



VALUE INDUSTRIES LIMITED

ANNUAL REPORT 2013

CORPORATE INFORMATION

BOARD OF DIRECTORS

Subhash S. Dayama
Naveen B. Mandhana
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

Anagha Joshi

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)

BANKERS

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

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NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of **VALUE INDUSTRIES LIMITED** (the "Company") will be held on Monday, 30th June, 2014 at the Registered Office of the Company at 14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra) at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st December, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
- To appoint Auditors, to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, 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 the Auditors of the Company to hold office from the conclusion of this Annual General Meeting i.e. the 26th Annual General Meeting until the conclusion of the 29th Annual General Meeting (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and such other provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Subhash S. Dayama (DIN: 00217692), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Subhash S. Dayama as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto a term of five consecutive years from the date of this appointment, not liable to retire by rotation."

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

**ANAGHA JOSHI
COMPANY SECRETARY**

Place : Mumbai

Date : 15th May, 2014

Registered Office:

14 K.M. Stone, Aurangabad-Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District: Aurangabad – 431 105 (Maharashtra)
CIN: L99999MH1988PLC046445
E-mail id: secretarial_value@videoconmail.com
Website: www.valueind.in
Tel.No.: +91-02431-251552/5
Fax. No.: +91-02431-251571

NOTES:

- IN TERMS OF THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013, READ WITH RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN BE A PROXY FOR MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN AN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY FORM FOR THE MEETING IS ENCLOSED.**
- In terms of the provisions of Section 102 of the Companies Act, 2013, a statement setting out the material facts concerning special business to be transacted at the Meeting is annexed and forms part of the Notice.
- Copies of the Notice of 26th Annual General Meeting together with the Annual Report are being sent by Electronic Mode to all the Members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes. Hard copies of Annual Report will be supplied to those Shareholders holding shares in Electronic Mode, as and when requested. For Members who have not registered their email addresses, physical copies of the Annual Report are being sent by the permitted mode.
- 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.
- Details under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of the Director seeking appointment at the ensuing Annual General Meeting forms integral part of the Corporate Governance Report.
- For convenience of the Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by attendance slip, which is annexed to the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
- Members, who hold shares in dematerialized form, are requested to write their Client ID and Depository Participant ID and those who hold shares in physical form are requested to write their Folio Number on the Attendance Slip and bring their Attendance Slip, as enclosed, alongwith their copy of Annual Report to the Meeting.
- The business set out in this Notice is also being conducted through e-voting. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer the e-voting facility as an alternate to all its Members to enable them to cast their vote electronically instead of casting the vote at the Meeting. Please note that the Voting through Electronic Mode is optional. For this purpose the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically.
- The electronic voting facility shall be opened from Tuesday, 24th June, 2014 at 9.00 a.m. to Thursday, 26th June, 2014 till 6.00 p.m., both days inclusive. Detailed instructions of Voting through Electronic Mode, are being sent separately by Electronic Mode to all the Members whose email addresses are registered with the Company/Depository Participant(s). For Members who have not registered their email addresses, physical copies of the instructions of Voting through Electronic Mode are being sent by the permitted mode.**

10. The Notice of the Meeting is also being placed on the website of the Company viz., www.valueind.in and on the website of CDSL viz., www.cdslindia.com.
11. Mrs. Gayathri R. Girish, Company Secretary in Whole-Time Practice, has been appointed as a Scrutinizer for conducting the e-voting process in a fair and transparent manner.
12. The resolutions placed for e-voting shall be deemed to be passed on the date of the Annual General Meeting of Members scheduled to be held on Monday, 30th June, 2014.
13. The Company has fixed Friday, 23rd May, 2014, as the cut-off date/entitlement date for identifying the shareholders entitled to participate through Voting through Electronic Mode.
14. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of Shareholders on the cut-off date/entitlement date.
15. 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.
16. The Register of Members and Share Transfer Books shall remain closed from Friday, 20th June, 2014 to Monday, 30th June, 2014 (both days inclusive) for the purpose of the Meeting.
17. 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 2005-06 to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Dividend for the financial year ended 2006-07 and thereafter, which remain unclaimed for a period of seven years will be transferred to the IEPF. Members who have not encashed dividend warrant(s)/instrument(s) for the said years are requested to obtain duplicate warrant(s)/demand drafts by writing to the Company's Registrar and 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 dates they first became due for payment and no payment shall be made in respect of any such claims.
18. 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.
19. Members holding shares in physical form are requested to kindly notify any change in their address(es) to the Company, so as to enable the Company to address future communications to their correct address(es). Members holding shares in electronic form are requested to notify any change in their address(es) to their respective Depository Participant.
20. 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 the 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.
21. 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.
22. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 3.00 p.m. upto the date of the Meeting.
23. Members desiring any information as regards to the Accounts are requested to write to the Company at an early date so as to enable the Management to reply at the Meeting.
24. Members may address their queries/communications at secretarial_value@videoconmail.com.
25. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

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

**ANAGHA JOSHI
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

A STATEMENT SETTING OUT THE MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Mr. Subhash S. Dayama is an Independent Director of the Company. He joined the Board of Directors of the Company in December, 2005. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Subhash S. Dayama being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. Subhash S. Dayama as a candidate for the office of Director of the Company.

The Company has received from Mr. Subhash S. Dayama (1) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules, 2014, (2) intimation in Form DIR-8 in terms of Companies (Appointment & Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Companies Act, 2013 and (3) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of the Members of the Company for appointment of Mr. Subhash S. Dayama as an Independent Director of the Company for five consecutive years from the date of this appointment pursuant to the provisions of Section 149 and such other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Subhash S. Dayama, the Independent Director, proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. All the relevant documents in connection with the appointment of Mr. Subhash S. Dayama are available for inspection without any fee by the Members at the Company's Registered Office during normal business hours on working day upto the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Subhash S. Dayama as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Mr. Subhash S. Dayama, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 3 for the approval of the Members.

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

**ANAGHA JOSHI
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-Sixth Annual Report of the Company together with the Audited Accounts and Auditors' Report for the financial year ended 31st December, 2013.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended 31st December, 2013, is summarized hereunder:

(₹ in Million)

Particulars	Year ended 31st Dec., 2013	Year ended 31st Dec., 2012
Net Sales	14,261.88	11,844.08
Other Income	29.60	52.52
Total Income	14,291.48	11,896.60
Profit before Finance Costs, Tax and Depreciation	1,012.50	1,011.57
Finance Costs	1,017.22	960.46
Depreciation and Amortisation	847.08	890.98
Profit/(Loss) before Tax	(851.80)	(839.87)
Profit/(Loss) for the year	(727.77)	(643.88)

The financial year ending on 31st December, 2013, experienced the global economic turbulence across all sectors. Although the global economy had sluggish growth during the year, the domestic market in India showed a sustained growth. The factors like higher disposable incomes, greater media exposure and increased market penetration in semi-urban and rural areas have helped the Company to increase its manufacturing activities and sales. However, the increase in the finance costs, increase in import duty on raw materials and up-surge in inflation gave rise to increased cost of goods adversely affecting the revenues of the Company. The net sales of the Company have increased to ₹ 14,261.88 Million for the financial year ended 31st December, 2013 from ₹ 11,844.08 Million for the financial year ended 31st December, 2012. The finance costs of the Company has increased to ₹ 1,017.22 Million for the financial year ended 31st December, 2013 from ₹ 960.46 Million for the financial year ended 31st December, 2012. The Company has incurred a net loss of ₹ 727.77 Million for the financial year ended 31st December, 2013 as compared to the net loss of ₹ 643.88 Million for the financial year ended 31st December, 2012.

DIVIDEND

In view of the loss incurred by the Company, the Board of Directors do not recommend any dividend for the financial year ended 31st December, 2013.

TRANSFER TO RESERVES

In view of the loss incurred, 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 ₹ 0.88 Million in respect of unclaimed/unpaid dividend for the financial year 2005-06 to the Investor Education and Protection Fund.

FIXED DEPOSITS

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

A statement of the particulars of employee required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time is annexed and forms part of this Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the foreign exchange outgo amounted to ₹ 928.20 Million as against ₹ 787.84 Million during the year ended 31st December, 2012. There were no foreign exchange earnings during the year under review and previous year ended on 31st December, 2012.

CONSERVATION OF ENERGY

Business imperatives like environmental sustenance and resource conservation are providing new opportunities for the Company to leverage and stimulate innovation and spur business growth. Green innovation is about addressing sustainability challenges through innovation, differentiation, driving efficiencies and creating new avenues for growth to become trendsetters.

Your Company believes in sustainable consumption of natural resources and the conservation of energy remains a key focus area all times. Sustainable development is an integral part of what your Company does.

Your Company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The Company has formed an in-house team of the expert engineers engaged in the production activity. The team gives main emphasis on studying the possibilities of use of various methods of optimum use of energy without affecting the productivity. The team submits its report to the top management at regular intervals giving its findings on the productivity, periodical comparative figures of consumption of energy, steps taken by the team during the year, its advantages and results, problems faced and the recommendations of the team on the steps to be taken in the reduction of the use of the energy.

Some of the specific measures undertaken are:

- Replacement of pneumatic tools by energy efficient electric tools;
- Replacement of incandescent bulbs with compact fluorescents (CFLs);
- Use of hi-tech energy monitoring appliances and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption;
- Increasing capacity of equipment by reducing its cycle time;
- Arresting air leakage in all shops through pressure decay;
- Switching off equipments during idle (lunch & tea) time through timer;
- Energy Management System installed;
- Old air conditioners replaced;
- Conducting energy saving training sessions;
- Display of charts at the premises, plant, office showing the ways and means for conservation of energy;
- Preventive maintenance of various equipments to keep them in good condition;
- Time and motion study of production activity;
- Use of variable frequency drives and fluid couplings for variable speed applications such as fans, pumps etc. helps in minimizing consumption;
- Installation of auto off system on door trimming machine when motors are in idle conditions;
- Replacement of highly power consumption motors of pump house with low power having same efficiency;
- Designing of the LPG Gas bank by using gas manifold for optimum supply of gas for Canteen;
- Use of latest technology in production which helps in enhancement of productivity level;
- Inspection of machinery by team of experts at regular intervals; and
- Provision of natural roof lightening in factory to reduce energy consumption.

The in-house team of employees is dynamic and is dedicated towards the ambitious targets to reduce consumption footprints in energy, water and waste.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development (R & D) is the most vibrant area for escalation and appreciation of any company. It has been apparent for atleast a century that future economic progress will be driven by the invention and application of new technologies. R & D's vision is to add value to the company's customer base through innovations in offerings and processes.

Your Company's R & D Department has been setup with the mission to develop such innovative products that give our business a competitive edge in the Home Appliances and Consumer Electronics market, enabling to acquire new customers & increase customer stickiness in an increasingly competitive world. The Company's philosophy for R & D is to discover and create new knowledge about technologies and innovations for the purpose of uncovering and enabling development of valuable new products, processes and services. The Company also practices, Concept to Commercialization (C2C) process which helps in identification and selection of products for the invention and advancement. The process captures customer need, the business potential & the Company's ability to successfully develop and source a product and take it to the market.

The R & D constantly keeps an eye on market scenario and changing needs of the consumers using scientific tools and integrates it in the product development programme. The manufacturing facilities are continuously modernized to convert the ideas envisaged by the R & D into most efficient, environment friendly and state of art processes to deliver the best products which stand to the test of time. The quality assurance ensures that manufacturing processes doesn't deviate from the specified path, adhere and confirm to the stringent national and international standards for safety and at the same time products which are eco-friendly and have delightful aesthetic feel.

Research, Technology and Innovation continue to be one of the key focus areas to drive growth of the Company besides ensuring sustainability and helping the Company take a leap in rural transformation by introducing quality products at an affordable price.

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

- Activities have been initiated to develop new processes and modify existing processes;
- Identify and develop new avenues for growth and development;
- Launching of Environment and Eco-friendly products as per consumer needs;
- Design of technologically upgraded products in-line with the latest market trends;
- Extensive product development road map as per the changing aspirations of youth and tech savvy consumers;
- Increase the productivity as well as product efficiency;
- Continuously improve the system efficiency by previous learning and close monitoring;
- Cost innovation through modern methodology and innovative thinking;
- After sales service training program; and
- Provide technical support systems for solving problems relating to operations.

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

- Cost effective and Energy efficient products;
- Overall reduction of cost of manufacturing;
- Increase in Turnover;
- Enhancement of product portfolio and development of Energy efficient products; and
- Increased consumer satisfaction.

The Company continues to adapt the latest advances in technology and upgrade its manufacturing base.

Expenses incurred for R & D activities:

During the year under review, the recurring expenses on R & D amounted to ₹ 17.00 Million representing 0.12% of the turnover.

Future plan of action in R & D and Technology Absorption:

The Company not only plans for integrated, systematic approach towards research for the identification and development of the technologies needed for up gradation of the products, but also ensures the proper balance between the innovation and eco-system. The Company also plans to form an Action Research Team with an aim of improving the strategies, practices and knowledge of the market trends and environments within which the Company shall subsist.

HEALTH, SAFETY AND ENVIRONMENT MEASURES

A shift in corporate philosophy that embraces health and well-being will lay a foundation for success. An organization's most precious resource is its people.

Concern and care for the health of people is a key to business success. Health of the workforce is an integral part of the business and is built on the belief that all injuries and most illnesses are preventable. Your Company believes that a company with healthy workforce will impact positively on its community and customers.

In its endeavor to address environment related matters, the Company continues to strengthen its Processes and Action Plans based on related studies carried out earlier. In addition, the Company continues to develop eco-friendly products. The Company continues to strive to address matters related to Safety, Health and Environment through a variety of initiatives. The Company pursues the development of eco-friendly products and appropriate engineering solutions.

Health & Safety Initiatives:

- Introduction of new materials and equipments to eliminate various hazards at workplace;
- Introduction of Basic First Aid Course and demonstration of Fire Extinguisher Courses conducted for the employees and security guards;
- Organizing fitness camps;
- Conducting medical checkups for employees;
- Fire Safety Training Sessions;
- Provision of such information, instruction, training and supervision as necessary to ensure the health and safety of all workers at work;
- Provision and maintenance of effective drainage system;
- Night Manager concept for vigilance of the overall campus;
- Provision of educational material and other information on health and well being issues such as smoking, diabetes, cancer, mental health, hydration, heart disease, alcohol abuse and sleep patterns;
- Provision of vaccination facilities for contagious diseases; and
- Effective and suitable provision in every workroom for securing and maintaining the adequate ventilation by circulation of fresh air.

Environmental Initiatives:

- Up-gradation of automated sewage treatment and effluent treatment plant;
- Re-cycling of waste water;
- Disposal of solid and hazardous waste;
- Rain water harvesting;
- Use of solar energy for water heating;
- Celebration of Vanamahotsav (Annual festival for Tree Plantation) and World Environment Day to increase mass awareness among the employees;
- Implementation of 3R System - Reduce, Reuse and Recycle for the optimum utilization of natural resources; and
- Adoption of Industrial Waste Management Program and Pollution Under Control (PUC) camps for the benefit of the environment.

INFORMATION TECHNOLOGY

The Company firmly believes that Information Technology (IT) is the backbone of any Industry in today's competitive environment. The Company has taken it as a tool to improve the productivity, efficiency and reliability.

The Company continued to invest in developing IT-based solutions that would support improvements in organizational efficiency. During the year under review, the Company took various initiatives and has introduced SAP and ERP tools and solutions for inventory management along-with assets-tracking tool. The Company also has well-established consumer grievances and after sales service centre to promptly address the consumer needs and complaints.

Your Company has put in place Barcode Applications to automate its many processes. Your Company has deployed many effective tools and is continuously upgrading its Customer Relationship Management (CRM) for its service verticals, so that our valued customer gets requisite services without any delay. Aim is to give customer a delight by using various innovative methods and taking help of IT.

Your Company is marching ahead with defined IT Roadmap, which is completely in sync with business objectives. These futuristic IT solutions shall be ready to deliver the best of benefits to the customer & Company and finally deliver the best quality products along with finest services in its segment.

The result of better use of IT has helped in better data management and faster access to the inventory and other details.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an important way to increase business' competitive advantage, protect and raise brand awareness and build trust with customers and employees. While economics is still important, businesses need to appreciate that our global landscape is changing. Organizations must start looking towards the profit, people and planet, for increasing concern of environmental and social impacts. CSR is one of a few practices that can positively impact these three elements and should therefore be closely aligned with the business strategy to ensure success. CSR is essential for the long-term sustainability of a Company.

An effective CSR approach led to following benefits to the Company:

- Stronger performance and profitability;
- Improved relations with the investment community;
- Enhanced employee relations and Company culture;
- Risk management and access to social opportunities; and
- Stronger relationships with communities.

Relationships are at the core of successful business practices and the importance placed on reputation, job satisfaction and advancement among the spectrum of many other people related issues is what supports the company's vitality and longevity within the community where operations happen.

Your Company believes that while profit is important for all businesses, profit cannot be the only reason for the existence. Profits help to achieve mission while contributing to the society. Your Company has been making meaningful contributions to the society in different areas. The Company has chosen three broad areas to focus its CSR activities:

- Energy conservation;
- Environmental Protection; and
- Community Service.

Our initiatives and efforts are focused to improve the lives of people and community where we live and work. We firmly believe that these continuous efforts and improvement initiatives will help us to bring the most meaningful impact within the society and hence, helps us in contributing and playing our role in building a better India.

Your Company believes in pursuing wide socio-economic objectives and has always endeavored to not just live upto it, but try and exceed the expectations of the communities in which it operates.

Your Company shall continue to discharge its CSR in the best possible manner.

INDUSTRIAL RELATIONS

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

BOARD OF DIRECTORS

During the year under review, there was no change in the composition of the Board of Directors of the Company.

In terms of the provisions of the Listing Agreement all the listed companies are required to appoint Independent Directors. The entire Board of our Company comprises of Independent Directors. The Companies Act, 2013, now also provides provisions for appointment of Independent Directors. Sub-Section (10) of Section 149 of the Companies Act, 2013 (effective 1st April, 2014) provides that the Independent Directors shall hold office for a term of upto five consecutive years on the Board of a Company; and shall be eligible for re-appointment on passing a special resolution of the Shareholders of the Company. Sub-Section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years. Sub-Section (13) states that the provisions of retirement by rotation as defined in Sub-Section (6) and (7) of the Section 152 of the Companies Act, 2013, shall not apply to such Independent Directors.

Our Independent Directors were appointed as directors liable to retire by rotation under the provisions of erstwhile Companies Act, 1956. The Board has been advised that Independent Directors so appointed would continue to serve the term that was ascertained at the time of appointment (i.e. based on retirement period calculation) as per the resolution pursuant to which they were appointed. Therefore,

it stands to reason that only those Independent Directors who will complete the present term, at the ensuing Annual General Meeting of the Company in June 2014, being eligible and seeking appointment, be considered by the Shareholders for appointment for a term upto five consecutive years.

Independent Director who do not complete their term at the ensuing Annual General Meeting will continue to hold office till expiry of their term (based on retirement period calculation) and would thereafter be eligible for re-appointment for a fixed term in accordance with Companies Act, 2013.

Mr. Subhash S. Dayama is an Independent Director of the Company. He joined the Board of Directors of the Company in December, 2005. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Subhash S. Dayama being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. Subhash S. Dayama as a candidate for the office of Director of the Company. The detailed profile of Mr. Subhash S. Dayama forms part of the Corporate Governance Report.

The Board recommends the appointment of Mr. Subhash S. Dayama as an Independent Director.

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. M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar have confirmed their eligibility and willingness to accept the office.

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 Order No. 52/26/CAB-2010 dated 6th November, 2010, to conduct a Cost Audit in respect of the specified products viz., Machinery and Mechanical Appliances.

The Board of Directors of the Company have accorded its approval for the 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 Accounting Records maintained by the Company for the financial year ending on 31st December, 2014, subject to the approval of 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, Cost Audit Branch, we hereby submit that the Company has filed the Cost Audit Report for the financial year ended 31st December, 2012 on 25th June, 2013 (due date 29th June, 2013). As regards financial year ended on 31st December, 2013, the due date for filing the Cost Audit Report is 29th June, 2014 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, 2013, 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:

- a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b) that the accounting policies selected have been applied consistently; and 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, 2013 and of the loss of the Company for the year ended on that date;

- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) that the Annual Accounts of the Company have been prepared on 'going concern' basis.

ACKNOWLEDGEMENT

The Board of Directors would like to thank the Customers, Business Partners, Financial Institutions, Investors, 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 of the collective contribution made by all the employees during the last year.

We, finally, would like to specially thank all stakeholders of the Company for their continued confidence and trust placed by them with the Company.

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

Place : Mumbai
Date : 15th May, 2014

S. S. DAYAMA
Director

N. B. MANDHANA
Director

ANNEXURE TO DIRECTOR'S REPORT

A STATEMENT OF THE PARTICULARS OF EMPLOYEE PURSUANT TO PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND FORMING PART TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2013

Name of Employee	Designation	Remuneration (in ₹)	Qualification	Age (Years)	Experience (Years)	Date of Joining	Name of the Last Employer	Position (Designation) In Last Organisation
Jaideep Rathore	Chief Operating Officer	8,625,000	B. Sc, M.B.A.	43	23	01.04.2013*	Videocon Industries Limited	Senior Vice President

- a. Remuneration includes Basic Salary, Ex-Gratia, H.R.A., Marketing Allowance, Special Allowance, C.A., L.T.A., Leave Encashment, Medical reimbursement and contribution to Provident Fund.
- b. The Employee is in whole-time employment of the Company and the employment is contractual in nature.
- c. Employee listed above is not a relative of any Director of the Company.

* Part of the year

Place : Mumbai
Date : 15th May, 2014

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 CORPORATE 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 to formal laws.

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.

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 is at core of Corporate Governance practices. Your Company believes that an active, independent and participative Board is a prerequisite to achieve and maintain a desired level of Corporate Governance.

The Board members possess adequate experience, expertise and requisite management skills. The Board directs and reviews the overall business operations of the Company; the day-to-day affairs are being managed by Business Heads.

I. Composition as on 31st December, 2013:

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

II. Proceedings of Board and Committee Meetings:

The Board is primarily responsible to provide and evaluate the strategic direction 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 and Committee meet at timely 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:-

1. The Company Secretary discusses the agenda to be transacted at the Board and Committee meetings with the Board of Directors of the Company. The Company Secretary circulates the agenda with back up papers well in advance to all the Directors and members of the Committees, who are eligible to attend the meeting.
2. In case of emergency, the meetings are conducted by giving shorter notice. The Board is also authorized to pass resolutions by circulation in case of urgent need.
3. The notice of the meeting sent through e-mail is also considered as valid notice.
4. The Chairman ensures that proper quorum is present throughout the meeting.

5. The Board has complete and un-qualified access to all the information available with the Company including-

- Quarterly/Annual results of the Company;
- Minutes of the meeting of Board Meetings, Audit and other Committees to the Board/ General Body Meetings;
- Details of Related Party Transactions;
- Sale of material nature, if any, of investments and assets, which is not in the normal course of business;
- Material important litigations, show cause notice, demand penalty, if any;
- Annual Operating plans and budgets and any updates;
- Capital budgets and any updates;
- Information on recruitment of senior officers including appointment or removal of Chief Financial Officer and Company Secretary;
- Investments/Divestment of Joint Ventures;
- Acquisitions/Amalgamations, if any;
- Compliance Report;
- Any material default in the financial obligations to and by the Company or substantial non-payment of the goods sold by the Company;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Transaction that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Also any significant development in Human Resource and Industrial Relations;
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders such as non-payment of dividend, delay in share transfers etc.;
- Disclosure of interest by Directors about the directorship and committee positions by them in other companies; and
- Other materially relevant information.

6. Draft minutes are being circulated to all the members of the Board and Committee for their comments. The Chairman of the meeting signs the minutes so circulated and approved by all the members.

7. The proceedings of the Board Meetings, General Meetings and Committee Meetings are duly recorded in minutes book on timely basis.

The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines as may be applicable to the Company and takes steps to rectify non-compliances, if any.

III. Code of Conduct:

The Board has laid down a Code of Conduct for all Directors and Senior Management of the Company, which has been posted on the website of the Company i.e. www.valueind.in. A declaration by the Head-Operations and the Company Secretary to this effect is appended to this report.

All Directors and Senior Management personnel have affirmed compliance with the code for the year ended 31st December, 2013.

Meetings and Attendance:

During the year under review, the Board met 7 (Seven) times on the following dates: 28th February, 2013, 15th May, 2013, 22nd May, 2013, 28th June, 2013, 15th July, 2013, 14th August, 2013 and 14th November, 2013. The gap between two Board Meetings has been less than four months.

Sr. No.	Name	Whether attended AGM held on 27th June, 2013	Attendance in Board Meeting	Other Directorships as on 31st December, 2013			
				Directorship@	Company Chairmanship	Committee Chairmanship#	Committee Membership#
1	Mr. Naveen B. Mandhana	No	6	6	-	1	-
2	Mr. Avinash H. Malpani	No	4	-	-	-	-
3	Mr. Subhash S. Dayama	Yes	7	7	-	3	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.

Directors do not hold any shares in the Company.

Brief profile of the Director proposed to be appointed, as required in terms of the provisions of Clause 49 of the Listing Agreement:

Sr. No.	Particulars	Profile of the Director
1.	Name of the Director	Mr. Subhash S. Dayama
2.	Date of Birth	5th May, 1961
3.	Educational Qualification	Commerce Graduate
4.	Date of appointment on the Board	8th December, 2005
5.	Category of the Director	Independent Director
6.	Area of Expertise / Senior Position Held / Work Experience	He carries with him more than 2 decades of experience in the field of capital market, finance, management and administration.
7.	Details of Directorships in other Public Limited Companies (including subsidiaries of Public Company)	Videocon Power Limited Videocon Telecommunications Limited Universal Digital Connect Limited Videocon Energy Limited Maharashtra Semiconductor & Displays Limited Senior Consulting Private Limited Jumbo Techno Services Private Limited
8.	Names of the other Committees in which Chairman	Videocon Telecommunications Limited - Audit Committee Videocon Power Limited - Audit Committee Jumbo Techno Services Private Limited - Audit Committee
9.	Names of the other Committees in which Member	Videocon Energy Limited - Audit Committee
10.	No. of shares held	Nil

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.

I. AUDIT COMMITTEE:

Members of Audit Committee comprises of Independent Directors and the members have financial background and accounting knowledge. The Committee is also responsible for reviewing the adequacy of internal control system and to ensure compliance thereof and adequate follow up actions are taken.

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 Clause 49 of the Listing Agreement.

Composition as on 31st December, 2013, 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.

During the year under review, the Committee met 4 (four) times on the following dates: 28th February, 2013, 15th May, 2013, 14th August, 2013 and 14th November, 2013.

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	3
Mr. Naveen B. Mandhana	Member	Independent	4

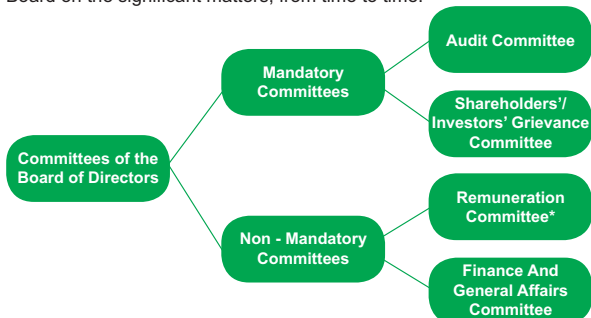
The Statutory Auditors, Cost Auditor and Head of Internal Audit and other key officials attended and participated in the Audit Committee Meetings, on invitation. The Company Secretary is the *de-facto* Secretary of the Committee.

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 statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors 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;

COMMITTEES OF THE BOARD OF DIRECTORS

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



* As per provisions of Section 178 of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014; formation of Remuneration Committee has become mandatory with effect from 1st April, 2014.

- e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Observations and Qualifications in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. 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.
 7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
 8. 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 about 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, in case the same is existing.
 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 is mentioned in the terms of reference of the Audit Committee.

Powers of the Audit Committee includes:

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

Review of information by Audit Committee:

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial conditions 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. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

II. 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.

Composition as on 31st December, 2013, Meetings and Attendances:

During the year under review, the Committee met 4 (Four) times on the following dates: 27th February, 2013, 14th May, 2013, 13th August, 2013 and 13th November, 2013.

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

Name	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

Terms of reference and scope of the 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 Company 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.

Compliance Officer:

During the year under review, Ms. Sonal Bhandari resigned as a Company Secretary of the Company w.e.f. 22nd May, 2013 and Ms. Anagha Joshi was appointed as a Company Secretary in her position w.e.f. 23rd May, 2013.

Ms. Anagha Joshi, Company Secretary, is the Compliance Officer of the Company.

Details of Share Transfer/ Demat/ Remat:

During the year under review, 47 (Forty Seven) Sub-Committee Meetings were held. The request for transfer and dematerialization from the shareholders were received and approved, particulars of which are as under:

Particulars	Details
Number of share transfer deeds processed	136
Number of shares transferred	15,596
Average number of transfers per month	11.33
Number of demat request approved	326
Number of shares dematerialized	49,395
Percentage of shares dematerialized	0.13
Number of remat request approved	0
Number of shares rematerialized	0

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

Particulars	Received	Redressed	Pending as on 31st December, 2013
Non-Receipt of Refund Order	0	0	0
Non-Receipt of Dividend/ Interest / Redemption Warrants	24	24	0
Non-Receipt of Share Certificate	124	124	0
Others	26	26	0
Total	174	174	0

III. REMUNERATION COMMITTEE:

Composition as on 31st December, 2013, Meetings and Attendances:

During the year under review, 1 (one) Committee Meeting was held on 28th January, 2013. The composition, meeting and attendance of the members of the Committee as per Clause 49 of the Listing Agreement are as follows:

Name	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

Terms of reference and scope of the Committee:

The terms of reference and scope of the Committee are represented below:

- 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.

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	Sitting fees paid (₹)
Mr. Naveen B. Mandhana	29,000
Mr. Avinash H. Malpani	23,000
Mr. Subhash S. Dayama	37,500
Total	89,500

The Company has not issued any stock options.

IV. FINANCE AND GENERAL AFFAIRS COMMITTEE:

Composition as on 31st December, 2013, Meetings and Attendances:

During the year under review, 11 (Eleven) Committee Meetings were held.

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

Name	Designation	Category	No. of Meetings Attended
Mr. Subhash S. Dayama	Chairman	Independent	11
Mr. Avinash H. Malpani	Member	Independent	7
Mr. Naveen B. Mandhana	Member	Independent	6

Terms of reference and scope of the 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.

GENERAL BODY MEETING

AGM	Date	Location	Time	Number of Special Resolution Passed
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

AGM	Date	Location	Time	Number of Special Resolution Passed
25th	27th June, 2013	14 K. M. Stone, Aurangabad – Paithan Road, Village :Chittegaon, Taluka: Paithan, District: Aurangabad – 431 105	10.30 a.m.	NIL

POSTAL BALLOT

No resolution was passed through Postal Ballot during the financial year under review. Further, none of the businesses, proposed to be transacted at the ensuing Annual General Meeting, 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 of the "Notes forming part of the Financial Statements" 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 26th Annual General Meeting for financial year ended 31st December, 2013 shall be held on Monday, 30th June, 2014 at 10.00 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad – 431 105 (Maharashtra).	
2.	Financial Calendar	Financial Year	1st January, 2014 to 31st December, 2014
		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, 2014
		Results for the Second Quarter	On or before 14th August, 2014
		Results for the Third Quarter	On or before 14th November, 2014
		Results for the Fourth Quarter	On or before 1st March, 2015
		Annual General Meeting for Financial Year ended 31st December, 2014	On or before 30th June, 2015
3.	Date of Book Closure	Friday, 20th June, 2014 to Monday, 30th June, 2014 (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 2014-15. The Company has already paid Custodial Fees for the year 2013-14 to National Security Depository Limited and Central Depository Services (India) Limited. The Company is in process of making payment for the year 2014-15. In terms of the requirements of Clause 7(d) of the SEBI (Delisting of Equity Shares) Regulations, 2009, the Company hereby declares that the equity shares of the Company have been delisted from the Calcutta Stock Exchange Limited w.e.f 13th February, 2013.																																																																					
6.	Stock Code	The names and addresses of the Stock Exchanges where the equity shares of your Company continue to be listed are given below: <table border="1"> <tr> <td>BSE Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001</td> <td>500945 (Stock Code)</td> </tr> <tr> <td>The National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 059</td> <td>VALUEIND (Stock Code)</td> </tr> </table>	BSE Limited (BSE) 1 st 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)																																																																	
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7.	Market Price Data	Average monthly High and Low Prices of Value Industries Limited ("Value Industries") 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, 2013</td><td>13.74</td><td>10.51</td><td>13.35</td><td>11.30</td></tr> <tr><td>February, 2013</td><td>12.40</td><td>8.50</td><td>12.20</td><td>8.40</td></tr> <tr><td>March, 2013</td><td>10.00</td><td>7.00</td><td>9.80</td><td>7.45</td></tr> <tr><td>April, 2013</td><td>9.90</td><td>6.50</td><td>9.45</td><td>7.15</td></tr> <tr><td>May, 2013</td><td>8.97</td><td>7.05</td><td>8.80</td><td>7.10</td></tr> <tr><td>June, 2013</td><td>7.59</td><td>5.40</td><td>7.75</td><td>5.25</td></tr> <tr><td>July, 2013</td><td>9.85</td><td>5.72</td><td>9.90</td><td>6.40</td></tr> <tr><td>August, 2013</td><td>6.28</td><td>5.11</td><td>6.10</td><td>5.15</td></tr> <tr><td>September, 2013</td><td>7.00</td><td>5.41</td><td>6.60</td><td>5.30</td></tr> <tr><td>October, 2013</td><td>7.40</td><td>5.90</td><td>7.15</td><td>6.00</td></tr> <tr><td>November, 2013</td><td>7.95</td><td>6.45</td><td>8.60</td><td>6.35</td></tr> <tr><td>December, 2013</td><td>8.55</td><td>6.50</td><td>8.00</td><td>6.00</td></tr> </tbody> </table>	Month	BSE		NSE		High Price	Low Price	High Price	Low Price	January, 2013	13.74	10.51	13.35	11.30	February, 2013	12.40	8.50	12.20	8.40	March, 2013	10.00	7.00	9.80	7.45	April, 2013	9.90	6.50	9.45	7.15	May, 2013	8.97	7.05	8.80	7.10	June, 2013	7.59	5.40	7.75	5.25	July, 2013	9.85	5.72	9.90	6.40	August, 2013	6.28	5.11	6.10	5.15	September, 2013	7.00	5.41	6.60	5.30	October, 2013	7.40	5.90	7.15	6.00	November, 2013	7.95	6.45	8.60	6.35	December, 2013	8.55	6.50	8.00	6.00
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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. The Company has pursuant to Clause 47(c) of the Listing Agreement entered with the Stock Exchanges, submitted within stipulated time, certificate of half yearly basis confirming due compliance of Share Transfer formalities by the Company from Practising Company Secretary.																																																																																										
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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, 2013, 34,722,484 equity shares (88.61% 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

results of the Company are also available on the website of the Company, i.e., www.valueind.in

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

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, and on 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.

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.

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 or Free Press Journal and Loksatta, the leading English and Marathi dailies. The

DECLARATION

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

For VALUE INDUSTRIES LIMITED

HEAD - OPERATIONS

COMPANY SECRETARY

Place : Mumbai

Date : 15th May, 2014

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 Statements and the Cash Flow Statement for the financial year ended on 31st December, 2013 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 are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and the Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
 - i) Significant changes in Internal Control over financial reporting during the year;
 - ii) Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware.

For VALUE INDUSTRIES LIMITED

HEAD - OPERATIONS

CHIEF FINANCIAL OFFICER

Place : Mumbai

Date : 15th May, 2014

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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

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

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai

Date : 15th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Listing Agreement.

INDUSTRY STRUCTURE AND DEVELOPMENT

Today the consumer electronics industry faces an unprecedented set of challenges such as volatile commodity/raw material prices, increasing global competition, slow growth of emerging market, stagnant growth of developed-markets, cost-conscious, increasingly such as fragmented consumer segments and demand for higher-quality products. Navigating these dangerous waters can be extraordinarily difficult for even the most talented management teams.

However, the Indian Consumer Durables Industry is set for a sustained growth over the long term, powered by the rise in the disposable income, increased product awareness, affordable pricing, overall development in services and industrial sectors and infrastructure development in sub-urban and rural areas. The young generation, which is primarily dominating the Indian consumer market, is becoming increasingly sophisticated and willing to upgrade to new technologies and latest products. Global players view India as one of the key markets from where new developments and trends will emerge.

To keep pace with the fast changing Indian consumer durables market, firms/companies have to differentiate their products in the areas of relevance to the consumers, innovate in technology, develop a strong global network and find more effective ways of promotion and distribution. The products and the approach to the market need to be customized to suit the unique needs of the consumers. Several Indian and MNC players are looking to strengthen their presence in India to leverage this opportunity.

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 improving living standards, nuclear families clubbed with working couples have made home washing machines an essential consumer good in the Indian market. The changing environmental dynamics, urbanization and rising income levels are driving the growth of this segment that was once inhibited by the high price point.

To cater to the customized consumer needs and demands, your Company has focused in introducing Front Loading & Top Loading Fully Automatic and Semi Automatic Washing Machines which are user friendly having utility features which utilizes less power, water and detergent which has enhanced performance. The recently introduced models of washing machines contain the following features:

- New look Digi Gracia Series of 6.5, 6.0, 5.5 kg Fully Automatic (FA) Washing Machines with vibrant colours and aesthetically superior looks, multiple wash selection option, lesser water consumption and higher performance;
- New look Digi Rio series of 6.5 kg FA Washing Machines with multiple wash programs and water level selection, special features like Child Lock, Air Dry and many more features;
- New look Digi Pearl series of 6.5kg FA Washing Machines with 10 Wash Programs, 10 Water levels, Air Dry features, Eco wash program. New feature of FAVORITE program by which a consumer can select a program as per his/her washing needs;
- Widest range of Semi-Automatic and Fully Automatic Washing Machines in Industry to cater to needs of various segments of market and fulfilling requirements of wide spectrum of the consumers;
- Widening the range of designer series in Semi-Automatic and Fully Automatic Washing Machines with blazing colours and aesthetic elements; and

- Enhancing the series of India's first 9 & 4 Wash and 9 & 4 Spin Program in Semi-Automatic Washing Machines.

b. **Refrigerators:**

One may think about refrigerator as just a big box that keeps food fresh, drinks cold and provides a place to show off the kids' artwork. But not anymore; today's refrigeration offerings are equipped with fabulous conveniences to make life easier, save energy and exterior enhancements that create a major design element in the kitchen. With the ever changing consumer life styles and their needs even the kitchens have become a nexus for home life and entertainment. To make the utilitarian spaces more welcoming, appliance makers are rolling out kinder, gentler appliance which gives a sophisticated cum contemporary look.

The Company has been working towards advancement and innovation of the energy efficient refrigerators. Keeping in mind the latest trends in the refrigerator, the Company has come up with highly stylish and sophisticated refrigerators.

Some of the eye catching features of the refrigerator:

- Cool Booster Technology;
- Home Bar & Magic Cool Zone;
- No Frost Twin Fan Cooling Air Flow Technology;
- Improved Energy Efficiency;
- Stainless Steel Doors;
- Tinted Interiors;
- Safety Glass Shelves;
- Tilting door pockets;
- Introduction of floral and geometric look doors;
- BLDC Fan motors introduced for low energy consumption;
- Stylish Bar Handles;
- Digital Clock;
- Humidity Controlled Crisper;
- Infra Red Sterilization;
- Digital Multi Sensor; and
- Digital Display.

In continuation with the strategy to modernize and innovate product and its manufacturing facility, your Company is now developing entirely a new line-up in Direct Cool and Frost Free refrigerators, which will have eye catching aesthetics, trendy looks & more energy efficient system which will further reduce energy consumption. These new refrigerators will have more exciting features which will take the product to next level of its being.

c. **Air Conditioners:**

The new range of innovative Air Conditioner (AC) is revolutionary as it is based on the insights of Indian consumers. These are the products which enhance the lifestyle and comfort living of an individual which has gained utmost eminence with increase in aspirations and economic clout of tech-savvy users. People's perception towards this category has witnessed a paradigm shift over the years from a luxury product to becoming a necessity in hot humid weather conditions.

Extreme summers are the toughest test for any AC and most ACs either fail effectively or work inefficiently, at the time when they are needed the most. The Company is well equipped with latest technologies to appeal to an increasingly discerning consumer. Witnessing the ever changing needs and desires, the consumers can expect a quality assortment of 'All Weather ACs' that are energy efficient, replete with superior technology, aesthetics and functionality, besides being reasonably priced. Some of the eye catching features of ACs are as follows:

- Five stage filter which provides air that is hygienic and free from any unwanted particles;

- 100% copper tubing which apart from better durability and serviceability gives the AC better cooling efficiency;
- AC with Inverter drive technology ; and
- Smart purification system that ensures that the homes have pure air while ensuring smart saving.

Considering the aforesaid aspects, your Company has introduced ACs with features that add to the comfort. A high gloss pattern has been created in the front panel to give it a sophisticated look. In addition to this, special attention has been given to complement the contemporary lifestyle. The Company is also keen on developing an eco friendly products sticking to its 'Green Initiative' philosophy.

STRATEGY AND OUTLOOK

The Company has plans to market new products, based on new technologies that are innovative. It is keen on grasping the timely market trend and to respond positively to all kinds of market variations. Country's household appliance industry maintain rising tendency, while also facing internal and external environment changes. The consumers overwhelmingly believe that improving appliance energy efficiency is beneficial and also strongly supports the appliance efficiency standards. The Company looks forward to meet the upcoming domestic and global challenge in the home appliances industry and also meet its consumer's expectations and needs while giving the best at an affordable price. Innovation is at the heart of the every product that rolls out of the Company. The Company firmly believes that 'innovation keeps the flame alive'.

The aim of the Company is to serve India by bringing in technologically path breaking products through constant innovation and by understanding consumer needs. Company focuses on having a relevant and affordable product portfolio; come up with more dynamic distribution strategy and enter newer market with a long-term perspective.

The Company also aims to achieve the cost leadership through procurement excellence, reconfiguration of manufacturing and distribution networks to lowest total cost options, logistics cost leadership and optimization of asset return on investment through shop-floor productivity.

The presence of various multinational companies has increased the growth potential for the market, as these players are focusing on building capabilities in the Indian market. The Company is focusing on improving its products at various price points to provide consumers with affordable varieties.

However, we are optimistic that our Company will be able to strike a right balance between smart growth, pricing/mix actions and control over discretionary expenditure to proactively manage the situation and protect profitability. Efficient working capital/ asset management, cash generation and robust stewardship will continue to be our focus areas as in the past.

The Company looks forward to come up with the new range of innovative products and lure its customers through exciting schemes and offers in 2014 and also seeks to strengthen the relationship with its trade partners.

OPPORTUNITIES AND THREATS

Every company has its own set of strengths and weakness; what is important is how the company identifies the market opportunities and turns these opportunities into future prospects with the available strengths.

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

Opportunities:

- Double digit growth rate in the electronics market in past few years;
- Increasing product awareness, affordable pricing, easy finance options and innovative products;
- High disposable incomes;
- Rapidly shrinking replacement cycle for consumer durables;
- Untapped rural market;
- Sophistication and willingness of the young generation to upgrade to the latest technologies;

- Global players view India as one of the key markets from where new developments and trends will emerge;
- New, advanced and innovative technology at competitive price;
- Tele-shopping and online shopping methods to enhance the product reach to the customer; and
- Strong Research & Development infrastructure and active teams.

Growth opportunities will be at both entry level and high-end segments.

Threats:

- Inflation and rise in commodity prices due to hike in taxes and excise duty;
- Demand is likely to be low for some time and will rise as consumer confidence returns with improvement in the economic scenario;
- High marketing and infrastructure investment;
- Invasion of new multinational brands create additional pressure on our advertising and promotion budgets leading to lower margins;
- Exchange rate fluctuations;
- Technological obsolescence;
- Continuous shift in customer loyalty;
- Seasonal fluctuations; and
- Increasing cost of raw material, transport and storage.

FINANCIAL PERFORMANCE

Sales:

During the year under consideration, the Company achieved Gross Sales of ₹ 14,830.04 Million as against ₹ 12,480.91 Million for the year ended 31st December, 2012.

Other Income:

Other Income amounted to ₹ 29.60 Million for the year ended on 31st December, 2013, as against ₹ 52.52 Million for the year ended on 31st December, 2012. 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 ₹ 11,854.64 Million for the year ended 31st December, 2013 as against ₹ 9,993.18 Million for the year ended on 31st December, 2012.

Employee's Benefits Expense:

During the year under review, salaries, wages and employees' benefits were ₹ 326.49 Million as against ₹ 259.64 Million for the year ended on 31st December, 2012.

Manufacturing and Other Expenses:

During the year under review, the manufacturing and other expenses were ₹ 1,097.85 Million as against ₹ 632.21 Million for the year ended on 31st December, 2012.

Interest and Finance Charges:

For the year under review, interest and finance charges amounted to ₹ 1,017.22 Million as against ₹ 960.46 Million for year ended on 31st December, 2012.

Depreciation and Amortization:

Depreciation and Amortization amounted to ₹ 847.08 Million as against ₹ 890.98 Million for the year ended on 31st December, 2012.

Profit/Loss before Tax:

The Loss before Tax was ₹ 851.80 Million for the financial year ended 31st December, 2013, as against the loss of ₹ 839.87 Million for the year ended on 31st December, 2012.

Net Profit/Loss:

Net Loss for the year amounted to ₹ 727.77 Million as against the loss of ₹ 643.88 Million for the year ended 31st December, 2012.

Earnings Per Share:

The Earnings Per Share of the Company for the year ended 31st December, 2013, amounted to ₹ (18.57) as against ₹ (16.43) for the year ended 31st December, 2012.

RISKS AND CONCERNS

Consumer Electronics and Home Appliances market is very competitive and therefore risk and concerns exists. With foreign players coming into market, the pressure on price and margins has increased constantly. The increasing lending rates, recession and natural disasters may affect the industry adversely. Since, market for Consumer Electronics products and Household Appliances are highly competitive, the Company has experienced pressure on its prices and margin.

Your Company has an optimistic attitude towards risk associated with the business of Consumer Electronics and Home Appliances. The risk and mitigation measures are weaved into Strategic Business Plans and forms part of reviews made periodically.

- The market for Consumer Electronics products and Household Appliances are highly competitive and volatile and the Company has experienced pressure on its prices and margins;
- The emergence of various organized retail is another looming threat for the industry, with store brands being launched;
- Rising cost of materials, expenditure on brand building and creating awareness put pressure on the margins of the Company;
- Risk of non-adoption of technology; and
- The weakening of Indian Rupee has impacted the cost of imports.

INTERNAL CONTROL SYSTEM

Your Company has an adequate system of internal control to ensure that all the assets pertaining to the Company are safeguarded and protected. The internal control system is designed to ensure quality and reliability of underlying processes in achieving operational efficiency, reliability of financial data and safeguarding of assets. The efficacy of internal checks and control systems are validated by self audits, verified during internal audits and reviewed by the Audit Committee.

The scope of internal audit is oriented towards mitigating or eliminating risks in business processes. The Audit Committee reviews the internal audit plan, significant audit findings and sustainability of measures for corrective actions. The internal audit plan is also aimed at addressing concerns, if any of statutory auditors of the Company.

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business.

These procedures are designed to ensure that:

- all assets and resources are acquired economically, used efficiently and are adequately protected;
- significant financial, managerial and operating information is accurate, reliable and is provided timely; and
- all internal policies and statutory guidelines are complied with.

The composition and competencies of the audit team and effectiveness of internal controls is continuously reviewed by the Audit Committee.

HUMAN RESOURCE MANAGEMENT

The high level of workforce engagement helped drive critical business levers. Given the dynamic business environment, the Human Resource team focused on creatively managing talent retention, capability development, culture and communication. The endeavor was to boost employee morale so as to sustain the Spirit of Winning.

In the dynamic and competitive environment where every company has access to the available resources, the Company believes that the only differential point is its workforce and hence, we recognize our employees as one of the most important pillar in the success of our Company. As a Company, we focus and believe in effective Human Resource Management.

Talent management and leadership development are the major focus areas for the Company. The individual business units have been focusing on acquiring and retaining the talent with requisite competencies. Specific high impact programmes are being conducted for leadership development such as training sessions, educational seminars in the areas of strategic skills, leadership development, managerial effectiveness, sales and service skills and other disciplines.

The core principles enshrined in the Human Resources Policy of the Company are: equality of opportunity, continuing personal development, fairness, mutual trust and teamwork. The Company's workforce comprises of around 750 employees.

Employees are given regular opportunities to share their issues and concerns which have helped us create a better work environment.

Industrial relations remained cordial during the year under review.

CAUTIONARY STATEMENT

Statements in this report describe the Company's objectives, projections, estimates, expectations and predictions, may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Value Industries Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Value Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st December, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- B. As required by Section 227(3) of the Act, 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, 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 comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act, read with the General Circular 15/2013 dated 13th September, 2013, of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) on the basis of written representations received from the directors as on 31st December, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2013, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.

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

BHUPENDRA Y. KARKHANIS
Partner
Membership No.: 108336

Place : Mumbai
Date : 28th February, 2014

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

U. S. KADAM
Partner
Membership No.: 31055

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Statement referred to in paragraph 5 of the Independent Auditors' Report of even date to the Members of Value Industries Limited ("the Company") on the financial statements for the year ended 31st December, 2013.

- (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 there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956, in respect to 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, 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, 2013, 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 Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess which have not been deposited on account of any dispute, are given below:

Name of the Statute	Nature of the Dues	₹ in Million	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty (including Penalty)	4.31	CESTAT Commissioner Dy. Commissioner
		4.37	
		5.46	
2. Central Excise Act, 1944	Excise Duty (including Penalty and Interest)	2.47	CESTAT Commissioner Addl. Commissioner Asst. Commissioner
		45.01	
		0.81	
3. Finance Act, 1994 (Service Tax Provisions)	Service Tax	1.00	Asst. Commissioner
4. Sales Tax Act of various States	Sales Tax	3.39	CTO Dy. Commissioner (Appeal) Asst. Commissioner STO
		3.58	
		48.04	
		0.12	

- (x) There are accumulated losses of ₹ 479.08 Million as on 31st December, 2013, which are not more than Fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit but there was no cash loss incurred during 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 delay have been summarised below indicating the principal amount, interest amount and period.

Particulars	₹ in Million	Delay in Days - Range
Principal Repayment	415.62	31 to 88 days
Interest	109.23	1 to 89 days

- (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 during the year were applied, on an overall basis, for the purpose for which the loans were obtained.
- (xvii) On the basis of overall examination of the Balance Sheet of the Company, we observed that, the Company has not used funds raised on short term basis for long term investments.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares during the 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 furnished by the management, there were no frauds on or by the Company noticed or reported during the course of our audit except a case of fraud on the Company involving theft and misappropriation of materials by employees estimated at ₹ 45.06 Million detected by the management. The Company has filed FIR against the said Employees and investigation is in progress and the said Employees have been suspended. The Company is adequately covered by the insurance cover. However, till the date of audit no claim is lodged with the insurance company for want of final investigation report. The Company has accounted for the said loss due to the theft during the year under audit and the management has taken appropriate steps to strengthen controls.

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

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

BHUPENDRA Y. KARKHANIS
Partner
Membership No.:108336

U. S. KADAM
Partner
Membership No.:31055

Place : Mumbai
Date : 28th February, 2014

BALANCE SHEET AS AT 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Note No.	As at 31st Dec., 2013	As at 31st Dec., 2012
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	391.86	391.86
b) Reserves and Surplus	3	2,829.97	3,557.74
		<u>3,221.83</u>	<u>3,949.60</u>
2) Grant from Ozone Projects Trust Fund	4	8.29	10.30
3) Non-Current Liabilities			
a) Long Term Borrowings	5	5,553.82	5,549.27
b) Deferred Tax Liability (Net)	6	629.65	753.68
c) Other Long Term Liabilities	7	30.98	24.31
d) Long Term Provisions	8	16.59	14.02
		<u>6,231.04</u>	<u>6,341.28</u>
4) Current Liabilities			
a) Short Term Borrowings	9	4,564.10	4,588.54
b) Trade Payables	10	1,763.92	1,603.05
c) Other Current Liabilities	11	1,070.09	764.23
d) Short Term Provisions	12	63.88	61.95
		<u>7,461.99</u>	<u>7,017.77</u>
	TOTAL	<u><u>16,923.15</u></u>	<u><u>17,318.95</u></u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	13	7,044.99	7,756.69
ii) Intangible Assets	13	11.84	15.65
iii) Capital work-in-progress	13	236.42	205.82
b) Non-Current Investments	14	312.53	465.56
c) Long Term Loans and Advances	15	79.91	73.45
		<u>7,685.69</u>	<u>8,517.17</u>
2) Current Assets			
a) Inventories	16	6,224.86	5,665.75
b) Trade Receivables	17	2,442.08	2,560.96
c) Cash and Bank Balances	18	152.60	119.56
d) Short Term Loans and Advances	19	410.28	449.49
e) Other Current Assets	20	7.64	6.02
		<u>9,237.46</u>	<u>8,801.78</u>
	TOTAL	<u><u>16,923.15</u></u>	<u><u>17,318.95</u></u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2 to 41		

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

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

ANAGHA JOSHI
Company Secretary

N. B. MANDHANA
Director

Place: Mumbai
Date : 28th February, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Note No.	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
I. INCOME			
Revenue from Operations	21	14,830.04	12,480.91
Less: Excise Duty		568.16	636.83
Net Revenue from Operations		14,261.88	11,844.08
Other Income	22	29.60	52.52
TOTAL INCOME		14,291.48	11,896.60
II. EXPENSES			
Cost of Materials Consumed	23	5,446.61	5,100.90
Purchase of Stock-in-Trade	24	6,586.55	5,080.91
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	25	(178.52)	(188.63)
Employee Benefits Expense	26	326.49	259.64
Finance Costs	27	1,017.22	960.46
Depreciation and Amortisation Expense	13	847.08	890.98
Other Expenses	28	1,097.85	632.21
TOTAL EXPENSES		15,143.28	12,736.47
III. PROFIT/(LOSS) BEFORE TAX		(851.80)	(839.87)
IV. TAX EXPENSES			
Current Tax		-	-
Deferred Tax		(124.03)	(207.21)
Excess/(Short) Provision of Income Tax for earlier years		-	11.22
V. PROFIT/(LOSS) FOR THE YEAR		(727.77)	(643.88)
VI. EARNINGS PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH	29		
Basic and Diluted		(18.57)	(16.43)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2 to 41		

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered AccountantsFor KADAM & CO.
Chartered AccountantsS. S. DAYAMA
DirectorBHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336U. S. KADAM
Partner
Membership No. 31055ANAGHA JOSHI
Company SecretaryN. B. MANDHANA
DirectorPlace: Mumbai
Date : 28th February, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(851.80)	(839.87)
Adjustments for:		
Depreciation and Amortisation	847.08	890.98
Finance Costs	1,027.38	973.86
Provision for Warranty and Maintenance Expenses	1.82	15.10
Provision for Gratuity	0.49	0.54
Provision for Leave Encashment	2.19	0.06
Interest Received	(10.16)	(13.40)
Diminution/(Write back) in Value of Investments	-	(17.86)
Income from Investments and Securities Division	-	(0.22)
Profit on Sale of Fixed Assets	(24.62)	(29.57)
Adjustment of Grant	(2.01)	(2.52)
Operating Profit before Working Capital Changes	990.37	977.10
Adjustments for:		
Inventories	(559.11)	(252.80)
Trade Receivables	118.88	21.21
Loans and Advances	35.00	404.14
Other Current Assets	(1.62)	(2.40)
Trade Payables	160.87	(428.87)
Other Current/Long Term Liabilities	53.39	(10.52)
Cash generated from Operations	797.78	707.86
Less: Taxes Paid/(Refund)-net	2.25	5.46
Net Cash from Operating Activities	(A) 795.53	702.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	41.90	38.68
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(179.45)	(104.90)
Interest Received	10.16	13.40
(Increase) in Fixed Deposits and Other Bank Balances	(22.30)	(4.03)
Income from Investments and Securities Division	-	0.22
Decrease in Investments (Net)	153.03	500.00
Net Cash from Investing Activities	(B) 3.34	443.37
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Long Term Borrowings	264.52	742.89
(Decrease) in Short Term Borrowings	(24.44)	(917.98)
Finance Costs	(1,027.38)	(973.86)
Payment of Dividend	(0.83)	(0.99)
Tax on Dividend	-	(0.02)
Net Cash (used in) Financing Activities	(C) (788.13)	(1,149.96)
Net Change in Cash and Cash Equivalents	(A+B+C) 10.74	(4.19)
Cash and Cash Equivalents at the beginning of the year	36.24	40.43
Cash and Cash Equivalents at the end of the year	46.98	36.24
Other Bank Balances	105.62	83.32
Cash and Bank Balances at the end of the year (Note No. 18)	152.60	119.56

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered AccountantsFor KADAM & CO.
Chartered AccountantsS. S. DAYAMA
DirectorBHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336U. S. KADAM
Partner
Membership No. 31055ANAGHA JOSHI
Company SecretaryN. B. MANDHANA
DirectorPlace: Mumbai
Date : 28th February, 2014

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

Non Current Investments are stated at cost. The decline in the value of the investment, 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 an 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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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

Authorised:

55,000,000 (Previous year 55,000,000) Equity Shares of ₹ 10/- each

7,500,000 (Previous year 7,500,000) Redeemable Preference Shares of ₹ 100/- each

Issued, Subscribed and Paid-up:

39,185,675 (Previous year 39,185,675) Equity Shares of ₹ 10/- each fully paid-up.

(₹ in Million)		
	As at 31st Dec., 2013	As at 31st Dec., 2012
Total	1,300.00	1,300.00
Total	391.86	391.86

2.1 Reconciliation of the number of Shares:

Equity Shares of ₹ 10/- each

Outstanding at the beginning of the year

Issued during the year

Outstanding at the end of the year

As at 31st Dec., 2013		As at 31st Dec., 2012	
No. of Shares	₹ in Million	No. of Shares	₹ in Million
39,185,675	391.86	39,185,675	391.86
-	-	-	-
39,185,675	391.86	39,185,675	391.86

2.2 Rights, preference and restrictions:

- 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.
- 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

a) Dome-Bell Electronics India Private Limited

b) Waluj Components Private Limited

c) Videocon Industries Limited

As at 31st Dec., 2013		As at 31st Dec., 2012	
No. of Shares	% of Holding	No. of Shares	% of Holding
4,498,495	11.48	4,498,495	11.48
2,606,478	6.65	2,606,478	6.65
1,971,973	5.03	1,971,973	5.03

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

		(₹ in Million)	
		As at 31st Dec., 2013	As at 31st Dec., 2012
3. RESERVES AND SURPLUS			
a) Capital Reserve (including Capital Subsidy)			
As per last Balance Sheet		3.64	3.64
	(a)	<u>3.64</u>	<u>3.64</u>
b) Capital Redemption Reserve			
As per last Balance Sheet		780.76	780.76
	(b)	<u>780.76</u>	<u>780.76</u>
c) Securities Premium Account			
As per last Balance Sheet		899.03	899.03
	(c)	<u>899.03</u>	<u>899.03</u>
d) Debenture Redemption Reserve			
As per last Balance Sheet		-	5.35
Less: Transferred to Surplus in the Statement of Profit and Loss		-	5.35
	(d)	<u>-</u>	<u>-</u>
e) General Reserve			
As per last Balance Sheet		1,625.62	1,625.62
	(e)	<u>1,625.62</u>	<u>1,625.62</u>
f) Surplus/(Deficit) in the Statement of Profit and Loss			
As per last Balance Sheet		248.69	887.22
Add: Profit/(Loss) for the year		(727.77)	(643.88)
Add: Transferred from Debenture Redemption Reserve		-	5.35
	(f)	<u>(479.08)</u>	<u>248.69</u>
	Total (a to f)	<u>2,829.97</u>	<u>3,557.74</u>

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 ₹ 2.01 Million (Previous year ₹ 2.52 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)			
		As at 31st Dec., 2013		As at 31st Dec., 2012	
		Non-Current	Current	Non-Current	Current
5. LONG-TERM BORROWINGS					
a) Secured					
Rupee Term Loans from Banks		1,546.53	18.66	-	-
External Commercial Borrowings		-	311.30	275.80	330.96
Vehicle Loan from Banks		0.67	1.17	1.84	1.01
	(a)	<u>1,547.20</u>	<u>331.13</u>	<u>277.64</u>	<u>331.97</u>
b) Unsecured					
Rupee Loans from Bank		-	500.00	260.00	239.77
From Others		4,006.62	5.00	5,011.63	4.42
	(b)	<u>4,006.62</u>	<u>505.00</u>	<u>5,271.63</u>	<u>244.19</u>
	Total (a+b)	<u>5,553.82</u>	<u>836.13</u>	<u>5,549.27</u>	<u>576.16</u>

5.1 Secured Loans:

- a) Rupee Term Loans from Banks

The Company alongwith 12 other affiliates/entities (collectively referred to as 'Obligors' and individually referred to as 'Borrower') executed facility agreement with consortium of existing domestic rupee term lenders, in the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities covered are Videocon Industries Limited (VIL), Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited.

Rupee Term Loans from Banks are secured by first *pari-passu* charge on all present and future tangible/intangible assets (excluding the Identified Properties) of each of the Borrower, first *pari-passu* charge on the Trust and Retention Accounts of the Borrowers, second *pari-passu* charge on Identified Assets of Videocon Hydrocarbon Holdings Limited's (VHHL) subsidiaries through pledge of entire shareholding of VHHL in these overseas subsidiaries, second charge on pledge of 100% shares of Videocon Oil Ventures Limited and VHHL held by VIL, second *pari-passu* charge on VHHL's share of cash flows from Identified Assets and second *pari-passu* charge over current assets of each of the Borrowers. The Rupee Term Loans are also secured by first ranking pledge by the promoters over equity shares of Videocon Industries Limited, Trend Electronics Limited and Value Industries Limited held by them, the personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot, Mr. Rajkumar N. Dhoot and first *pari-passu* charge on 'Videocon' brand. However, charge has not been created in favor of such Consortium of banks (A) for the credit facility to the Obligors on the assets by way of pledge of shares of the subsidiaries of VIL viz. Videocon Mauritius Energy Limited and Videocon Mozambique Rovuma 1 Limited (VMRL), which have been pledged to Standard Chartered Bank for the loans availed by VHHL; (B) for any other receivables from VMRL; and (C) on any assets of VMRL. (Also refer Note No. 36).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

- b) 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.
- c) Vehicle Loans from Banks are secured by way of hypothecation of vehicles acquired out of the said loan.

5.2 Unsecured Rupee Loans from Bank is guaranteed by personal guarantee of Mr. Venugopal N. Dhoot and corporate guarantee of Videocon Industries Limited.

	(₹ in Million)		
	Secured Loans		Unsecured Loans
	Rupee Loans from Banks	Vehicle Loan from Banks	From Others
Financial Year 2015	15.85	0.67	5.67
Financial Year 2016	37.90	-	0.95
Financial Year 2017	39.63	-	-
Financial Year 2018	149.87	-	-
Financial Year 2019	379.00	-	-
Financial Year 2020	396.25	-	-
Financial Year 2021	396.25	-	-
Financial Year 2022	131.78	-	4,000.00

5.4 The Company has made certain defaults in repayment of long term loans and interest. The details of continuing defaults as at 31st December, 2013 are as follows:

Particulars	(₹ in Million)		
	Period of Delays		
	1 Day	2 to 31 Days	32 to 68 Days
Principal amount of Term Loans	2.81	80.00	160.00
Interest on Term Loans	1.43	12.57	5.74

	(₹ in Million)	
	As at 31st Dec., 2013	As at 31st Dec., 2012
6. DEFERRED TAX LIABILITY (Net)		
a) Deferred Tax Liability		
Related to Depreciation on Fixed Assets and Amortisation	916.64	994.58
	(a)	994.58
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	11.42	7.46
ii) Carried Forward Losses	275.57	233.44
	(b)	240.90
Net Deferred Tax Liability	(a-b)	753.68
7. OTHER LONG-TERM LIABILITIES		
Security Deposits from Dealers	30.98	24.31
Total	30.98	24.31
8. LONG-TERM PROVISIONS		
Provision for Gratuity (Refer Note No. 32B)	11.07	10.58
Provision for Leave Encashment (Refer Note No. 32B)	5.52	3.44
Total	16.59	14.02
9. SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans from Banks	4,564.10	4,588.54
Total	4,564.10	4,588.54

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

10. TRADE PAYABLES

(₹ in Million)

	As at 31st Dec., 2013	As at 31st Dec., 2012
Micro, Small and Medium Enterprises	14.85	-
Others	1,749.07	1,603.05
Total	1,763.92	1,603.05

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	14.85	-
b) Interest due thereon as at the end of the year	0.08	-
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	0.08	-
e) Interest accrued and remaining unpaid at the end of the year	0.08	-
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.

11. OTHER CURRENT LIABILITIES

(₹ in Million)

	As at 31st Dec., 2013	As at 31st Dec., 2012
Current maturities of Long-term Borrowings (Refer Note No. 5)	836.13	576.16
Interest accrued but not due on Borrowings	13.20	7.69
Interest accrued and due on Borrowings	19.74	-
Unclaimed Dividend	7.32	8.15
Security Deposits from Dealers	14.99	14.57
Other Payables	178.71	157.66
Total	1,070.09	764.23

12. SHORT-TERM PROVISIONS

Provision for Warranty and Maintenance Expenses (Refer Note No. 31)	60.97	59.15
Provision for Gratuity (Refer Note No. 32B)	2.55	2.55
Provision for Leave Encashment (Refer Note No. 32B)	0.36	0.25
Total	63.88	61.95

13. FIXED ASSETS

(₹ in Million)

Particulars	Gross Block				Depreciation / Amortisation / Impairment				Net Block		
	As at 31st Dec., 2012	Additions	Deductions/ Adjustments	As at 31st Dec., 2013	As at 31st Dec., 2012	For the year	Deductions/ Adjustments	As at 31st Dec., 2013	As at 31st Dec., 2013	As at 31st Dec., 2012	
i) Tangible Assets											
Freehold Land	8.14	-	-	8.14	-	-	-	-	8.14	8.14	
Building	1,629.09	-	18.14	1,610.95	481.35	30.51	1.76	510.10	1,100.85	1,147.74	
Plant and Machinery	15,787.74	118.65	4.22	15,902.17	9,279.21	804.22	3.32	10,080.11	5,822.06	6,508.53	
Electrical Installation	105.60	1.81	-	107.41	90.69	1.01	-	91.70	15.71	14.91	
Computers	38.35	0.84	-	39.19	35.71	0.62	-	36.33	2.86	2.64	
Furniture and Fixtures	89.29	24.27	-	113.56	32.09	4.97	-	37.06	76.50	57.20	
Office Equipments	26.95	3.28	-	30.23	14.14	1.32	-	15.46	14.77	12.81	
Vehicles	14.47	-	0.35	14.12	9.75	0.62	0.35	10.02	4.10	4.72	
Total (i)	17,699.63	148.85	22.71	17,825.77	9,942.94	843.27	5.43	10,780.78	7,044.99	7,756.69	
ii) Intangible Assets											
Computer Software	37.99	-	-	37.99	22.34	3.81	-	26.15	11.84	15.65	
Total (ii)	37.99	-	-	37.99	22.34	3.81	-	26.15	11.84	15.65	
Total (i+ii)	17,737.62	148.85	22.71	17,863.76	9,965.28	847.08	5.43	10,806.93	7,056.83	7,772.34	
Previous year as at 31st Dec., 2012	17,288.45	475.82	26.65	17,737.62	9,091.84	890.98	17.54	9,965.28	7,772.34		
iii) Capital Work-in-Progress	205.82			236.42					236.42	205.82	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

14. NON-CURRENT INVESTMENTS

QUOTED**In Equity Shares (Fully Paid-up) - Trade**

	Face Value	As at 31st Dec., 2013		As at 31st Dec., 2012	
		No. of Shares	₹ in Million	No. of Shares	₹ in Million
Videocon Industries Limited	₹ 10	435,411	93.57	435,411	93.57
			93.57		93.57

In Equity Shares (Fully Paid-up) - Others

Punj Lloyd Limited	₹ 2	500	0.03	500	0.03
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		0.30

UNQUOTED**In Equity Shares (Fully Paid-up) - Trade**

Ahmednagar Electronics Private Limited	₹ 10	-	-	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
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
Millennium Appliances India Limited	₹ 10	10,000	0.10	10,000	0.10
Plugin Sales Limited	₹ 100	-	-	1,900	0.19
			169.62		236.48

In Equity Shares (Fully Paid-up) - Others

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
Jupiter Corporation Inc.	US\$ 1	190	0.01	190	0.01
Kores India Limited	₹ 10	305,000	0.31	305,000	0.31
Mars Overseas Limited	US\$ 1	190,000	7.65	190,000	7.65
P T Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Powerking Corporation Limited	US\$ 1	2,717	0.13	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
Cristal (Cayman) Limited (formerly 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
United Petro Gas Limited (formerly Videocon Oil Services Limited)	₹ 10	-	-	9,500	0.10
Videocon Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Titan Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Videocon Sez Infrastructures Private Limited	₹ 10	2,500	0.03	2,500	0.03
Vibgyor Sez Infrastructures (Pune) Private Limited (formerly Videocon Sez Infrastructures (Pune) Pvt. Ltd.)	₹ 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
			48.54		53.75

In Preference Shares (Fully Paid-up)

Plugin Sales Limited	₹ 100	-	-	3,800	0.38
					0.38

In Mutual Fund Units

Axis Equity Fund	₹ 10	50,000	0.50	50,000	0.50
			0.50		0.50

Share Application Money Pending Allotment

Sapphire Overseas Inc.			-		80.58
			-		80.58

Total Non-Current Investments

			312.53		465.56
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Aggregate amount of Quoted Investments			93.87		93.87
Aggregate Market value of Quoted Investments			75.51		94.17
Aggregate amount of Unquoted Investments			218.66		371.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

		(₹ in Million)	
		As at 31st Dec., 2013	As at 31st Dec., 2012
15. LONG TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		11.00	3.89
Security Deposits		21.60	22.45
Other Deposits		30.83	32.88
MAT Credit Entitlement		1.72	1.72
Advance Income Tax (Net of Provision)		14.76	12.51
	Total	79.91	73.45
16. INVENTORIES			
(As taken, valued and certified by the Management)			
Raw Materials including Consumables, Stores and Spares		4,476.00	4,110.16
Raw Materials in Transit and in Bonded Warehouse		88.33	73.58
Work-in-Process		1,373.52	1,179.94
Finished Goods and Stock in Trade		287.01	302.07
	Total	6,224.86	5,665.75
17. TRADE RECEIVABLES			
(Unsecured, considered good)			
Outstanding for a period exceeding six months		4.14	5.50
Others		2,437.94	2,555.46
	Total	2,442.08	2,560.96
18. CASH AND BANK BALANCES			
a) Cash and Cash Equivalents			
Cash on hand		2.88	3.91
Balances with Banks in Current Accounts		44.10	32.33
	(a)	46.98	36.24
b) Other Bank Balances			
In Dividend Warrant Accounts		7.32	8.15
In Fixed Deposits (held as margin money for credit facilities)			
- Maturity 12 months or less		71.32	43.54
- Maturity more than 12 months		26.98	31.63
	(b)	105.62	83.32
	Total (a+b)	152.60	119.56
19. SHORT TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Balance with Central Excise/Customs Department		0.33	0.55
Other Short Term Loans and Advances		409.95	448.94
	Total	410.28	449.49
20. OTHER CURRENT ASSETS			
Interest Accrued		7.63	5.01
Insurance Claim Receivable		0.01	1.01
	Total	7.64	6.02
21. REVENUE FROM OPERATIONS			
			(₹ in Million)
		Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
Sale of Products - Electrical and Electronic items		14,773.16	12,414.22
Income from Services		23.03	49.25
Other Operating Revenue		33.85	17.44
	Total	14,830.04	12,480.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

		(₹ in Million)	
		Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
22. OTHER INCOME			
Income from Investments and Securities Division (Refer Note No. 30.1)		-	18.08
Profit on Sale of Fixed Assets		24.62	29.57
Insurance Claim Received		2.07	1.70
Other Non Operating Income		2.91	3.17
	Total	29.60	52.52
23. COST OF MATERIALS CONSUMED			
		Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
		Percentage	Percentage
		₹ in Million	₹ in Million
Imported		14.21	774.00
Indigenous		85.79	4,672.61
	Total	100.00	5,446.61
		15.89	810.32
		84.11	4,290.58
		100.00	5,100.90
23.1 Particulars of Materials Consumed			
		Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
Plastic Raw Materials and Components		905.15	861.44
Electrical and Electronic Components		3,219.41	2,969.43
Other Raw Materials and Components		1,322.05	1,270.03
		5,446.61	5,100.90
24. PURCHASES OF STOCK-IN-TRADE			
Electrical and Electronic items		6,586.55	5,080.91
	Total	6,586.55	5,080.91
25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE			
Closing Inventories			
Finished Goods and Stock-in-Trade		287.01	302.07
Work-in-Process		1,373.52	1,179.94
	(a)	1,660.53	1,482.01
Opening Inventories			
Finished Goods and Stock-in-Trade		302.07	221.67
Work-in-Process		1,179.94	1,071.71
	(b)	1,482.01	1,293.38
	(b - a)	(178.52)	(188.63)
26. EMPLOYEE BENEFITS EXPENSE			
Salary, Wages and Other Benefits		279.36	221.85
Contribution to Provident Fund and Other Funds		27.68	22.55
Staff Welfare Expenses		19.45	15.24
	Total	326.49	259.64
27. FINANCE COSTS			
Interest Expenses		953.38	970.37
Other Borrowing Costs		20.51	3.49
Applicable Loss on Foreign Currency Transactions and Translations		53.49	-
		1,027.38	973.86
Less: Interest Received		10.16	13.40
	Total	1,017.22	960.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	(₹ in Million)	
	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
28. OTHER EXPENSES		
Power, Fuel and Water	80.96	83.29
Rent	83.70	55.35
Repairs to Building	1.47	3.59
Repairs to Plant and Machinery	4.84	13.67
Other Repairs and Maintenance	5.28	4.64
Insurance	6.60	5.14
Rates and Taxes	19.29	23.79
Carriage and Cartage	173.27	130.80
Advertisement, Publicity and Sales Promotion	66.33	8.63
Discount and Incentive Schemes	231.86	1.40
Bank Charges	34.80	28.89
Payment to Auditors (Refer Note No. 30.3)	2.26	2.06
Donations	-	2.50
Directors' Sitting Fees	0.09	0.10
Loss by Theft	45.06	-
Legal and Professional Charges	14.57	15.99
Royalty	60.06	39.86
Warranty and Maintenance	168.06	146.62
Exchange Rate Fluctuation	27.26	24.99
Office and General Expenses	72.09	40.90
Total	1,097.85	632.21
29. EARNINGS PER SHARE		
i) Net Profit/(Loss) attributable to Equity Shareholders	(727.77)	(643.88)
ii) Weighted Average Number of Equity Shares	39,185,675	39,185,675
iii) Basic and Diluted Earnings per Share of ₹ 10/- each	₹ (18.57)	₹ (16.43)

30. ADDITIONAL NOTES TO FINANCIAL STATEMENTS

30.1 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 include dividend on long term investments of ₹ Nil (Previous year ₹ 0.22 Million).

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

	(₹ in Million)	
	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
C.I.F. Value of Imports:		
Raw Materials	899.61	692.26
Capital Goods	4.38	49.41
Expenditure incurred in Foreign Currency:		
Interest	18.11	46.16
Bank Charges	-	0.01
Others	6.10	-

30.3 Payment to Auditors

	(₹ in Million)	
	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
a) Statutory Audit Fees	1.60	1.45
b) Tax Audit Fees	0.15	0.15
c) Other Services	0.49	0.44
d) Reimbursement of Expenses	0.02	0.02
Total	2.26	2.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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., 2013	Year ended on 31st Dec., 2012
a) Amount at the beginning of the year	59.15	44.05
b) Additional provision made during the year	60.97	59.15
c) Amount used	57.65	42.36
d) Unused amount reversed during the year	1.50	1.69
e) Amount at the end of the year	60.97	59.15

32. EMPLOYEE BENEFITS:

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

A) Defined Contribution Plans:

Amount of ₹ 27.68 Million (Previous year ₹ 22.55 Million) is recognised as an expense and shown under the head "Employee Benefits Expense" (Note No. 26) in the Statement of Profit and Loss.

(₹ in Million)

B) Defined Benefit Plans:

	Gratuity		Leave Encashment	
	31st Dec., 2013	31st Dec., 2012	31st Dec., 2013	31st Dec., 2012
I) The amounts recognised in the Balance Sheet as at the end of the year:				
a) Present value of Defined Benefit Obligation	29.58	21.18	5.87	3.69
b) Fair value of Plan Assets	15.96	8.05	-	-
c) Funded Status - Surplus/(Deficit)	(13.62)	(13.13)	(5.87)	(3.69)
d) Net Assets/(Liability)				
i) Non Current	(11.07)	(10.58)	(5.52)	(3.44)
ii) Current	(2.55)	(2.55)	(0.36)	(0.25)
II) The amounts recognised in the Statement of Profit and Loss for the year:				
a) Current Service Cost	4.05	1.41	2.70	0.80
b) Interest Cost	1.74	1.68	0.22	0.27
c) Actuarial (Gains)/Losses	3.40	(0.16)	1.58	0.96
d) Actual return on Plan Assets	1.27	0.69	-	-
e) Total Expenses	7.92	2.24	4.50	2.03
III) The changes in Obligations during the year:				
a) Present value of Defined Benefit Obligation at the beginning of the year	21.18	19.95	3.69	3.63
b) Current Service Cost	4.05	1.41	2.70	0.80
c) Interest Cost	1.74	1.68	0.22	0.27
d) Actuarial (Gains)/Losses	3.40	(0.16)	1.58	0.96
e) Benefit Payments	0.79	1.70	2.32	1.97
f) Present value of Defined Benefit Obligation at the end of the year	29.58	21.18	5.87	3.69
IV) The changes in Plan Assets during the year:				
a) Plan Assets at the beginning of the year	8.05	7.36	-	-
b) Contribution by Employer	7.16	1.60	-	-
c) Actual Benefits paid	0.52	1.60	-	-
d) Plan Assets at the end of the year	15.96	8.05	-	-
e) Actual return on Plan Assets	1.27	0.69	-	-
V) Actuarial Assumptions				
a) Discount Rate			- 9.30% per annum	
b) Mortality			- Indian Assured Lives Mortality (2006-08) Ultimate	
c) Turnover Rate			- 5% at younger ages reducing to 1% at older ages	
d) Future Salary Increase			- 5.30% per annum	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

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. Mukesh Batra - General Manager (Previous year Mr. Sanjay R. Patil - Assistant General Manager)

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

Remuneration to Key Management Personnel - ₹ 4.98 Million (Previous year ₹ 2.27 Million)

34. CONTINGENT LIABILITIES AND COMMITMENTS

	(₹ in Million)	
	As at 31st Dec., 2013	As at 31st Dec., 2012
A) Contingent Liabilities not provided for:		
i) Letters of Credit opened	799.21	1,033.99
ii) Letters of Guarantees	1,506.17	1,334.67
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)]	16.73	19.17
b) Excise Duty and Service Tax demands and penalties under dispute [Amount paid under protest ₹ 1.00 Million (Previous year ₹ 1.00 Million)]	53.10	42.20
c) Sales Tax demands and penalties under dispute [Amount paid under protest ₹ 27.24 Million (Previous year ₹ 29.29 Million)]	82.37	89.37
d) Others	32.16	-
iv) Income Tax matters in respect of which appeals are pending	19.26	7.07
B) Commitments		
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	30.45	5.22

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 ₹ 1,245.20 Million (Previous year ₹ 5,240.20 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. A) The Company alongwith 12 other affiliates/entities (collectively referred to as 'Obligors' or individually as 'Borrower') executed Facility Agreement with the consortium of existing domestic rupee term lenders, under the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities are Videocon Industries Limited, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited. As the Company is a co-obligor, it is contingently liable in respect of the borrowings of other Obligors/Borrowers to the extent of outstanding balance of Rupee Term Loans as on 31st December, 2013 of ₹ 193,053.42 Million (Previous year ₹ 141,630.61 Million).

B) The Company is a co-obligor along with 12 other affiliates/entities in respect of Term Loans amounting to ₹ 1,875.00 Million (Previous year ₹ 44,250.00 Million) granted to Videocon Industries Limited. The same is secured by subservient charge on entire movables and current assets, both present and future of the Company and 12 other co-obligors/borrowers except for the assets of Ravva Oil Field. The loans are further secured by subservient charge on 'Videocon' and 'Kenstar' brands and irrevocable and unconditional personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

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. 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

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

ANAGHA JOSHI
Company Secretary

N. B. MANDHANA
Director

Place: Mumbai
Date : 28th February, 2014

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Monday, 30th day of June, 2014 at 10.00 a.m. at the Registered Office at 14 K. M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra) and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution Number	Resolution
Ordinary Business:	
1.	Adoption of Audited Statement of Profit and Loss for the financial year ended 31st December, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2.	Appointment of Auditors and fixation of their remuneration.
Special Business:	
3.	Appointment of Mr. Subhash S. Dayama as an Independent Director of the Company, for a term of five consecutive years from the date of this appointment.

Signed this _____ day of _____ 2014.



Signature of the Shareholder

Signature of the Proxy holder(s)

Note:

1. *This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*



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MCS Limited







Unit:Value Industries Limited

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



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	31st December, 2013	
3.	Type of Audit observation	The Report is unqualified.	
4.	Frequency of observation	N.A.	
5.	To be signed by-		
	• CEO/Managing Director		
	• CFO		
	• Auditor of the Company	For Kadam & Co. Chartered Accountants   U. S. Kadam Partner Mem. No. 31055	For Khandelwal Jain & Co. Chartered Accountants   Bhupendra Y. Karkhanis Partner Mem. No. 108336
	• Audit Committee Chairman	