



# **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:

1. 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.
2. 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:

3. 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:

1. **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.**
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. **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](http://www.valueind.in) and on the website of CDSL viz., [www.cdslindia.com](http://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](mailto: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**

Place : Mumbai  
Date : 15th May, 2014

**ANAGHA JOSHI  
COMPANY SECRETARY**

### **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**

Place : Mumbai  
Date : 15th May, 2014

**ANAGHA JOSHI  
COMPANY SECRETARY**

## 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-surging 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 up to 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](http://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.

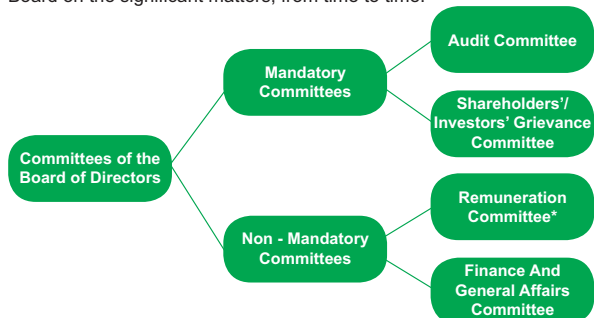
Directors do not hold any shares in the Company.

### 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

### 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.

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;