)

**23.1 Particulars of Materials Consumed**

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
Plastic Raw Materials and Components	861.44	1,004.43
Electrical and Electronic Components	2,969.43	3,603.54
Other Raw Materials and Components	1,270.03	1,704.83
<b>Total</b>	<b>5,100.90</b>	<b>6,312.80</b>



**VALUE INDUSTRIES LIMITED**

(₹ in Million)

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
<b>24. PURCHASES OF STOCK-IN-TRADE</b>		
Electrical and Electronic items	5,080.91	5,022.28
<b>Total</b>	<b>5,080.91</b>	<b>5,022.28</b>
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
<b>Closing Inventories</b>		
Finished Goods and Stock-in-Trade	302.07	221.67
Work-in-Process	1,179.94	1,071.71
<b>Sub-Total</b>	<b>1,482.01</b>	<b>1,293.38</b>
<b>Opening Inventories</b>		
Finished Goods and Stock-in-Trade	221.67	222.82
Work-in-Process	1,071.71	865.50
<b>Sub-Total</b>	<b>1,293.38</b>	<b>1,088.32</b>
<b>Total</b>	<b>(188.63)</b>	<b>(205.06)</b>
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
Salary, Wages and Other Benefits	221.85	211.03
Contribution to Provident Fund and Other Funds	22.55	17.99
Staff Welfare Expenses	15.24	14.18
<b>Total</b>	<b>259.64</b>	<b>243.20</b>
<b>27. FINANCE COSTS</b>		
Interest Expenses	970.37	736.75
Other Borrowing Costs	3.49	-
	973.86	736.75
Less: Interest Received	13.40	39.88
<b>Total</b>	<b>960.46</b>	<b>696.87</b>
<b>28. OTHER EXPENSES</b>		
Power, Fuel and Water	83.29	65.05
Rent	55.35	16.95
Repairs to Building	3.59	1.19
Repairs to Plant and Machinery	13.67	13.47
Other Repairs and Maintenance	4.64	2.70
Insurance	5.14	3.72
Rates and Taxes	23.79	19.94
Carriage and Cartage	130.80	103.28
Advertisement, Publicity and Sales Promotion	10.03	17.41
Bank Charges	28.89	29.75
Payment to Auditors (Refer Note No. 30.5)	2.06	1.91
Donation	2.50	1.19
Directors' Sitting Fees	0.10	0.05
Legal and Professional Charges	15.99	21.37
Royalty	39.86	0.60
Warranty and Maintenance	146.62	59.80
Exchange Rate Fluctuation	24.99	155.18
Office and General Expenses	40.90	34.13
<b>Total</b>	<b>632.21</b>	<b>547.69</b>
<b>29. EARNING PER SHARE</b>		
i) Net Profit/(Loss) for the year after tax adjustments for earlier years	(643.88)	41.19
Less: Dividend on Preference Shares including tax thereon	-	0.14
Net Profit/(Loss) attributable to Equity Shareholders (₹ in Million)	(643.88)	41.05
ii) Weighted Average Number of Equity Shares	39,185,675	39,185,675
iii) Basic and Diluted Earnings per Share of ₹ 10/- each	₹ (16.43)	₹ 1.05

**30. ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS**

**30.1** As per the accounting policy followed by the Company, the quoted investments are stated at cost or market value whichever is lower i.e. they have been marked to market and the decline in the value of investment other than temporary, is provided for. Accordingly, during the year, there is a write back of ₹ 17.86 Million (Previous year charge of ₹ 18.72 Million) against the diminution in the value of quoted investments.

**30.2** 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". The Income from Investments and Securities Division includes: Dividend on long term investments of ₹ 0.22 Million (Previous year ₹ 1.11 Million) and Gain on sale of long term investments of ₹ Nil (Previous year ₹ 116.26 Million).

**30.3 C.I.F. Value of Imports and Expenditure in Foreign Currency**

C.I.F. Value of Imports:

Raw Materials

Capital Goods

Expenditure incurred in Foreign Currency:

Interest

Bank Charges

	(` in Million)	
	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
Raw Materials	692.26	923.63
Capital Goods	49.41	4.60
Interest	46.16	24.72
Bank Charges	0.01	0.05
<b>30.4 Remittance in Foreign Currency on account of Dividend</b>	<b>Year ended on 31st Dec., 2012</b>	<b>Year ended on 31st Dec., 2011</b>
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 can not be ascertained. The total amount remittable in this respect is given below:		
a) Number of Non-Resident Shareholders	299	314
b) Number of Equity Shares held by them	170,401	149,515
c) Gross Amount of Dividend (` in Million)	-	0.15
d) Year to which dividend relates	FY 2010-11	FY 2009-10

**30.5 Payment to Auditors**

a) Statutory Audit Fees

b) Tax Audit Fees

c) Other Services

d) Reimbursement of Expenses

	(` in Million)	
	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
a) Statutory Audit Fees	1.45	1.30
b) Tax Audit Fees	0.15	0.15
c) Other Services	0.44	0.44
d) Reimbursement of Expenses	0.02	0.02
<b>Total</b>	<b>2.06</b>	<b>1.91</b>

31. 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:

	(` in Million)	
	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
a) Amount at the beginning of the year	44.05	37.25
b) Additional provision made during the year	59.15	44.05
c) Amount used	42.36	35.43
d) Unused amount reversed during the year	1.69	1.82
e) Amount at the end of the year	59.15	44.05

**32. EMPLOYEE BENEFITS**

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

**A) Defined Contribution Plans:**

Amount of ` 22.55 Million (Previous year ` 17.99 Million) is recognised as an expense and shown under the head "Employee Benefits Expense" (Note No. 26) in the Statement of Profit and Loss.

**B) Defined Benefit Plans:**

I) The amounts recognised in the Balance Sheet as at the end of the year:

a) Present value of Defined Benefit Obligation

b) Fair value of Plan Assets

c) Funded Status - Surplus/(Deficit)

d) Net Assets/(Liability)

i) Non Current

ii) Current

II) The amounts recognised in the Statement of Profit and Loss for the year:

a) Current Service Cost

b) Interest Cost

c) Actuarial (Gains)/Losses

d) Actual return on Plan Assets

e) Total Expenses

III) The changes in Obligations during the year:

a) Present value of Defined Benefit Obligation at the beginning of the year

b) Current Service Cost

c) Interest Cost

	Gratuity		Leave Encashment	
	31st Dec., 2012	31st Dec., 2011	31st Dec., 2012	31st Dec., 2011
a) Present value of Defined Benefit Obligation	21.18	19.95	3.69	3.63
b) Fair value of Plan Assets	8.05	7.36	-	-
c) Funded Status - Surplus/(Deficit)	(13.13)	(12.59)	(3.69)	(3.63)
d) Net Assets/(Liability)				
i) Non Current	(10.58)	(11.08)	(3.44)	(3.21)
ii) Current	(2.55)	(1.51)	(0.25)	(0.42)
a) Current Service Cost	1.41	1.39	0.80	0.49
b) Interest Cost	1.68	1.51	0.27	0.27
c) Actuarial (Gains)/Losses	(0.16)	2.71	0.96	1.78
d) Actual return on Plan Assets	0.69	0.68	-	-
e) Total Expenses	2.24	4.93	2.03	2.54
a) Present value of Defined Benefit Obligation at the beginning of the year	19.95	15.73	3.63	3.54
b) Current Service Cost	1.41	1.39	0.80	0.49
c) Interest Cost	1.68	1.51	0.27	0.27

	Gratuity		Leave Encashment	
	31st Dec., 2012	31st Dec., 2011	31st Dec., 2012	31st Dec., 2011
d) Actuarial (Gains)/Losses	(0.16)	2.71	0.96	1.78
e) Benefit Payments	1.70	1.39	1.97	2.45
f) Present value of Defined Benefit Obligation at the end of the year	21.18	19.95	3.69	3.63
IV) The changes in Plan Assets during the year:				
a) Plan Assets at the beginning of the year	7.36	8.07	-	-
b) Contribution by Employer	1.60	-	-	-
c) Actual Benefits paid	1.60	1.39	-	-
d) Plan Assets at the end of the year	8.05	7.36	-	-
e) Actual return on Plan Assets	0.69	0.68	-	-
V) Actuarial Assumptions				
a) Discount Rate	8.25% per annum			
b) Mortality	LIC (1994-96) Ultimate			
c) Turnover Rate	5% at younger ages reducing to 1% at older ages			
d) Future Salary Increase	5% per annum			

### 33. RELATED PARTY DISCLOSURES

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

**A) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:**

**Key Management Personnel:**

Mr. Sanjay R. Patil - Assistant General Manager

**B) Material Transactions with Related Parties during the year are:**

Remuneration to Key Management Personnel - ` 2.27 Million (Previous year ` 2.31 Million)

### 34. CONTINGENT LIABILITIES AND COMMITMENTS

	As at	As at
	31st Dec., 2012	31st Dec., 2011
<b>A) Contingent Liabilities not provided for:</b>		
i) Letters of Credit opened	1,033.99	332.99
ii) Letters of Guarantees	1,334.67	19.87
iii) Claims against the Company not acknowledged as debts		
a) Custom Duty demands and penalties under dispute [Amount paid under protest ` 2.59 Million (Previous year ` 2.59 Million)]	19.17	13.27
b) Excise Duty demands and penalties under dispute [Amount paid under protest ` 1.00 Million (Previous year ` 1.00 Million)]	5.59	5.10
c) Service Tax demands and penalties under dispute	36.61	18.18
d) Sales Tax demands and penalties under dispute [Amount paid under protest ` 29.29 Million (Previous year ` 27.93 Million)]	89.37	86.18
<b>B) Commitments</b>		
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	5.22	31.82

35. 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 ` 5,240.20 Million (Previous year ` 8,311.10 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.

36. The Company is a Co-obligor in respect of the financial assistance sanctioned to Videocon Industries Limited and its group companies including the Company. As on 31st December, 2012, the outstanding balance of such assistance granted to Videocon Industries Limited is ` 185,880.61 Million. The same is secured by subservient charge on entire movable fixed assets and current assets of Videocon Industries Limited and its group companies including the Company, both present and future. The loan is also secured by personal guarantees of Shri Venugopal N. Dhoot, Shri Rajkumar N. Dhoot and Shri Pradipkumar N. Dhoot and first *pari-passu* charge on "Videocon" Brand.

37. The Company is primarily engaged in manufacturing and trading of Electrical and Electronic Appliances and there is no other reportable segment as defined in Accounting Standard 17 on "Segment Reporting".

38. The outstanding balances of certain Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/ Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.

39. 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.

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

41. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Figures of previous year have been reclassified, restated, recasted to conform to the classification of the current year.

As per our report of even date

For and on behalf of the Board

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

**For KADAM & CO.**  
Chartered Accountants

**S. S. DAYAMA**  
Director

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

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

**N. B. MANDHANA**  
Director

Place : Mumbai  
Date : 28th February, 2013

**SONAL BHANDARI**  
Company Secretary

**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 No. & 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-Fifth Annual General Meeting of the Company to be held on Thursday, 27th June, 2013 at 10.30 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.

Signed this..... day of ..... 2013.

Affix 1/- Revenue Stamp
----------------------------------

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 Hear

**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 No. and DP ID No. .... No. of Shares held.....

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

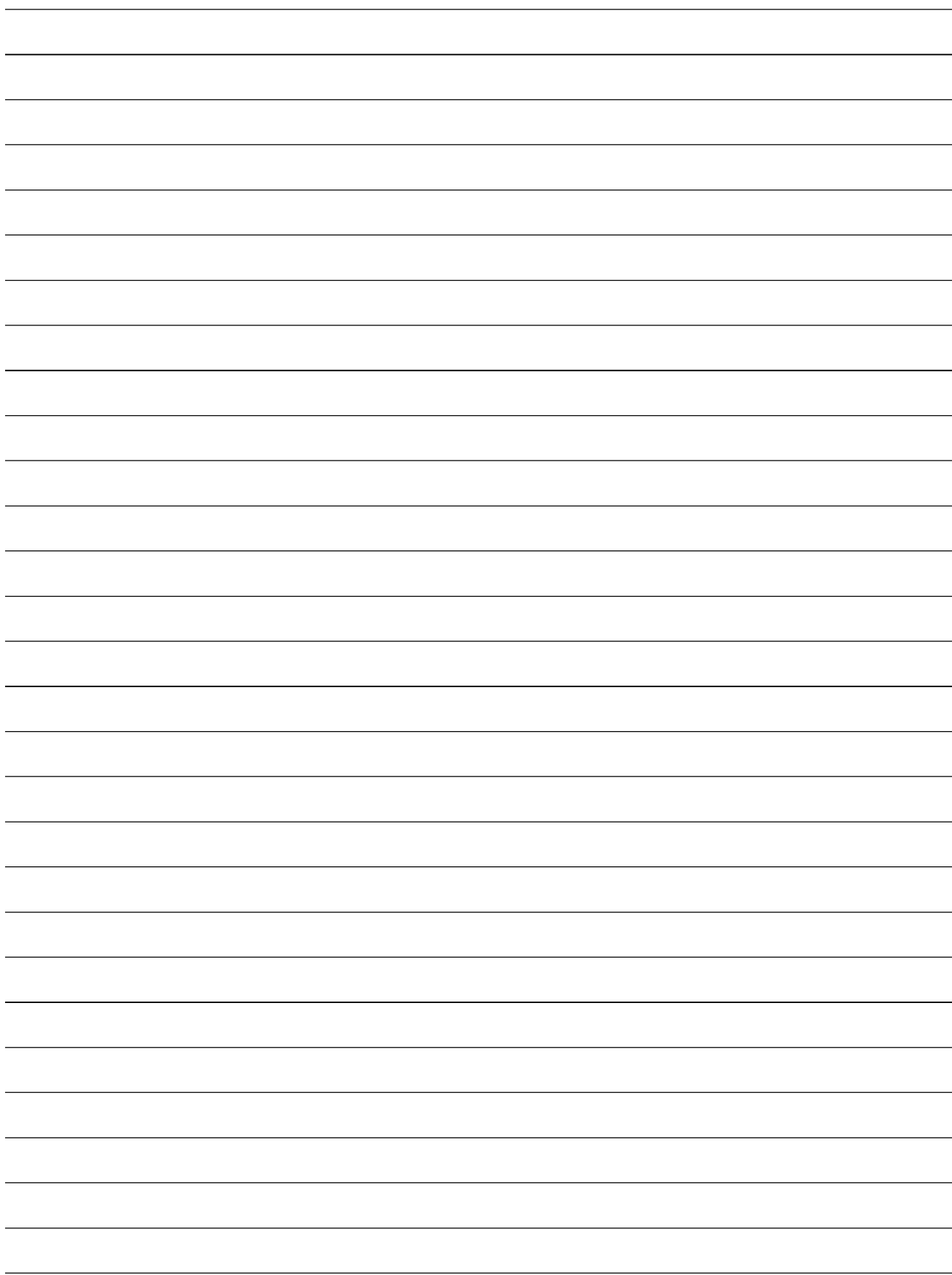
I hereby record my presence at the Twenty-Fifth Annual General Meeting of the Company held on Thursday, 27th June, 2013 at 10.30 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra).

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.

Tear Hear



## GREEN INITIATIVE

Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies. MCA has issued circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, allowing companies to send official documents to their shareholders in electronic mode.

Keeping in view the underlying theme and the circular(s) issued by MCA, the Company proposes to send Notices of General Meeting(s), Financial Statements, Annual Reports and other shareholders' communications in electronic mode. This will be sent to the shareholders' e-mail address(es) provided by the depositories and registered with the Company.

E-mail Communications to the shareholders will result in multiple benefits as under:

- Timely receipt of all communications without any transit loss.
- Helping in protecting environment and conservation of resources.
- Easy storage in soft copy, thereby eliminating the requirement of storage of bulky documents for subsequent reference.

The Company will simultaneously display full text of the Annual Report and other shareholders' communications on its website [www.valueind.in](http://www.valueind.in), as soon as the same is e-mailed to the shareholders and will also be made available for inspection at the Registered Office of the Company during the office hours.

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](mailto:secretarial_value@videoconmail.com). Members who hold shares in electronic form are requested to get their details updated with the respective depositories.

The shareholders of the Company, receiving the documents in electronic mode, will be entitled to be furnished, free of cost, a printed copy of the Annual Report and other shareholders' communications of the Company, upon receipt of a requisition from shareholder, at any time.



**BOOK-POST**

*If undelivered, please return to:*

**MCS Limited**

**Unit: Value Industries Limited**



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

**VALUE INDUSTRIES LIMITED**  
(Formerly Known as Videocon Appliance Limited)



**FORM A**

**Letter of the annual audit report of Value Industries Limited to be filed with the Stock Exchange**

1.	Name of the company	Value Industries Limited	
2.	Annual financial statements for the year ended	31 <sup>st</sup> December, 2012	
3.	Type of Audit observation	The Report is unqualified.	
4.	Frequency of observation	N.A.	
5.	To be signed by-		
	• CEO/Managing Director	 <b>HEAD OPERATIONS</b>	
	• CFO	 <b>HEAD FINANCE</b>	
	• Auditor of the Company	<b>For Kadam &amp; Co.</b> Chartered Accountants  U. S. Kadam Partner Mem. No. 31055	<b>For Khandelwal Jain &amp; Co.</b> Chartered Accountants  Shivratan Agarwal Partner Mem No. 104180
	• Audit Committee Chairman	