22nd
Annual Report
2008-09

Value Industries Limited

VALUE INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

AUDITORS

KHANDELWAL JAIN & CO.
Chartered Accountant
12-B, Baldota Bhavan,
117, Maharshi Karve Road,
Opp. Churchgate Railway Station,
Mumbai - 400 020

KADAM & CO.
Chartered Accountants
"Vedant", 8/9 Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar - 414 003

BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Indian Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of Indore
The Federal Bank Ltd.
UCO Bank

COMPANY SECRETARY

Deepti P. Parkar

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-second Annual General Meeting of the members of **VALUE INDUSTRIES LIMITED** (the "Company") will be held on Tuesday, 30th March, 2010 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 Profit and Loss Account for the year ended 30th September, 2009 and the Audited Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Pradipkumar N. Dhoot who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Avinash H. Malpani who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 the order of the Board of Directors of
VALUE INDUSTRIES LIMITED

DEEPTI P. PARKAR
Company Secretary

Place: Mumbai
Date: 19th February, 2010

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 SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, 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 representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot and Mr. Avinash H. Malpani, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of the said directors seeking re-appointment at the meeting is annexed. The Board of Directors of your Company commends their 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 for attending the Meeting.
5. Members are requested to bring their Attendance Slip, as enclosed, alongwith their copy of Annual Report to the Meeting.
6. 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.
7. The Register of Members and Share Transfer Books shall be closed from Wednesday, 17th March, 2010 to Tuesday, 30th March, 2010 (both days inclusive) for determining the shareholders' entitlement for dividend on equity shares.
8. The dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Saturday, 10th April, 2010 to those Members who hold shares in physical form and whose names appear on the Company's Register of Members on Wednesday, 17th March, 2010. As regards shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as at the close of business hours on Tuesday, 16th March, 2010 as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
9. 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 2000-01 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Dividends for the financial year ended 2001-02 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) for the said years are requested to obtain duplicate warrant(s) by writing to the Company's Registrar and Transfer Agent, M/s. MCS Limited. Members are requested to note that upon transfer, no claims shall lie against the Company or the IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
10. 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 Transfer Agent of the Company, for consolidation into a single folio.
11. The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. NSDL and CDSL. Taking into consideration the enormous advantages offered by the Depository System, Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
12. 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.

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

DEEPTI P. PARKAR
Company Secretary

Place: Mumbai
Date: 19th February, 2010

Registered Office:

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

BRIEF PROFILE OF THE DIRECTORS PROPOSED TO BE RE-APPOINTED (AS REQUIRED IN TERMS OF THE PROVISIONS OF THE CLAUSE 49 OF THE LISTING AGREEMENT)

MR. PRADIPKUMAR N. DHOOT:

Date of Birth	22nd March, 1960
Education Qualification	Commerce Graduate
Date of Appointment on the Board	22nd August, 1996
Category of Director	Promoter, Non-Executive
Area of Expertise/ Senior Position Held /Work Experience	An eminent industrialist with over two decades of diversified business experience in an array of fields viz. consumer electronics and home appliances; oil and gas etc. to his credit, Mr. Pradipkumar N. Dhoot is one of the core promoters of Videocon Group. A member of Young President Organization and Society for Information Display, he was honoured with the 'Man of Electronics' award by CETMA in the year 2005.
Names of other Directorships in Public Limited Company	• Videocon Industries Limited • Videocon India Limited • Trend Electronics Limited • Applicomp (India) Limited • Unity Appliances Limited • Next Retail India Limited • Videocon Realty & Infrastructures Limited • Techno Electronics Limited • Infodart Technologies India Limited • Videocon Power Ventures Limited • Videocon Semiconductor Limited • Videocon International Electronics Limited • Videocon Telecommunications Limited • Datacom Telecommunications Private Limited
Names of Committees in which a Chairman	Nil
Names of Committees in which a Member	Trend Electronics Limited (Shareholders'/Investors' Grievance Committee) Videocon Telecommunications Limited (Audit Committee and Shareholders'/Investors' Grievance Committee) Videocon International Electronics Limited (Audit Committee)
Number of shares held in the Company	2,426

MR. AVINASH H. MALPANI:

Date of Birth	15th September, 1950
Education Qualification	Commerce Graduate
Date of Appointment on the Board	30th September, 1996
Category of Director	Independent, Non-Executive
Area of Expertise/ Senior Position Held /Work Experience	He carries with him a vast experience in diverse fields viz. consumer electronics and engineering goods.
Names of other Directorships in Public Limited Company	Nil
Names of Committees in which a Chairman	Nil
Names of Committees in which a Member	Nil
Number of shares held in the Company	9,264

DIRECTORS' REPORT

Dear Shareholders,

VALUE INDUSTRIES LIMITED

Your Directors are delighted to present the Twenty-second Annual Report together with the audited accounts and Auditors' Report of your Company for the year ended 30th September, 2009.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended 30th September, 2009 is summarized hereunder:

(Rs. in Million)

Particulars	**Year ended 30th Sept., 2009**	Year ended 30th Sept., 2008
Net Sales	**12,041.78**	12,446.80
Other Income	**29.05**	16.33
Total Income	**12,070.83**	12,463.13
Profit before Interest, Tax and Depreciation	**1,465.01**	1,475.12
Interest	**588.19**	549.50
Depreciation	**802.07**	786.44
Profit before Impairment Loss and Taxation	**74.75**	139.18
Impairment Loss	**-**	16.31
Profit before Tax	**74.75**	122.87
Provision for Taxation	**25.34**	42.79
Profit for the Year	**49.41**	80.08

During the first and second quarter of the financial year, the global recession and economic slow-down in India impacted the turnover and profit of your Company. Total Income of the Company during the year declined to Rs.12,070.83 million as against Rs.12,463.13 million for the previous year ended 30th September, 2008 and the profit after tax also declined to Rs. 49.41 million as against Rs. 80.08 million for the last year.

FORFEITURE OF EQUITY SHARES

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of your Company, at its meeting held on 31st July, 2009, approved the forfeiture of 127,684 equity shares of face value of Rs. 10/- each and cancelled the said shares. The said equity shares were allotted pursuant to the conversion of 12.5% Secured Fully Convertible Debentures of the Company and in respect of which the allotment/call money were due and unpaid.

DIVIDEND

Your Directors have recommended a dividend of Re. 1.00 per equity share (Previous year, Paise 50 per equity share) on the equity shares of the Company for the year ended 30th September, 2009 which, if approved at the ensuing Annual General Meeting by the members, will be paid out of profits during the year. The dividend is free of tax in the hands of the shareholders.

The dividend payout, as proposed, is in accordance with the Company's policy to pay sustainable dividend besides keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals.

TRANSFER TO RESERVE

Your Directors propose to transfer an amount of Rs. 5.00 million to the General Reserve. After appropriations, the balance amount of Rs. 763.92 million is proposed to be carried to the Balance Sheet.

FIXED DEPOSIT

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, Foreign Exchange outflow amounted to Rs. 1,077.12 million as against an outflow of Rs. 917.17 million for the previous year. There were no foreign exchange earnings during the year.

CONSERVATION OF ENERGY

Your Company gives utmost importance to the conservation of energy as a part of its Corporate Social Responsibility towards a better environment. The Company has developed a system of reporting whereby an in-house team of expert engineers submits its findings to the top management, at scheduled intervals, for its consideration and thereafter, corrective measures, if required, are taken to ensure optimum utilisation of energy resources.

Your Company seeks to contribute to the energy conservation campaign by way of following initiatives:

- Proper ventilation at factory premises;
- Use of energy-saving lighting system;
- Auto shut-off of air conditioners and other equipments during lunch breaks and shift change;
- Regular maintenance of machinery and replacement of obsolete machinery for optimum performance with reduced power consumption; and
- Awareness Programmes for employees/workers at all levels.

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company realises that innovation is the key to sustained growth. Research and Development (R&D) and technology absorption are integral to the Company's innovation agenda for achieving growth, profitability and sustainability. The Directors of your Company are committed to ongoing investment in R&D as a way to differentiate its existing products while bringing innovative, high-value products to market. The R&D Team has come up with a time-bound programme to establish centres of excellence in the key technology areas critical to the Company. The R&D activities of the Company are closely focused on market needs and driven by technological progress.

The R&D activities of the Company are focussed towards:

- Increasing productivity;
- Maximising value;
- Introducing newer models with advanced features;
- Improvising product quality and durability;
- Cutting down the costs; and
- Creating a high performance environment to promote innovation.

The continuous efforts of the R & D Team have been fruitful in the form of:

- Raised standards of quality;
- Higher consumer satisfaction;
- Reduced power consumption;
- Ability to compete favourably with the foreign players in the Indian and International Markets; and
- Development of energy efficient products.

During the year, R&D expenditure amounted to Rs. 2.19 million representing 0.02% of the turnover.

INFORMATION TECHNOLOGY

The pivotal role played by Information Technology in delivering better value to the customers and maintaining the position of an organization in a fiercely competitive scenario is undisputed. Today's sophisticated business organizations look to Information Technology to provide them with a sustainable competitive advantage.

Your Company, too, considers Information Technology as a tool to improve productivity, efficiency and reliability and has, accordingly, re-engineered its processes by leveraging Information Technology with an eye to building, sustaining and expanding its competitive edge. Implementation of mySAP, a customized ERP Programme, at manufacturing facility, reflects the Company's inclination towards use of sophisticated technological solutions in its day-to-day activities.

HEALTH, SAFETY AND ENVIRONMENT

Your Company, being a good corporate citizen, assumes its business and ethical responsibility to create a safe and healthy workplace for its employees and is equally dedicated towards a sustainable plant.

Safety of all persons and the pursuit to achieve world-class level of operational excellence in safety continues to be the major focus area of your Company.

Your Company recognizes that employee well-being and satisfaction contributes significantly to its productivity and firmly believes that comprehensive management system provides a sustainable basis for the whole organization. It increases employee motivation and satisfaction, strengthens the brand image and lowers long-term costs. Your Company takes very seriously, the processes and control systems needed to ensure the safety of its employees and contractors.

The Company has introduced various eco-friendly initiatives to prevent environmental hazard, some of them being effective waste management system, tree plantation camps, pollution check-up camps and environment awareness camps.

RE-APPOINTMENT OF DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot and Mr. Avinash H. Malpani, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Board recommends re-appointment of Mr. Pradipkumar N. Dhoot and Mr. Avinash H. Malpani.

A brief profile of the Directors proposed to be re-appointed forms part of notice of the ensuing Annual General Meeting.

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 your Company's financial condition and results of operations.

Your Directors confirm that:

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

b) the accounting policies selected have been applied consistently and judgements and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at September 30, 2009 and of the profit of your Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities; and

d) the Annual Accounts of your Company have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed to this Report and form part thereof.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

CASH FLOW STATEMENT

The Cash Flow Statement for the year ended 30th September, 2009, in conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges in India, is annexed hereto.

AUDITORS' REPORT

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

AUDITORS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

Corporate Governance is a reflection of an organisation's business culture, values, policies and bond with stakeholders. Your Company has constantly strived to benchmark its Corporate Governance practices with the best in the world. Your Directors re-affirm their continued commitment to good Corporate Governance practices.

A separate section on Corporate Governance together with a certificate from your Company's Statutory Auditors forms a part of this Annual Report.

APPRECIATION

Your Directors place on record their appreciation to the continued support extended by the Company's clients, business associates, suppliers, vendors, bankers and investors during the year. Your Directors also place on record their appreciation to the dedication and contributions made by employees at all levels who, through their competence, hard work and support, have enabled the Company to achieve growth and improved performance. Your Directors look forward to their continued support in the future as well.

Your Directors are also thankful to the shareholder for their continued support to the Company.

For and on behalf of the Board of Directors

V. N. DHOOT
Director

N. B. MANDHANA
Director

Place : Mumbai
Date : 19th February, 2010

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

Name of the Employee	Designation	Remuneration (Rs.)	Qualification	Age (Years)	Experience (Years)	Date of Commencement	Name of Last Employer	Position Held
Mr. M. P. Bhosale	General Manager	3,291,642/-	Diploma in Tools & Die-making	45	23	28th September, 2006	LG Electronics Limited	Assistant General Manager

a) Remuneration includes Basic Salary, Ex-Gratia, HRA, Marketing Allowance, Special Allowance, C. A., L.T.A., Leave Encashment, Medical Reimbursement, Contribution to Provident Fund.

b) The Employee is in whole-time employment of the Company and the employment is contractual in nature.

c) The Employee is not a relative of any of the Directors of the Company.

Place : Mumbai
Date : 19th February, 2010

CORPORATE GOVERNANCE REPORT

This report sets out the compliance status of the Company on Corporate Governance as set out in the Amended Clause 49 of the Listing Agreement with the Stock Exchanges.

COMPANY'S PHILOSOPHY

Corporate Governance is all about upholding the highest standards of integrity, transparency and accountability. Your Company seeks to blend growth and efficiency with governance and ethics and firmly believes that Corporate Governance goes beyond mere financial measurement of the performance of the Company taking into consideration a basket of parameters such as employee satisfaction, shareholder satisfaction, commitment to quality etc. It rests upon strong foundations of transparency, disclosure, fairness, monitoring and review. Sound corporate governance principles applied consistently to all areas of operations ensures that its values viz. integrity, commitment, passion, seamlessness and speed are leveraged to maximise value for all its stakeholders.

The corporate governance policy of the Company is based on principles of equity and ensures the following:

- Proper composition of the Board of Directors;
- Timely dissemination of material Information to the Stakeholders concerning their interests;
- Adequate Internal Control measures;
- Transparency and accountability; and
- Compliance with the applicable laws and regulations.

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

BOARD OF DIRECTORS

Composition as on 30th September, 2009:

The Board of your Company comprises of 5 Directors, being eminent persons, having experience in diverse fields viz. Finance, Manufacturing, Marketing and Capital Markets. The Directors of the Company are categorized as under:

Promoter Non-Executive	Independent
Mr. Venugopal N. Dhoot Mr. Pradipkumar N. Dhoot	Mr. Naveen B. Mandhana Mr. Subhash S. Dayama Mr. Avinash H. Malpani

Meetings and Proceedings:

The Company has a well-defined process of placing vital and sufficient information before the Board pertaining to business to be considered at each Board Meeting so as to enable the Members of the Board to participate in the discussion and discharge its responsibilities effectively.

The Company Secretary, in consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which is distributed to the Board/ Committee Members well in advance. The Company is in substantial compliance with the Secretarial Standard I issued by the Institute of Company Secretaries of India in respect of proceedings at the Board Meeting.

Meetings and Attendance:

The Board met twelve times during the year on the following dates: 27th October, 2008; 5th January, 2009; 31st January, 2009; 26th February, 2009; 23rd March, 2009; 24th April, 2009; 29th April, 2009; 18th May, 2009; 20th July, 2009; 31st July, 2009; 10th August, 2009; and 25th September, 2009. The maximum time-gap between any two meetings was not more than four calendar months.

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

Sr. No.	Name of Director	Whether attended AGM held on 30th March, 2009	Attendance in Board Meetings	Other Board		
				Directorship@	Committee Chairmanship#	Committee Membership#
1.	Mr. Venugopal N. Dhoot	Yes	11	14	01	01
2.	Mr. Pradipkumar N. Dhoot	No	05	14	-	03
3.	Mr. Naveen B. Mandhana	No	06	06	02	-
4.	Mr. Avinash H. Malpani	No	06	-	-	-
5.	Mr. Subhash S. Dayama	Yes	11	14	4	1

Notes:

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

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

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

Brief details of the Directors proposed to be re-appointed:

A brief profile of the directors retiring by rotation and seeking re-appointment is appended to the Notice convening the ensuing Twenty-second Annual General Meeting.

BOARD COMMITTEES

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

Audit Committee

Composition as on 30th September, 2009:

Name of the Member	Category
Mr. Subhash S. Dayama - Chairman	Independent
Mr. Avinash H. Malpani	Independent
Mr. Naveen B Mandhana	Independent

The Committee members have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

Scope:

The terms of reference of the Committee are broadly as under:

a) Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Major accounting entries based on exercise of judgement by management.
- The going concern assumption.
- Significant changes/amendments, if any, arising out of audit.
- Compliance with stock exchange and legal requirements concerning financial statements.

- Compliance with accounting standards.
- Changes, if any, in accounting policies and practices.
- Observations if any, in draft audit report.
- Qualification in the draft audit report.
- Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

f) Discussion with internal auditors any significant findings and follow up there on.

g) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

h) Discussions with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

i) Reviewing the adequacy of internal audit function, 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.

j) Reviewing the Company's financial and risk management policies.

k) To review the functioning of Whistle Blower Mechanism, if any.

Meetings and Attendance:

The Committee met five times during the year under review on the following dates. 27th October, 2008; 31st January, 2009; 26th February, 2009; 29th April, 2009; and 31st July, 2009. Details of the meetings attended (including participation through audio conferencing) by the Members are as under:

Name of the Member	Meetings attended
Mr. Subhash S. Dayama	05
Mr. Avinash H. Malpani	03
Mr. Naveen Mandhana	04

The constitution of the Committee meets with the requirements of Section 292A of the Companies Act, 1956. The Statutory Auditors, Cost Auditors and Head of Internal Audit attended and participated in the meetings, on invitation. The Company Secretary is the Secretary of the Committee.

Remuneration Committee

Composition as on 30th September, 2009:

Name of the Member	Category
Mr. Naveen B. Mandhana - Chairman	Independent
Mr. Avinash H. Malpani	Independent
Mr. Subhash S. Dayama	Independent

Scope:

The following matters are referred to the Committee:

- Fixing the remuneration payable to the Directors; and
- Determining the remuneration policy of the Company

Directors' Remuneration:

The non-executive/independent directors are paid only sitting fees for attending Board/Committee meetings. The details of sitting fees paid to non-executive directors during the year under review are as under:

Name of the Member	Sitting fees paid (Rs.)
Mr. Naveen B. Mandhana	22,000
Mr. Avinash H. Malpani	23,000
Mr. Subhash S. Dayama	33,500

Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot, the Promoter Directors, are not drawing any sitting fees.

Meetings and Attendance:

The Committee met once during the year on 29th April, 2009. Particulars of attendance at the said meeting are as under:

Name of the Member	Meetings attended
Mr. Naveen B. Mandhana	00
Mr. Avinash H. Malpani	01
Mr. Subhash S. Dayama	01

Stock Options:

The Company has not issued any stock options to its directors.

Shareholders'/Investors' Grievance Committee

Composition as on 30th September, 2009:

Name of the Member	Category
Mr. Avinash H. Malpani - Chairman	Independent
Mr. Naveen B. Mandhana	Independent
Mr. Pradipkumar N. Dhoot	Independent

During the financial year under review, the Committee met four times on the following dates: 27th October, 2008; 2nd February, 2009; 3rd May, 2009; and 3rd August, 2009. Details of the meetings attended by the Members are as under:

Name of the Member	Meetings attended
Mr. Avinash H. Malpani	04
Mr. Naveen B. Mandhana	03
Mr. Pradipkumar N. Dhoot	03

Scope:

The Committee administers the following activities:

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

The power of share transfer has been delegated to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, who processes the transfers. The Committee also looks after redressal of investors' grievances and performance of the Registrar and Share Transfer Agent of the Company.

The Committee monitors violation of the code of conduct prescribed by the Company for prevention of insider trading.

Compliance Officer:

Ms. Deepti P. Parkar, Company Secretary, is the Compliance Officer.

Details of Share Transfer/ Demat/ Remat:

During the year under review, 47 Sub-Committee meetings were held and transfer, dematerialization and rematerialisation requests received from the shareholders were received and approved, particulars of which are as under:

Number of transfers	178
Number of shares transferred	21,210
Average number of transfers per month	15
Number of demat requests approved	584
Number of shares dematerialised	80,575
Percentage of shares dematerialized	0.21
Number of remat requests approved	01
Number of shares rematerialized	25

Details of complaints received and redressed during the year:

Particulars	Received	Redressed	Pending as on 30th September, 2009
Non-receipt of Refund Order	-	-	-
Non-receipt of Dividend / Interest / Redemption Warrants	80	80	-
Non-receipt of Share Certificate	99	99	-
Others	120	120	-
Total	**299**	**299**	-

Note: Representatives of the Company are in constant touch with MCS Limited, Share Transfer Agent of the Company and periodically review the outstanding complaints.

GENERAL BODY MEETINGS

The last three Annual General Meetings of the company were held as under:

AGM	Date	Location	Time	Number of Special Resolutions Passed
19th	30.03.2007	14 K. M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad - 431 105	12.00 p.m.	01
20th	31.03.2008	14 K. M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad - 431 105	11.30 a.m.	Nil
21st	30.03.2009	14 K. M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad - 431 105	10.00 a.m.	Nil

During the year under review, no resolution was transacted through Postal Ballot. Further, there are no special resolutions proposed to be transacted at the Annual General Meeting, which warrants Postal Ballot.

DISCLOSURES

a. Materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, directors/ management, subsidiaries/ relatives etc. that may have potential conflict with the interests of the Company at large.	There are no transactions which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 8 of Schedule 14B to the Accounts in the Annual Report.
b. Non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	Nil
c. Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	The Company has implemented Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the Audit Committee.
d. Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.	Mandatory requirements have been complied with and non-mandatory requirements like constitution of the Remuneration Committee and implementation of Whistle Blower Policy have been adopted by the Company.

MEANS OF COMMUNICATION

The Company regularly intimates its Un-Audited (provisional) as well as Audited Financial Results to the stock exchanges as soon as the same are taken on record/approved. The Financial Results are published in leading English and Marathi dailies. The results of the Company are also uploaded on the website of the SEBI at www.sebiedifar.nic.in

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

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

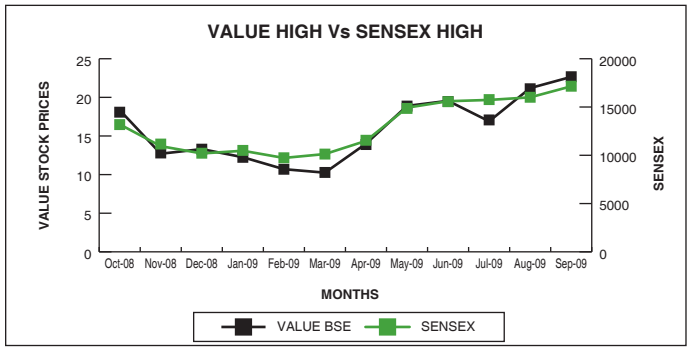
GENERAL INFORMATION FOR SHAREHOLDERS

1.	Annual General Meeting	The 22nd Annual General Meeting will be held on Tuesday, 30th March, 2010 at 10 a.m. at the Registered Office of the Company 14 K.M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad – 431 105 (Maharashtra).	
2.	Financial Calendar	Financial Year	1st October, 2009 - 30th September, 2010
		Results for the First Quarter	On or before 31st January, 2010
		Results for the Second Quarter	On or before 30th April, 2010
		Results for the Third Quarter	On or before 31st July, 2010
		Results for the Fourth Quarter	On or before 31st October, 2010
		Annual General Meeting for Financial Year ended 30th September, 2009	On or before 31st March, 2010
3.	Date of Book Closure	17th March, 2010 to 30th March, 2010 (both days inclusive)	
4.	Date of Dividend Payment	10th April, 2010 (Tentative)	
5.	Listing on Stock Exchanges	The equity shares of your Company are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. The Company has paid Listing Fees upto 31st March, 2010. The shareholders of your Company, at their meeting held on 31st March, 2004, have accorded approval for delisting of equity shares from The Stock Exchange – Ahmedabad, Madras Stock Exchange Limited, Bangalore Stock Exchange Limited, Calcutta Stock Exchange Association Limited, Pune Stock Exchange Limited and Delhi Stock Exchanges Association Limited. The Company has complied with the formalities for delisting. The names and addresses of the Stock Exchanges where the equity shares of your Company continue to be listed are given below:	
		Bombay Stock Exchange Limited (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	500945 (Stock Code)
		National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 050	VALUEIND (Stock Code)

6. Stock Data

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
October 2008	18.35	8.75	18.50	8.70
November 2008	12.70	7.80	12.50	8.00
December 2008	13.30	8.25	13.15	8.05
January 2009	12.25	8.51	12.20	8.60
February 2009	10.70	8.00	10.50	7.45
March 2009	10.25	8.48	10.00	8.40
April 2009	14.00	9.23	14.00	9.20
May 2009	18.89	11.80	19.00	12.00
June 2009	19.55	14.50	19.80	14.50
July 2009	16.90	13.40	17.20	13.15
August 2009	21.20	16.15	21.15	16.10
September 2009	22.65	18.50	22.35	18.40

7. Stock Performance



8.	Registrar and Transfer Agents	MCS Limited Kashiram Jamnadas Building, Office No. 21/22, Ground Floor, 5, P. D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai – 400 009 Tel: 022 – 23726253/55, Fax: 022 23726252
9.	Share Transfer System	Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.

10. a) Shareholding Pattern as on 30th September, 2009 is given as under:

Category code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of Shares in Demat Form	Total shareholding as a Percentage of total Number of Shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	**Share holding of Promoter and Promoter Group**					
(1)	**Indian**					
(a)	Individuals / Hindu Undivided family	14	2,219,815	1,388,835	5.66	5.66
(b)	Central Govt./ State Govt.(s)	-	-	-	-	-
(c)	Bodies Corporate	15	16,101,591	14,451,473	41.09	41.09
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-
	Sub-Total (A) (1)	**29**	**18,321,406**	**15,840,308**	**46.76**	**46.76**
(2)	**Foreign**					
(a)	Individuals (Non -Resident Individuals / Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other(specify)	-	-	-	-	-
	Sub-Total (A) (2)	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**29**	**18,321,406**	**15,840,308**	**46.76**	**46.76**
(B)	**Public Share holding**					
(1)	**Institutions**					
(a)	Mutual Funds/UTI	20	14,276	0	0.04	0.04
(b)	Financial Institutions/Banks	28	6,946	3,165	0.02	0.02
(c)	Central Govt./ State Govt.(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	6	944,756	944,631	2.41	2.41
(f)	Foreign Institutional Investors	3	1,025	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other(specify)	-	-	-	-	-
	Sub-Total (B) (1)	**57**	**967,003**	**947,796**	**2.47**	**2.47**
(2)	**Non-Institutions**					
(a)	Bodies Corporate	860	3,910,612	3,872,097	9.98	9.98
(b)	Individuals i. Individuals Shareholders holding nominal share capital up to Rs. 1 Lakh	75,681	13,160,321	9,544,823	33.58	33.58
	ii. Above Rs. 1 Lakh	99	2,826,333	2,826,333	7.21	7.21
(c)	Any Other (specify)	-	-	-	-	-
	Sub - Total (B) (2)	**76,640**	**19,897,266**	**16,243,253**	**50.78**	**50.78**
	Total Public Share holding B= (B)(1)+(B)(2)	**76,697**	**20,864,269**	**17,191,049**	**53.24**	**53.24**
	TOTAL (A)+(B)	**76,726**	**39,185,675**	**33,031,357**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipt have been issued**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**76,726**	**39,185,675**	**33,031,357**	**100.00**	**100.00**

b) Distribution of Shareholding as on 30th September, 2009 is as given below:

Shareholding of Nominal Value	Total Number of Shareholders	% to total	Number of Shares	Amount (in Rs.)	% to Total
Up to 5,000	76,375	99.54	13,877,427	138,774,270	35.415
5,001 to 10,000	176	0.23	1,246,361	12,463,610	3.181
10,001 to 20,000	75	0.10	979,900	9,799,000	2.501
20,001 to 30,000	32	0.04	788,689	7,886,890	2.013
30,001 to 40,000	13	0.02	449,763	4,497,630	1.148
40,001 to 50,000	8	0.01	368,727	3,687,270	0.941
50,001 to 100,000	19	0.02	1,375,625	13,756,250	3.511
100,001 and above	28	0.04	20,099,183	200,991,830	51.292
Total	**76,726**	**100.00**	**39,185,675**	**391,856,750**	**100.000**

11.	Dematerialization of Shares	The Securities and Exchange Board of India (SEBI), through a notification, has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 30th September, 2009, 33,031,357 equity shares (84.30% of the total number of shares) have been dematerialized.
12.	Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and likely impact on equity	Nil
13.	Plant Location	15 K.M. Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad – 431 105, (Maharashtra)
14.	Address for Correspondence	14 K.M. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad – 431 105 (Maharashtra) The correspondence address for shareholders in respect of their queries is: M/s. MCS Limited Kashiram Jamnadas Building, Office No. 21/22, Ground Floor, 5, P. D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai – 400 009 Tel: 022 – 23726253/55, Fax: 022 23726252

COMPLIANCE CERTIFICATE FROM STATUTORY AUDITORS

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

DECLARATION

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

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

HEAD OPERATIONS **COMPANY SECRETARY**

CERTIFICATION

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

a) The Financial Statements and the Cash Flow Statements for the year have been reviewed and to the best of our knowledge and belief are true and present a true and fair view of the affairs of the Company.

b) To the best of our knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.

c) We accept the responsibility for establishing and maintaining internal controls, evaluate the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or propose to take steps to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

i) Significant changes in Internal Control processes during the year;

ii) Significant changes in Accounting Policies; and

iii) Instances of significant fraud of which we have become aware.

HEAD-OPERATIONS **CHIEF FINANCIAL OFFICER**

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

VALUE INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Value Industries Limited, for the year ended on September 30, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Partner
Membership No. 31055

Place: Mumbai
Date: 19th February, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

INDUSTRY OVERVIEW

The consumer electronics industry is a global business. In recent years, the consumer electronics industry is in the midst of a new wave of change. It is ushering in a dawn of convergence, of technologies, products and markets. Consumer electronics appliances like digital televisions are in a state of constant flux. The convergence of digital-based audio, video and information technology is a major reason. These changes began nearly two decades ago and have resulted in an avalanche of the state-of-the-art electronic devices in the market.

Digitalization, miniaturization and mobility are the key elements for the modern consumer electronic products. Digitalization has transformed the consumer electronics sector, thereby delivering new and exciting entertainment products that have changed the way we live. It has paved the way for digital devices such as DVD player/recorder and LCD TV. Miniaturization also accelerates the growth of the consumer electronics industry.

The Indian consumer durables industry, too, has witnessed a considerable change in the past couple of years. Changing lifestyle, higher disposable income coupled with greater affordability and a surge in advertising have been instrumental in bringing about a sea change in the consumer behaviour pattern.

A shift in consumer preferences towards higher-end, technologically advanced branded products has been quite discernable. This shift can be explained by narrowing disparities between the prices of branded and unbranded products coupled with the high quality of after sales service provided by the branded players. The shift has also been triggered by the availability of foreign branded products in India owing to lower import duties coupled with other liberal measures as introduced by the government.

The growth in the consumer durables sector in India has been driven primarily by factors such as higher disposable income, emergence of the retail industry in a big way coupled with rising affluence levels of a considerable section of the population. The ongoing economic buoyancy in India, despite global economic melt-down, has offered opportunities for rapid growth of consumer durable industry and in particular, the home appliances market.

In a nutshell, the industry is all set for a sustained growth over a long-term, fuelled by favourable consumer demographics, overall growth in services and industrial sectors.

The Company is primarily into the business of manufacturing and trading of the following:

Washing Machines:

The Washing Machine market is expected to grow around 12-15% this year. With rising incomes and affordable prices, a shift from Semi Automatics to Fully Automatics is expected all across the country.

Some of the factors that are responsible for the growth in washing machine segment are increase in disposable income, rapid urbanization, increase in nuclear families, increasing number of working women, growth in per capita income, greater variety of choices, increasing consumerism etc.

Detailed consumer research across the country revealed that the main benefit a consumer looks for while purchasing a washing machine is convenience. Using this insight as its foundation, your Company has introduced Washing Machines with advanced features which have found mass acceptance.

The X – Lent Brand of washing machines comes with advanced features like 8 wash Programs, Digital Sensi Logic, Four way super cascade, Special Air Dry Programme, 10 level water selection, Memory backup in case of power failure and Auto Balancing.

Refrigerators:

Refrigerators are one of the most standard features in Indian middle class homes. The refrigerator market has been growing constantly. Consumer preference for higher capacity frost free and energy efficient models are on the rise.

Direct cool segment remains the dominant sector. However, the frost-free segment is witnessing the highest growth in the category and is expected to take over direct cool sales in coming years.

Despite of reasonable growth in the refrigerator market, the penetration level in India still remains low as the market is growing at a small pace. However, demand for refrigerators has a very good growth potential in the Indian market for the years to come owing to changing perception of refrigerator as a utility product rather than a luxury and electrification in rural areas.

The thrust of the Company is to promote the frost free refrigerators and introduce varied features to make them competitive in the Market. The Company through its in-house R&D has been able to upgrade its products to be the best in its class. The Refrigerators come with the following advanced features:

- Digital Temperature Control
- Plasma cluster Ion Generator
- Honeycomb Double Deodorizer
- Plasma Cluster Nutrition Technology
- Digital Temperature Control and Door Alarm
- Humidity Control Crisper

Air Conditioners:

The changing Indian demographics and lifestyle has made many of the earlier assumed luxury products like air conditioners a basic necessity today. The air conditioner market in India has been expanding because of increased investments in high-end industries and introduction of more sophisticated industrial processes. Today, there are many Indian households which can afford to buy air conditioners but it is the cost of running them which deters them from installing one. This is also one of the main reasons as to why the penetration of air conditioners in India is still growing in decimal points.

In the wake of economic slowdown, Indian consumers have grown increasingly price-conscious and are mainly spending on the economy segments, like one-tonne split air conditioners.

The air conditioner market in India has been expanding because of increased investments in high-end industries and introduction of more sophisticated industrial processes. New commercial users and existing users such as retail outlets, malls, hotels, restaurant, travel agencies have also contributed to the growth of air conditioner markets. A major contributor to Indian air conditioner market has been the boom in the Indian software industry i.e., IT Parks, Call Centres and BPOs, which happened some years down the lane.

Lower electricity bills have successfully compensated the premium on products having higher star ratings. In view of the production constraints, companies are offering window air conditioners only upto three-star rating while all star ratings are being offered for split air conditioners. However, with consumers getting increasingly aware of energy efficiency, demand for higher rated air conditioners is poised to soar in coming times.

OPPORTUNITIES AND THREATS

The Company is well-positioned to leverage on the following opportunities available in the consumer electronics sector:

- Potential of deeper penetration of white goods, the present penetration level being low;
- Unexploited rural/semi urban market;
- Rapid urbanization;
- Upgraded standard of living;
- Rise in income level leading to increased purchasing power of consumers; and
- Easy availability of finance.

The Company is equally poised to manage the potential threats posed by the sector like:

- Tremendous increase in cost of advertising and after-sales service;
- Shift in consumers' focus to energy efficient appliances;
- Rise in cost of inputs and Interest Cost;
- Rapid transition of technology; and
- Continuous pressure on margins owing to the emergence of many market players and stiff competition.

CHALLENGES

As the India consumer electronics industry tries to realise its full potential, ample challenges still loom large over the horizon, some of them being:

- Declining margins for many players;
- Expansion of distribution reach;
- Political/ social upheavals;

- Creating awareness about new technologies and products; and
- Low affordability level of consumer products among the rural masses.

However, these challenges are gradually being addressed and looking ahead, it is firmly believed that India will continue to grow as an important market for the global consumer electronics industry. The future of Indian consumer electronics industry is, indeed, bright.

OUTLOOK

The consumer durables industry is witnessing a phenomenal technology change and consumer demand is shifting from conventional models to latest technology models especially in refrigerator segment. There is a huge growth potential for the consumer goods industry in India and it is one of the booming industry since last few years.

Your Company is determined to focus on appropriate product mix, and after-sales service and create a brand image in the mind of consumers to encash on opportunities. The Company shall focus on introducing new products in the market to target new customer segments. The Company has already chalked out numerous cost reduction measures which, in addition to the softening of raw material prices, will help the Company in improving the competitiveness of the products in the marketplace.

Your Company also plans to:

- Enhance Performance Management with emphasis on growth;
- Restructure its product portfolio for profitable growth;
- Make intelligent use of the embedded systems to tap transformation in the consumer electronics industry;
- Align its product market strategies against customer insights; and
- Emphasize design as well as product innovation.

SEGMENT PERFORMANCE

The Company has only one segment viz. 'Consumer Electronics and Components/ parts thereof' as per the Accounting Standard on Segment Reporting (AS-17) of ICAI.

FINANCIAL PERFORMANCE

Sales:

During the year under consideration, the Company achieved a gross sales of Rs. 12,352.11 million as against Rs. 12,857.15 million during the previous year ended on 30th September, 2008 thereby recording a decline of 3.93% in gross sales as compared to previous year.

Other Income:

Other income for the year was Rs. 29.05 million as against Rs. 16.33 million during the previous year ended on 30th September, 2008, representing an increase of 77.89% as compared to previous year. Other income comprises of investment income, interest income, profit on sale of fixed assets and miscellaneous income.

Expenditure:

Cost of Goods Consumed/Sold:

Cost of goods consumed stood at Rs. 9,966.73 million as against Rs. 10,174.58 million during the previous year ended on 30th September, 2008.

Salaries, Wages and Employees' Benefits:

During the year under review, salaries, wages and employees' benefits stood at Rs. 207.74 million as against Rs. 179.32 million for the previous year ended on 30th September, 2008 representing an increase of 15.85% as compared to previous year.

Manufacturing and Other Expenses:

During the year under review, the manufacturing and other expenses were Rs. 431.35 million as against Rs. 634.11 million for the previous year ended on 30th September, 2008 representing a decline of 31.98% as compared to previous year.

Interest Expenses:

For the year ended 30th September, 2009, interest amounted to Rs. 588.19 million as against Rs. 549.50 million for the previous year ended on 30th September, 2008 thereby recording an increase of 7.04% as compared to previous year. The increase is mainly on account of increase in total borrowings of the Company.

Depreciation:

Net Depreciation (excluding depreciation on revalued assets) amounted to Rs. 802.07 million as against Rs. 786.44 million for the previous year ended on 30th September, 2008 thereby recording an increase of 1.99% as compared to previous year.

Profit before Tax:

As a result of the foregoing, the profit before tax was Rs. 74.75 million for the year ended 30th September, 2009 as against Rs. 122.87 million for the previous year ended on 30th September, 2008 thereby recording a decrease of 39.16% in the profit before tax.

Provision for Taxation:

Provision for taxation includes provision for Current Tax, Deferred Tax and Fringe Benefit Tax. During the year under review, the Company has provided Rs. 12.45 million for Current Tax, Rs. 12.39 million for Deferred Tax and Rs. 0.50 million for Fringe Benefit Tax as against Rs. 14.00 million for Current Tax, Rs. 27.93 million for deferred tax and Rs. 0.86 million for Fringe Benefit Tax for the previous year ended on September 30, 2008.

Net Profit:

Net Profit (profit after taxation) of the Company decreased to Rs. 49.41 million from Rs. 80.08 million for the previous year ended September 30, 2008 representing a decline of 38.30% in Net profit.

INTERNAL CONTROL SYSTEM

Your Company has an adequate system of internal control which ensures optimal utilisation and protection of resources, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is supplemented by internal audits, regular reviews by management and policies to ensure reliability of financial and all other records to prepare financial statements and other data.

These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

HUMAN RESOURCE MANAGEMENT

The work environment of the Company gives to its employees, the freedom to explore and make the most of them. It is your Company's endeavor to create an environment where people can use their capabilities to the fullest in support of the business. Therefore, your Company encourages its employees to balance their work and personal responsibilities and undertake voluntary projects that enable them to learn and contribute innovative ideas in meeting goals of the Company.

The Company lays significant emphasis on catering to the long term development needs of employees and seeks to strategically address its long-term quest to build a talent pipeline at different organisational levels to continuously make available capable leaders who consistently deliver high quality results. Your Company embarked upon evolving a HRD Plan with the parameters to achieve Excellent Rank. Steps have been taken to create a sense of belonging in the minds of employees which in turn usher maximum contribution per empoyee.

The Company is poised to take on the challenges with its work force of around 600 employees/workers in the business environment and march towards achieving its mission with success.

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

CAUTIONARY STATEMENT

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

AUDITORS' REPORT

To
The Members of
VALUE INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of VALUE INDUSTRIES LTD., as at 30th September, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we give in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in above paragraph, we report that:

   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   e) According to the information and explanations given to us and on the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2009;

      (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180
Firm Registration No. 105049W

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055
Firm Registration No. 104524W

Place : Mumbai
Date : 19th February, 2010

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VALUE INDUSTRIES LIMITED on the accounts for the year ended 30th September, 2009.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

(b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.

(c) During the year the Company has not disposed off any substantial/major part of fixed assets.

(ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. As per information and explanations given to us discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

(iii) (a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) As the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub-clauses (b),(c),(d),(f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control systems.

(v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs, in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

(viii) The Central Government has prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products. We have broadly reviewed the books of account and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom-duty, Excise-duty, Cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 30th September, 2009 for a period of more than six months from the date they became payable.

(b) According to the records of the Company examined by us and information and explanation given to us, the particulars of dues of Sales-tax, Income-tax, Custom-duty, Wealth-tax, Service-tax, Excise-duty, Cess which have not been deposited on account of disputes, are given below:

Nature of the Statute	Nature of the Dues	(Rupees in Million)	Forum where dispute is pending
1. Customs Act	Customs Duty	1.50	CESTAT
		1.47	CESTAT
	Penalty	2.93	CESTAT
2. Central Excise Act	Excise Duty	1.12	Joint Commissioner
		0.29	Tribunal
	Penalty	1.00	CESTAT
3. Service Tax Act	Service Tax Demand	1.00	Joint Commissioner
4. Sales Tax Act	Sales Tax Demand	5.04	Asst. Commissioner
		89.45	DCST(Appeal)

(x) There are no accumulated losses of the Company as on 30th September, 2009. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a Chit fund Company or nidhi/ mutual benefit fund/society. Therefore, the Clause (xiii) of the Order is not applicable to the Company.

(xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

(xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, the term loans raised during the year were applied, on an overall basis, for the purpose for which the loans were obtained.

(xvii) On the basis of overall examination of the Balance Sheet of the Company, we observed that, the Company has not used funds raised on short term basis for long term investments.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act,1956.

(xix) The Company has not issued any debentures during the year. The Company has created security in respect of debentures issued in earlier years.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180
Firm Registration No. 105049W

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055
Firm Registration No. 104524W

Place : Mumbai
Date : 19th February, 2010

BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

Particulars	Schedule		As at 30th Sept., 2009 (Rupees in Million)	As at 30th Sept., 2008 (Rupees in Million)
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Share Capital - Equity	1		**391.86**	392.14
b) Share Capital - Preference	1		**12.31**	18.46
c) Reserves & Surplus	2		**4,071.62**	4,083.95
2. Grant from Ozone Projects Trust Fund			**21.19**	26.41
3. Deferred Tax Liability (Net)			**924.89**	912.50
4. Loan Funds				
a) Secured Loans	3		**7,304.66**	5,103.01
b) Unsecured Loans	4		**1,000.00**	1,500.00
TOTAL			**13,726.53**	12,036.47
II. APPLICATION OF FUNDS				
1. Fixed Assets	5			
a) Gross Block		**15,166.98**		16,187.77
b) Less: Depreciation, Impairment and Amortisation		**7,260.32**		9,642.82
c) Net Block			**7,906.66**	6,544.95
2. Investments	6		**561.01**	504.29
3. Current Assets, Loans and Advances	7			
a) Inventories		**3,629.59**		3,452.96
b) Sundry Debtors		**2,414.69**		2,542.06
c) Cash and Bank Balances		**98.98**		108.99
d) Other Current Assets		**1.88**		10.97
e) Loans and Advances		**561.13**		636.96
		6,706.27		6,751.94
Less: Current Liabilities and Provisions	8			
a) Current Liabilities		**1,349.13**		1,719.31
b) Provisions		**98.28**		45.40
		1,447.41		1,764.71
Net Current Assets			**5,258.86**	4,987.23
TOTAL			**13,726.53**	12,036.47
Significant Accounting Policies and Notes to Accounts	14			

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Director

N. B. MANDHANA
Director

DEEPTI P. PARKAR
Company Secretary

Place : Mumbai
Date : 19th February, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009

Particulars	Schedule		Year ended on 30th Sept., 2009 (Rupees in Million)	Year ended on 30th Sept., 2008 (Rupees in Million)
I. INCOME				
Sales/Income from Operations			**12,352.11**	12,857.15
Less: Excise Duty			**310.33**	410.35
Net Sales			**12,041.78**	12,446.80
Other Income	**9**		**29.05**	16.33
TOTAL			**12,070.83**	12,463.13
II. EXPENDITURE				
Cost of Goods Consumed/Sold	**10**		**9,966.73**	10,174.58
Salaries, Wages and Employees' Benefits	**11**		**207.74**	179.32
Manufacturing and Other Expenses	**12**		**431.35**	634.11
Interest	**13**		**588.19**	549.50
Depreciation		**815.81**		802.79
Less: Transferred from Revaluation Reserve		**13.74**		16.35
[Refer Note B-2 of Schedule-14]			**802.07**	786.44
TOTAL			**11,996.08**	12,323.95
Profit before Impairment Loss and Tax			**74.75**	139.18
Impairment Loss			**-**	16.31
III. PROFIT BEFORE TAX			**74.75**	122.87
Less: Provision for Taxation				
Current Tax			**12.45**	14.00
Deferred Tax			**12.39**	27.93
Fringe Benefit Tax			**0.50**	0.86
IV. PROFIT FOR THE YEAR			**49.41**	80.08
Add/(Less): Income Tax for earlier years			**(1.35)**	(0.05)
Add: Balance brought forward			**760.61**	687.54
Add: Transferred from Debenture Redemption Reserve			**13.70**	44.20
V. BALANCE AVAILABLE FOR APPROPRIATION			**822.37**	811.77
VI. APPROPRIATIONS				
i. Proposed Dividend-Equity			**39.19**	19.66
ii. Proposed Dividend-Preference			**1.23**	1.72
iii. Corporate Tax on Dividend			**6.87**	3.63
iv. Transfer to Capital Redemption Reserve			**6.16**	6.15
v. Transfer to General Reserve			**5.00**	20.00
vi. Balance Carried to Balance Sheet			**763.92**	760.61
TOTAL			**822.37**	811.77
Basic & Diluted Earnings Per Share (Nominal Value Rs.10/-) [Refer Note B-9 of Schedule-14]			**Rs. 1.19**	Rs. 1.98
Significant Accounting Policies and Notes to Accounts	**14**			

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Director

N. B. MANDHANA
Director

DEEPTI P. PARKAR
Company Secretary

Place : Mumbai
Date : 19th February, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

Particulars		Year ended on 30th Sept., 2009 (Rupees in Million)	Year ended on 30th Sept., 2008 (Rupees in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax		**74.75**	122.87
Adjustments for:			
a) Depreciation		**802.07**	786.44
b) Interest		**588.19**	549.50
c) Impairment Loss		**-**	16.31
d) Provision for Leave Encashment		**0.81**	(1.32)
e) Provision for Warranty and Maintenance Expenses		**24.01**	(4.83)
f) Diminution/(Written back) in Value of Investments		**(36.26)**	82.24
g) Provision for Gratuity		**4.81**	0.81
h) Provision for Bonus		**0.97**	(1.04)
i) Interest Income		**(9.25)**	(5.70)
j) Income from Investments and Securities Division		**23.93**	(33.66)
k) Adjustment of Grant		**(5.22)**	(6.52)
l) Profit on Sale of Fixed Assets		**(1.49)**	(4.10)
Cash flow from Operating Activities before Working Capital Changes		**1,467.32**	1,501.00
Adjustments for:			
a) (Increase)/Decrease in Inventories		**(176.63)**	(120.16)
b) (Increase)/Decrease in Sundry Debtors		**127.37**	215.58
c) (Increase)/Decrease in Other Current Assets, Loans and Advances		**74.52**	307.79
d) Increase/(Decrease) in Trade and Other Payables		**(365.59)**	129.09
Cash flow from Operating Activities		**1,126.99**	2,033.30
Less: Income Tax and FBT Paid/(Refund Received) (Net)		**11.88**	27.81
Net Cash flow from Operating Activities	**(A)**	**1,115.11**	2,005.49
B. CASH FLOW FROM INVESTING ACTIVITIES			
a) Sale of Fixed Assets		**278.78**	28.97
b) Interest Received		**17.23**	2.44
c) (Increase)/Decrease in Investments		**(20.46)**	(187.09)
d) Income from Investments and Securities Division		**(23.93)**	33.66
e) (Increase)/Decrease in Fixed Assets (Including Capital Work-in-Progress)		**(2,454.81)**	484.94
Net Cash flow from Investing Activities	**(B)**	**(2,203.19)**	362.92
C. CASH FLOW FROM FINANCING ACTIVITIES			
a) (Decrease) in Equity Share Capital on account of Shares Forfeited		**(0.28)**	-
b) Increase/(Decrease) in Preference Share Capital		**(6.15)**	(6.16)
c) Increase in Capital Reserve on account of Forfeiture of Shares		**0.64**	-
d) Increase/(Decrease) in Working Capital Loans		**656.81**	863.86
e) Increase/(Decrease) in Term and Other Secured Loans (Net)		**1,544.84**	(520.87)
f) Increase/(Decrease) in Unsecured Loans		**(500.00)**	(2,154.35)
g) Interest paid		**(593.19)**	(555.21)
h) Payment of Dividend		**(20.97)**	(21.49)
i) Corporate Tax on Dividend		**(3.63)**	(3.72)
Net Cash flow from Financing Activities	**(C)**	**1,078.07**	(2,397.94)
Net Change in Cash and Cash Equivalents (A + B + C)		**(10.01)**	(29.53)
Opening Balance of Cash and Cash Equivalents		**108.99**	138.52
Closing Balance of Cash and Cash Equivalents		**98.98**	108.99

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

V. N. DHOOT
Director

N. B. MANDHANA
Director

DEEPTI P. PARKAR
Company Secretary

Place : Mumbai
Date : 19th February, 2010

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2009 (Rupees in Million)	As at 30th Sept., 2008 (Rupees in Million)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised:		
55,000,000 (Previous year 55,000,000) Equity Shares of Rs. 10/- each	**550.00**	550.00
7,500,000 (Previous year 7,500,000) Redeemable Preference Shares of Rs. 100/- each.	**750.00**	750.00
	1,300.00	1,300.00
Issued, Subscribed and Paid-up:		
Equity Share Capital		
39,185,675 (Previous year 39,313,359) Equity Shares of Rs. 10/- each fully paid up	**391.86**	393.13
Less: Calls in Arrears (Others)	**-**	0.99
(Of the above 6,138,359 (Previous year 6,138,359) Equity Share of Rs. 10/- each were allotted pursuant to amalgamation without payment being received in cash)		
(A)	**391.86**	392.14
Preference Share Capital		
307,731 (Previous year 307,731) 8% Cumulative Redeemable Preference Shares of Rs. 40/- (Previous year Rs. 60/-) each fully paid up. Redeemable at par in 2 equal installments on 1st April, 2010 and 1st April, 2011.	**12.31**	18.46
(B)	**12.31**	18.46
TOTAL (A+B)	**404.17**	410.60
SCHEDULE - 2		
RESERVES & SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	**22.49**	38.84
Less: Transferred to Profit and Loss Account	**13.74**	16.35
[Refer Note B-2 of Schedule-14]		
(A)	**8.75**	22.49
Capital Subsidy		
As per last Balance Sheet	**3.00**	3.00
(B)	**3.00**	3.00
Capital Reserve		
As per last Balance Sheet	**-**	-
Add: On forfeiture of Shares	**0.64**	-
(C)	**0.64**	-
Securities Premium Account		
As per last Balance Sheet	**899.03**	899.03
(D)	**899.03**	899.03
Capital Redemption Reserve		
As per last Balance Sheet	**762.30**	756.15
Add: Transferred from Profit and Loss Account	**6.16**	6.15
(E)	**768.46**	762.30
Debenture Redemption Reserve		
As per last Balance Sheet	**40.90**	85.10
Less: Transferred to Profit and Loss Account	**13.70**	44.20
(F)	**27.20**	40.90
General Reserve		
As per last Balance Sheet	**1,595.62**	1,578.40
Less: On Account of transitional Provision under Accounting Standard 15	**-**	2.78
Add: Transferred from Profit and Loss Account	**5.00**	20.00
(G)	**1,600.62**	1,595.62
Profit and Loss Account		
As per Account annexed	**763.92**	760.61
(H)	**763.92**	760.61
TOTAL (A to H)	**4,071.62**	4,083.95

		As at 30th Sept., 2009 (Rupees in Million)	As at 30th Sept., 2008 (Rupees in Million)
SCHEDULE - 3			
SECURED LOANS			
A.	Non Convertible Debentures	**54.33**	81.63
B.	Rupee Term Loans from Banks and Financial Institutions	**2,701.08**	1,109.22
C.	External Commercial Borrowings	**1,163.28**	1,183.00
D.	Working Capital Loans From Banks	**3,385.97**	2,729.16
	TOTAL	**7,304.66**	5,103.01

NOTES:

A. Non Convertible Debentures

The Debentures are secured by first mortgage and charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements and excluding equipments charged to Financial Institutions for their equipment finance, ranking *pari passu* with the charge created and/or to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance.

The Debentures referred above are redeemable at par in one or more installments on various dates with the earliest redemption being on 1st October, 2009 and last date being 1st April, 2012. The debentures are redeemable as follows: Rs. 16.37 million in financial year 2009-10, Rs. 21.83 million in financial year 2010-11 and Rs. 16.13 million in financial year 2011-12.

B. Rupee Term Loans from Banks & Financial Institutions

Rupee Loans from Banks & Financial Institutions are secured by mortgage and charge on the immovable and movable properties, both present and future (subject to the charges created and/or to be created in favour of bankers on specified movables/current assets for securing borrowings for working capital requirements), ranking *pari passu* with the charges created and/or to be created in favour of other lenders and guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

C. External Commercial Borrowing

External Commercial Borrowing are secured by a first charge ranking *pari passu* on the movable and immovable fixed assets. The loan is further secured by corporate guarantee given by Videocon Industries Limited.

D. Working Capital Loans from Banks

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

		As at 30th Sept., 2009 (Rupees in Million)	As at 30th Sept., 2008 (Rupees in Million)
SCHEDULE - 4			
UNSECURED LOANS			
From Others		**1,000.00**	1,500.00
	TOTAL	**1,000.00**	1,500.00

SCHEDULE - 5
FIXED ASSETS

(Rupees in Million)

Particulars	GROSS BLOCK				DEPRECIATION/ IMPAIRMENT/ AMORTISATION					NET BLOCK	
	As at 30.09.2008	**Additions during year**	Deductions	**As at 30.09.2009**	Upto 30.09.2008	**For the Year**	Deductions/ Adjustments	Impairment	**Upto 30.09.2009**	**As at 30.09.2009**	As at 30.09.2008
Freehold Land	8.14	**-**	-	**8.14**	-	**-**	-	-	**-**	**8.14**	8.14
Building	1,690.31	**0.04**	-	**1,690.35**	370.33	**31.53**	-	-	**401.86**	**1,288.49**	1,319.98
Plant and Machinery *	12,431.69	**4,223.50**	3,475.60	**13,179.59**	9,094.14	**777.81**	3,198.31	-	**6,673.64**	**6,505.95**	3,337.55
Electrical Installation	94.34	**-**	-	**94.34**	87.57	**0.88**	-	-	**88.45**	**5.89**	6.77
Computers	34.98	**1.12**	-	**36.10**	33.42	**0.53**	-	-	**33.95**	**2.15**	1.56
Furniture and Fixtures	32.09	**0.49**	-	**32.58**	24.21	**1.72**	-	-	**25.93**	**6.65**	7.88
Office Equipments	17.11	**0.50**	-	**17.61**	10.27	**0.78**	-	-	**11.05**	**6.56**	6.84
Vehicles	10.68	**-**	-	**10.68**	8.75	**0.35**	-	-	**9.10**	**1.58**	1.93
Intangible Assets Computers Software	18.92	**-**	-	**18.92**	14.13	**2.21**	-	-	**16.34**	**2.58**	4.79
Sub-Total	14,338.26	**4,225.65**	3,475.60	**15,088.31**	9,642.82	**815.81**	3,198.31	-	**7,260.32**	**7,827.99**	4,695.44
Capital Work-in-Progress **	1,849.51			**78.67**						**78.67**	1,849.51
Total as at 30th September, 2009	**16,187.77**	**4,225.65**	**3,475.60**	**15,166.98**	**9,642.82**	**815.81**	**3,198.31**	**-**	**7,260.32**	**7,906.66**	**6,544.95**
As at 30th September, 2008	14,038.18	**341.20**	41.12	**14,338.26**	8,839.96	**802.79**	16.24	16.31	**9,642.82**	**4,695.44**	-
Capital Work-in-Progress **	2,675.64			**1,849.51**						**1,849.51**	-
Total as at 30th September, 2008	16,713.82	**341.20**	41.12	**16,187.77**	8,839.96	**802.79**	16.24	16.31	**9,642.82**	**6,544.95**	-

* Gross Block of Plant and Machinery includes amount added on Revaluation on 1st April, 1998.
** Refer Note B-11 of Schedule-14.

		Face Value	As at 30th Sept., 2009 Nos.	As at 30th Sept., 2009 Rupees in Million	As at 30th Sept., 2008 Nos.	As at 30th Sept., 2008 Rupees in Million
SCHEDULE - 6						
INVESTMENTS						
LONG TERM INVESTMENTS						
QUOTED						
IN SHARES - TRADE						
Videocon Industries Ltd.		10	356,247	89.61	356,247	69.72
	(A)			89.61		69.72
IN SHARES - OTHERS						
Swan Mills Ltd.		2	130,000	16.21	200,000	10.10
Punj Lloyd Ltd.		2	500	0.13	500	0.14
Sri Laxmi Saraswati Textiles Ltd.		10	11,800	0.15	-	-
Deccan Cement Ltd.		10	189,000	21.74	-	-
Filatex (I) Ltd.		10	27,500	0.35	-	-
Hindustan Adhesive Ltd.		10	14,200	0.09	-	-
Ind Bank Merchant Banking Services Ltd.		10	80,100	0.64	-	-
India Steel Works Ltd.		1	7,500	0.02	-	-
Jayaswal Neco Industries Ltd.		10	105,000	1.16	-	-
Menon Piston Ltd.		10	15,000	0.66	-	-
Sterling Holiday Resorts Ltd.		10	58,285	0.99	-	-
	(B)			42.14		10.24
UNQUOTED						
IN SHARES - TRADE						
Ahmednagar Electronics Pvt. Ltd.		10	49,900	0.50	49,900	0.50
Applicomp (India) Ltd.		10	9,712,000	97.12	9,712,000	97.12
Display Devices Pvt. Ltd.		100	300	0.03	300	0.03
Indian Refrigerator Co. Ltd.		10	849,930	8.50	849,930	8.50
KAIL Ltd.		10	4,186,000	66.14	4,186,000	66.14
Millennium Appliances India Ltd.		10	10,000	0.10	10,000	0.10
Rajkumar Engineering Pvt. Ltd.		10	990,000	9.90	990,000	9.90
Techno Electronics Ltd.		10	6,352,941	63.53	6,352,941	63.53
Videocon Exports Pvt. Ltd.		10	1,360,000	54.00	1,360,000	54.00
	(C)			299.82		299.82
IN SHARES - OTHERS						
Bombay Mercantile Co-operative Bank Ltd.		10	500	0.005	500	0.005
Digital Display Devices S.p.A.		1 EURO	36,000	1.956	36,000	1.956
Holzmann Videocon Engineers Ltd.		10	340,600	-	340,600	-
Jupitor Corporation Inc.		1 USD	190	0.008	190	0.008
Kores India Ltd.		10	305,000	0.305	305,000	0.305
Mars Overseas Ltd.		1 USD	190,000	7.649	190,000	7.649
Plugin Sales Ltd.		100	1,900	0.190	1,900	0.190
PT Videocon Indonesia		50 USD	475	0.941	475	0.941
Quadrant Corporation Inc.		1 USD	190	0.009	-	-
Sapphire Overseas Inc.		1 USD	1,901,900	80.661	1,901,900	80.661
Taurus Overseas Inc.		1 USD	190	0.008	190	0.008
Trend Ltd.		1 USD	76,000	3.490	76,000	3.490
Tusker Overseas Inc.		1 USD	190	0.008	190	0.008
VCIL Netherland B.V.		1 USD	34	0.129	34	0.129
Videocon (Cayman) Ltd.		1 USD	579,500	28.653	579,500	28.653
Videocon (Mauritius) infrastructures Ventures Ltd.		1 USD	100,700	4.919	-	-
Videocon Realty Pvt. Ltd.		10	2,500	0.025	2,500	0.025
Videocon SEZ Infrastructures Pvt. Ltd.		10	2,500	0.025	2,500	0.025
Videocon SEZ Infrastructures (Aurangabad) Pvt. Ltd.		10	2,500	0.025	2,500	0.025
Videocon SEZ Infrastructures (Pune) Pvt. Ltd.		10	2,500	0.025	2,500	0.025
Videocon SEZ Infrastructures (West Bengal) Pvt. Ltd		10	2,500	0.025	2,500	0.025
Co-operative Societies				0.002		0.002
	(D)			129.06		124.13
IN PREFERENCE SHARES						
Plugin Sales Ltd.		100	3,800	0.38	3,800	0.38
	(E)			0.38		0.38
TOTAL INVESTMENTS (A to E)				561.01		504.29
Aggregate Book Value of Quoted Investments				131.75		79.96
Aggregate Market Value of Quoted Investments				160.68		79.96
Aggregate Book Value of Unquoted Investments				429.26		424.33

Details of Investments acquired and sold during the year:

Particulars	Quantity (Nos.)	Cost Rupees in Million
Gulf Oil (I) Ltd.	37,500	1.13
Menon Piston Ltd.	110,400	4.86
Filatex (I) Ltd.	72,500	0.92

	As at 30th Sept., 2009 (Rupees in Million)	As at 30th Sept., 2008 (Rupees in Million)
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	2,498.52	2,326.39
Work-in-Process	851.59	979.43
Finished Goods	235.41	86.13
Material in Transit and in Bonded Warehouse	44.07	61.01
(A)	3,629.59	3,452.96
B. Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months	2.02	22.55
Others	2,412.67	2,519.51
(B)	2,414.69	2,542.06
C. Cash and Bank Balances		
Cash on hand	2.33	2.60
Balances with Scheduled Banks:		
In Current Accounts	29.63	24.73
In Fixed Deposits	59.91	74.85
In Margin Money Accounts	-	0.11
In Dividend/Interest Warrant Accounts (Per Contra)	7.11	6.70
(C)	98.98	108.99
D. Other Current Assets		
Insurance Claim Receivable	0.21	1.32
Interest Accrued	1.67	9.65
(D)	1.88	10.97
E. Loans and Advances (Unsecured, considered good)		
Advances recoverable in Cash or in kind or for value to be received	542.62	562.36
Advance Tax and TDS (Net of Provision)	5.92	8.07
Advance Fringe Benefit Tax (Net of Provision)	0.13	0.40
Balance with Central Excise/Customs Department	3.00	2.38
Sundry Deposits	9.46	63.75
(E)	561.13	636.96
TOTAL (A to E)	6,706.27	6,751.94
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Sundry Creditors *		
Due to Micro Small and Medium Enterprises	-	-
Due to Others	1,064.05	1,077.37
Advances from Dealers and Customers	-	0.82
Bank Overdraft as per books	32.27	28.76
Interest Accrued but not due	2.34	7.34
Unclaimed Dividend/Interest Account (Per Contra)	7.11	6.70
Other Liabilities	243.36	598.32
* Including Acceptance of Rs. 788.11 million (Previous year Rs.493.64 million)		
(A)	1,349.13	1,719.31
B) Provisions		
Proposed Dividend - Equity	39.19	19.66
Proposed Dividend - Preference	1.23	1.72
Provision for Corporate Tax on Dividend	6.87	3.63
Provision for Warranty and Maintenance Expenses (Refer Note B-22 of Schedule-14)	35.00	10.99
Provision for Bonus	3.90	2.93
Provision for Gratuity	8.40	3.59
Provision for Leave Encashment	3.69	2.88
(B)	98.28	45.40
TOTAL (A + B)	1,447.41	1,764.71

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended on 30th Sept., 2009 (Rupees in Million)	Year ended ont 30th Sept., 2008 (Rupees in Million)
SCHEDULE - 9		
OTHER INCOME		
Income from Investments and Securities Division (TDS Rs. 3.02 million) [Refer Note B-4 of Schedule-14]	12.33	-
Interest Income (TDS Rs. 1.78 million, Previous year Rs.1.35 million)	9.25	5.70
Profit on Sale of Fixed Assets	1.49	4.10
Miscellaneous Income	5.98	6.53
TOTAL	29.05	16.33
SCHEDULE - 10		
COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	2,326.39	2,252.82
Add: Purchases	10,160.30	10,388.10
	12,486.69	12,640.92
Less: Closing Stock	2,498.52	2,326.39
(A)	9,988.17	10,314.53
B. (Increase)/Decrease in Stocks		
Closing Stock		
Finished Goods	235.41	86.13
Work-in-Process	851.59	979.43
	1,087.00	1,065.56
Opening Stock		
Finished Goods	86.13	75.10
Work-in-Process	979.43	850.51
	1,065.56	925.61
(B)	(21.44)	(139.95)
TOTAL (A + B)	9,966.73	10,174.58
SCHEDULE - 11		
SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary and Wages	183.00	153.42
Contribution to Provident and Other Funds	11.70	11.20
Staff Welfare	13.04	14.70
TOTAL	207.74	179.32
SCHEDULE - 12		
MANUFACTURING AND OTHER EXPENSES		
Power, Fuel and Water	79.93	77.04
Repairs to Plant and Machinery	21.02	21.49
Repairs to Building	1.83	1.54
Repairs to Others	6.92	5.49
Carriage and Cartage	126.42	130.25
Rent	1.49	1.41
Rates and Taxes	21.16	13.15
Insurance	6.43	6.25
Warranty and Maintenance Expenses	39.05	22.65
Advertisement, Publicity and Sales Promotion	20.47	27.08
Bank Charges	19.32	26.07
Auditors' Remuneration	1.60	1.49
Directors' Sitting Fees	0.08	0.08
Exchange Rate Fluctuations	9.92	207.51
Loss from Investments and Securities Division	-	48.58
Miscellaneous Expenses	75.71	44.03
TOTAL	431.35	634.11
SCHEDULE - 13		
INTEREST		
On Fixed Loans	263.47	378.62
On Others	324.72	170.88
TOTAL	588.19	549.50

SCHEDULE - 14
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS
A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

b) Use of Estimates
The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets. The difference between the actual results and estimates are recoginised in the period in which the results are known and materlised.

2. Fixed Assets

a) Fixed Assets are stated at actual cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The actual cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses but net of Cenvat/Value added tax.

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

3. Depreciation

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

4. Impairment of Assets

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

5. Investments

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

6. Inventories

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

7. Borrowing Costs

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

8. Excise and Customs Duty

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

9. CENVAT/Value Added Tax

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

10. Revenue Recognition

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

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

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

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

11. Foreign Currency Transactions

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

b) Foreign Currency loans in respect of fixed assets outstanding on the last date of the financial year are translated at the exchange rate prevailing on that day and any loss or gain arising on such translation is recognised, as the case may be, as income or expense for the year.

12. Employee Benefits

a) Short Term Employees Benefits
Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related services is rendered.

b) Post Employment Benefits

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

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

iii) Leave Encashment
Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are recognized immediately in the Profit and Loss Account.

13. Taxation

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

14. Research and Development

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

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
Contingent Liabilities are disclosed by way of Notes to Accounts. Disputed demands in respect of Central Excise, Customs, Service tax, Income-tax and Sales tax are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter.
Contingent assets are not recognised in the financial statements.

16. Warranty

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

17. Prior period Items etc.

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

18. Other Accounting Policies

These are consistent with the generally accepted accounting policies.

B) NOTES TO ACCOUNTS

(Rupees in Million)

	As at 30th Sept., 2009	As at 30th Sept., 2008
1. Contingent Liabilities not provided for in respect of:		
a) Letters of Guarantees including Bank Guarantees	**23.32**	5.20
b) Letters of Credit opened	**135.27**	109.04
c) Excise Duty Demands under dispute	**3.41**	3.80
(Amount paid under protest Rs 1.00 million, Previous year Rs. 1.00 million)		
d) Custom Duty Demands under dispute	**7.40**	12.26
(Amount paid under protest Rs. 1.50 million, Previous year Rs. 2.51 million)		
e) Service Tax Demands under dispute	**1.00**	1.00
f) Sales Tax Demands under dispute	**120.55**	87.54
(Amount paid under protest Rs. 26.06 million, Previous year Rs. 26.15 million)		

g) The Company is a co-guarantor in respect of borrowing of a group company. The aggregate amount of the said guarantee extended alongwith 8 other co-guarantors is Rs. 9,694.00 million (Previous year Rs. 9,464.00 million). The said guarantee is extended on the basis of support in the form of undertaking obtained from certain other group companies to the extent of the amount of the guarantee.

2. The gross block of the Fixed Assets includes Rs. 1,232.14 million (Previous year Rs. 1,232.14 million) on account of revaluation of Plant and Machinery made as at 1st April, 1998. The additional depreciation of Rs. 13.74 million (Previous year Rs. 16.35 million) consequent to the said revaluation has been charged to the Profit and Loss Account.

3. The Company has kept the investment activities separate and distinct from the normal business. Consequently, all the income and expenditure pertaining to investments activities has been allocated to the Investments & Securities Division and the income after netting off the related expenditure has been shown as "Income from Investments & Securities Division" under "Other Income".

(Rupees in Million)

	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
4. The Income (Previous year loss) from Investments and Securities Division includes:		
i) Dividend:		
On Long Term Investments	**1.65**	1.40
On Current Investments	**0.06**	-
ii) Gain/(Loss) on Sale of Investments		
Long Term	**(2.61)**	2.81
Current	**4.73**	-

5. As per the accounting policy followed by the Company, the Grant received from Ozone Projects Trust Fund for financing the machinery under the project has been treated as "deferred income" to be recognised in Profit and Loss Account over the useful life of the assets under the project. Accordingly, an amount of Rs. 5.22 million (Previous year Rs. 6.52 million) has been allocated to income and credited to miscellaneous income, in proportion to the depreciation charged on those assets for the year. The balance deferred income has been carried to Balance Sheet as Grant from Ozone Projects Trust Fund .

6. The Company has made a provision of Rs. 12.45 million (Previous year Rs. 14.00 million) towards current income tax, after taking into consideration, the benefits admissible under the provisions of the Income Tax Act, 1961 and the same is, in the opinion of the Management, adequate.

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

8. Related Party Disclosures:

Key Management Personnel

- Mr. Manjunath P. Bhosale (General Manager)

(Rupees in Million)

	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
Remuneration	**3.29**	1.84

(Rupees in Million)

	Year ended 30th Sept., 2009	Year ended 30th Sept.,2008
9. Earnings Per Share:		
a) Net Profit for the year after tax adjustment for earlier years	**48.06**	80.03
Less: Dividend on Preference Shares and tax thereon	**1.44**	2.02
Net Profit available for Equity Shareholders	**46.62**	78.01
b) Weighted Average No. of Equity Shares	**39,185,675**	39,313,359
c) Basic and Diluted Earnings Per Share of Rs. 10/- each	**Rs. 1.19**	Rs. 1.98

(Rupees in Million)

	As at 30th Sept., 2009	As at 30th Sept., 2008
10. The break up of deferred tax assets/ liabilities is as under:		
A. Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets and Amortisation	**935.97**	943.25
	935.97	943.25
B. Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	**11.08**	2.80
ii) Diminution in value of investments and other provisions	**-**	27.95
	11.08	30.75
Net Deferred Tax Liability	**924.89**	912.50

11. Capital Work-in-Progress includes, Interest and Finance charges Capitalised during the year Rs. 7.68 million (Previous year Rs. 90.05 million).

12. During the year, the Company has discarded/disposed off certain fixed assets which were out of active use and accordingly have been eliminated from the financial statements. The resultant gain or loss has been recognised in the profit and loss account.

13. During the year, the Company has forfeited and cancelled 127,684 shares (Previous year Nil) issued and allotted as part of the public issue due to non receipt of allotment and/or call money from shareholders. The amount paid on these shares amounting to Rs. 0.64 million has been transferred to Capital Reserve.

14. Employees Benefits:

i) Defined Contribution Plans:

Amount of Rs. 11.70 million (Previous year Rs. 11.20 million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule-11) in the Profit and Loss Account.

ii) Defined Benefit Plans:

(Rupees in Million)

	Gratuity		Leave Encashment	
	30th Sept., 2009	30th Sept., 2008	30th Sept., 2009	30th Sept., 2008
a) The amounts recognised in the Balance Sheet as at the end of the year				
1. Present Value of Defined Benefit Obligation	**16.51**	13.11	**3.69**	2.88
2. Fair value of plan assets	**8.11**	9.52	**-**	-
3. Funded Status – Surplus/ (Deficit)	**(8.40)**	(3.59)	**(3.69)**	(2.88)
4. Net Assets/(Liability)	**(8.40)**	(3.59)	**(3.69)**	(2.88)
b) The amounts recognised in Profit and Loss Account for the year				
1. Current Service Cost	**1.42**	1.44	**1.73**	0.91
2. Interest Cost	**1.11**	0.90	**0.21**	0.34
3. Actuarial (Gain)/Losses	**3.53**	0.88	**0.33**	(1.03)
4. Actual Return on Plan Assets	**0.71**	0.72	**-**	-
5. Total expenses	**5.35**	2.50	**2.27**	0.22

(Rupees in Million)

	Gratuity		Leave Encashment	
	30th Sept., 2009	30th Sept., 2008	**30th Sept., 2009**	30th Sept., 2008
c) The changes in obligations during the year				
1. Present value of Defined Benefit Obligation at the beginning of the year	**13.11**	11.27	**2.88**	4.21
2. Current Service Cost	**1.42**	1.44	**1.73**	0.91
3. Interest Cost	**1.11**	0.90	**0.21**	0.34
4. Actuarial (Gain)/Losses	**3.53**	0.88	**0.33**	(1.03)
5. Benefit Payments	**2.66**	1.38	**1.46**	1.55
6. Present value of Defined Benefit Obligation at the end of the year	**16.51**	13.11	**3.69**	2.88
d) The changes in Plan Assets during the year				
1. Plan Assets at the beginning of the year	**9.52**	8.50	**-**	-
2. Contribution by Employer	**0.54**	1.68	**-**	-
3. Actual Benefit paid	**2.66**	1.38	**-**	-
4. Plan Assets at the end of the year	**8.11**	9.52	**-**	-
5. Actual return on Plan Assets	**0.71**	0.72	**-**	-

Actuarial assumptions:

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

The above information is certified by actuary.

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

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

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

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

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

(Rupees in Million)

		Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
20.	**Auditors' Remuneration: (Including Service Tax)**		
a)	Audit fees	**1.23**	1.15
b)	Tax Audit fees	**0.12**	0.12
c)	Other services	**0.19**	0.17
d)	Out of Pocket Expenses	**0.06**	0.05
	TOTAL	**1.60**	1.49

(Rupees in Million)

		As at 30th Sept., 2009	As at 30th Sept., 2008
21.	**Disclosures under Micro, Small and Medium Enterprises Development Act, 2006**		
a)	Principal amount remaining unpaid to any suppliers as at the end of each accounting year	**-**	-
b)	Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**-**	-
c)	The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	**-**	-
d)	The amount of interest due and payable for the period of delay in making payment	**-**	-
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	-
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006	**-**	-

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

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

(Rupees in Million)

		As at 30th Sept., 2009	As at 30th Sept., 2008
a)	Amount at the beginning of the year	**10.99**	15.82
b)	Additional provision made during the year	**34.44**	10.01
c)	Amount used during the year	**10.43**	14.84
d)	Amount at the end of the year	**35.00**	10.99

23. Additional Information pursuant to the provisions of paragraphs 3, 4C, 4D of part II of Schedule VI to the Companies Act, 1956.
QUANTITATIVE INFORMATION:
Details of Production, Purchase, Stock & Turnover:
(As certified by the Management)

	Year ended 30th Sept., 2009 Quantity		Rupees in Million	Year ended 30th Sept., 2008 Quantity		Rupees in Million
I. Production: (including goods manufactured through third parties and others but excluding goods manufactured for others on job basis)						
Electrical & Electronic Appliances	**2,094,087**	**Nos.**		1,944,061	Nos.	
Glass Shell Panels, Funnels & CPT	**-**	**Nos.**		3,038,757	Nos.	
II. Opening Stock:						
Electrical & Electronic Appliances	**24,267**	**Nos.**	**86.13**	16,309	Nos.	61.60
Glass Shell Panels, Funnels & CPT	**-**	**Nos.**	**-**	44,412	Nos.	13.50
TOTAL			**86.13**			75.10
III. Closing Stock:						
Electrical & Electronic Appliances	**76,980**	**Nos.**	**235.41**	24,267	Nos.	86.13
Glass Shell Panels, Funnels & CPT	**-**	**Nos.**	**-**	-	Nos.	-
TOTAL			**235.41**			86.13

	Year ended 30th Sept., 2009 Quantity		Rupees in Million	Year ended 30th Sept., 2008 Quantity		Rupees in Million
IV. Sales:						
Electrical & Electronic Appliances	2,041,374	Nos.	12,352.11	1,936,103	Nos.	11,828.63
Glass Shell Panels, Funnels & CPT	-	Nos.	-	3,083,169	Nos.	877.89
Others			-			150.63
TOTAL			12,352.11			12,857.15
V. Raw Materials including Stores and Spares Consumed:						
a) Steel Sheets (Metric Tonnes)	21,991	MT	978.38	16,548	MT	699.01
b) Electrical & Electronic Components/Parts	*		5,736.39	*		6,129.24
c) Other Raw material/Stores	*		3,273.40	*		3,486.28
TOTAL			9,988.17			10,314.53

* It is not practicable to furnish quantitative information of components consumed, in view of considerable number of items of diverse in size and number.
Note: The industrial licensing has been abolished in respect of the products of the Company.

	Year ended 30th September, 2009 Percentage	Rupees in Million	Year ended 30th September, 2008 Percentage	Rupees in Million
VI. a) Value of Imported and Indigenous Raw Materials, Components and Spares Consumed:				
Imported	9.52	951.26	9.18	946.87
Indigenous	90.48	9,036.91	90.82	9,367.66
TOTAL		9,988.17		10,314.53
b) Components, stores and spares have been shown with Raw Materials, as it is not practicable to show separately in view of large number of items and their negligible value.				
VII. C.I.F. Value of Imports, Expenditure and Earnings in Foreign Exchange:				
a) C.I.F. Value of Imports:				
Raw Materials		1,005.28		779.14
Capital Goods		2.62		74.28
b) Expenditure incurred in Foreign Currency: (on Payment Basis)				
Travelling		0.26		0.96
Interest and Bank Charges		68.89		62.73
Dividend - 314 Shareholders holding 132,629 Shares (Previous year 319 Shareholders holding 114,556 Shares)		0.07		0.06

24. Figures of the previous year have been regrouped/ reclassified wherever necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS	
Registration Number	46445
State Code	11
Balance Sheet Date	30-09-2009
II. CAPITAL RAISED DURING THE YEAR (Amounts Rs. in Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amounts Rs. in Thousands)	
Total Liabilities	13726528
Total Assets	13726528
Sources of Funds	
Paid-up Capital	404166
Reserves & Surplus	4071621
Government Grant	21189
Deferred Tax Liability (Net)	924887
Secured Loans	7304665
Unsecured Loans	1000000
Application of Funds	
Net Fixed Assets	7906656
Investments	561008
Net Current Assets	5258864
Accumulated Losses	NIL
Miscellaneous Expenditure	NIL
IV. PERFORMANCE OF COMPANY (Amounts Rs. in Thousands)	
Turnover (Including Oher Income)	12070833
Total Expenditure	11996082
Profit Before Tax	74751
Profit After Taxes	49413
Earnings per Share in Rs.	1.19
Dividend Rate %	10
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (As per monetary terms)	
a) Item Code No. (ITC Code)	8450.00
Product Description	Washing Machine
b) Item Code No. (ITC Code)	8415.00
Product Description	Air Conditioner
c) Item Code No. (ITC Code)	8418.00
Product Description	Refrigerator

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants
SHIVRATAN AGARWAL
Partner
Membership No. 104180
Place : Mumbai
Date : 19th February, 2010

For KADAM & CO.
Chartered Accountants
U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Director
N. B. MANDHANA
Director

DEEPTI P. PARKAR
Company Secretary

PROXY FORM

VALUE INDUSTRIES LIMITED

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

Regd. Folio No./Client ID No. .....

I/We.....of

..... in the district of

.....being a member / members of the above-

named Company hereby appoint ..... of

..... in the district of ..... or failing him

..... of ..... in the

district of ..... as my/our proxy to vote for me/our behalf at the Twenty-second Annual General Meeting of the Company to be held on Tuesday, March 30, 2010 at 10.00 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad - 431 105 (Maharashtra) and at any adjournment thereof.

Affix
Rupee 1/-
Revenue
Stamp

Signed this ..... day of ..... 2010.

TEAR HERE

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

ATTENDANCE SLIP

VALUE INDUSTRIES LIMITED

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

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

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

I hereby record my presence at the Twenty-second Annual General Meeting of the Company held on Tuesday, March 30, 2010 at 10.00 a.m. at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad - 431 105 (Maharashtra).

....

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

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

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(Unit : Value Industries Limited)
Kashiram Jamnadas Building, Office No. 21/22, Ground Floor,
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