



VALUE INDUSTRIES LIMITED

ANNUAL REPORT 2012



CORPORATE INFORMATION

Board of Directors

- Naveen B. Mandhana
- Subhash S. Dayama
- Avinash H. Malpani

Auditors

- **Khandelwal Jain & Co.**
Chartered Accountants
12-B, Baldota Bhavan,
117, Maharshi Karve
Road, Opp. Churchgate
Railway Station,
Mumbai - 400 020
- **Kadam & Co.**
Chartered Accountants
"Vedant", 8/9 Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar - 414 003

Company Secretary

- Sonal Bhandari

Bankers

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

Registered Office

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

Manufacturing Facility

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

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NOTICE

NOTICE is hereby given that the Twenty-Fifth Annual General Meeting of the members of **VALUE INDUSTRIES LIMITED** (the "Company") will be held on Thursday, 27th June, 2013 at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra) at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st December, 2012 and the Audited Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Naveen B. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors, fix their remuneration and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

By order of the Board of Directors of
VALUE INDUSTRIES LIMITED

SONAL BHANDARI
Company Secretary

Place : Mumbai
Date : 15th May, 2013

Registered Office:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of Section 255, 256 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Naveen B. Mandhana, Director, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of Mr. Naveen B. Mandhana, seeking re-appointment at the Meeting together with the details of shares held by him, if any, forms part of the Corporate Governance Report. The Board of Directors of your Company recommend his re-appointment.

4. Members, who hold shares in dematerialized form, are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip and bring their Attendance Slip, as enclosed, alongwith their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names, shall be entitled to vote.
6. The Register of Members and Share Transfer Books shall remain closed from Friday, 14th June, 2013 to Thursday, 27th June, 2013 (both days inclusive) for the purpose of the Meeting.
7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2004-05 to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Dividend for the financial year ended 2005-06 and thereafter, which remains unclaimed for a period of seven years will be transferred to the IEPF. Members who have not encashed dividend warrant(s)/instrument(s) for the said years are requested to obtain duplicate warrant(s)/demand draft(s) by writing to the Company's Registrar and Share Transfer Agent, M/s. MCS Limited. Members are requested to note that upon transfer, no claims shall lie against the Company or the IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
8. Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, for consolidation into a single folio.
9. The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Taking into consideration the enormous advantages offered by the Depository System, Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
10. Relevant documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 12.00 noon to 3.00 p.m. upto the date of the Meeting.
11. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately, of change in their residential status on return to India for permanent settlement together with particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

By order of the Board of Directors of
VALUE INDUSTRIES LIMITED

SONAL BHANDARI
Company Secretary

Place : Mumbai
Date : 15th May, 2013

Registered Office:

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

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS AND OPERATIONS

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

(` in Million)

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

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

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

DIVIDEND

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

TRANSFER TO RESERVE

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

FIXED DEPOSIT

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

PARTICULARS OF EMPLOYEES

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CONSERVATION OF ENERGY

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

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

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

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

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

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

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

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

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

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

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

Benefits Derived from R & D activities:

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

Expenses incurred for R & D activities:

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

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

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

HEALTH, SAFETY AND ENVIRONMENT MEASURES

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

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

Health & Safety Initiatives:

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

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

Environmental Initiatives:

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

INFORMATION TECHNOLOGY

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

VALUE INDUSTRIES LIMITED

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

INDUSTRIAL RELATIONS

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

BOARD OF DIRECTORS

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

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

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

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

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Company has received certificates from the said Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDIT COMMITTEE

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

COST AUDIT

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

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

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

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

CASH FLOW STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, a separate section on Corporate Governance together with a Compliance Certificate from the Statutory Auditors of the Company forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- that the accounting policies selected have been applied consistently; and judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2012 and of the loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- that the Annual Accounts of the Company have been prepared on 'going concern' basis.

ACKNOWLEDGEMENT

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

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

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

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

S. S. DAYAMA
Director

N. B. MANDHANA
Director

Place : Mumbai
Date : 15th May, 2013

CORPORATE GOVERNANCE REPORT

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

BOARD OF DIRECTORS

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

Composition as on 31st December, 2012:

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

Proceedings of Board and Committee Meetings:

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

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

Meetings and Attendance:

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

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

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

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

- 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. To address specific urgent need, the meetings are conducted by giving shorter notice. The Board is also authorized to pass resolutions by circulation. The notice sent through e-mail is also considered as a valid notice.
- The Chairman ensures that proper quorum is present throughout the meeting.
- The Board has complete and unqualified access to all the information available with the Company. The information provided by the Board includes:
 - 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, if any;
 - 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, demands and 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/Amalgamation, if any;
 - Compliance Report;
 - Disclosure of interest by the Directors about the directorship and committee positions held by them in other companies;
 - Significant developments in the human resources & industrial relations;
 - Fatal accidents and other dangerous occurrences;
 - Transaction that involves substantial payment towards goodwill, brand equity or intellectual property;
 - Any material default in financial obligations to and by the Company of substantial non-payment for goods sold by the Company;
 - Product liability claims of a substantial nature, if any; and
 - Other materially relevant information.
- Drafted minutes are being circulated to all the members of the Board for their comments. The Chairman of the meeting signs the minutes so circulated and approved by all the members.
- The proceedings of the Board Meetings, General Meetings and Committee Meetings are duly recorded in minutes book on timely basis.
- The Company has laid down code of conduct which binds all the board members and senior management of the Company. A declaration by the Head Operations and the Company Secretary to this effect is appended to this report.

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

VALUE INDUSTRIES LIMITED

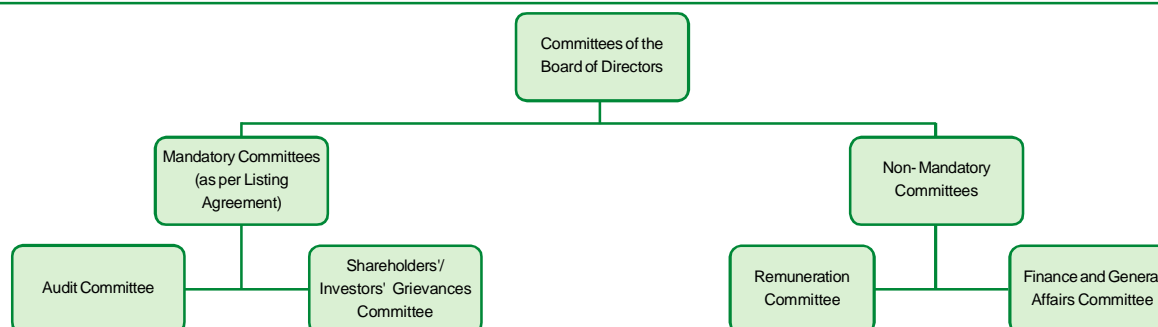
** Other Directorship(s), Company Chairmanship(s), Committee Chairmanship(s) and Committee Membership(s) of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot is/are based on the disclosure submitted at the beginning of the year under review. As regards other directors, it is as on 31st December, 2012.

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

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

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

BOARD COMMITTEES



The Board defines the terms of reference of these Committees. The members of the Committees are elected by the Board and co-opted by the respective Committees.

AUDIT COMMITTEE

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

Powers of the Audit Committee includes:

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.

Terms of reference and scope of the Committee:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. 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;

- b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - 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 any significant findings and follow-up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment, if any, to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee:

The Audit Committee mandatorily reviews the following information:

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

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

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

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

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

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

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

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

Scope of the Committee:

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

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

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

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

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

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

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

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

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

Compliance Officer:

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

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

Details of Share Transfer/ Demat/ Remat:

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

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

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

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

REMUNERATION COMMITTEE

Terms of reference and Scope of the Committee:

- Fixing & reviewing the remuneration of the Chief Executives and other senior officers of the Company;
- Recommend the remuneration including the perquisite package of key management personnel;
- Determining the remuneration policy of the Company;
- Recommend to the Board retirement benefits;
- Reviewing the performance of employees against specific key result areas; and
- To attend to any other responsibility as may be entrusted by the Board.

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

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

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

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

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

Director's Remuneration:

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

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

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

FINANCE AND GENERAL AFFAIRS COMMITTEE

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

Scope of the Finance and General Affairs Committee:

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

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

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

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

GENERAL BODY MEETINGS

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

POSTAL BALLOT

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

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

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

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