

VALUE INDUSTRIES LIMITED

**21st Annual Report
2007-2008**

VALUE INDUSTRIES LIMITED

(Formerly: Videocon Appliances Limited)

BOARD OF DIRECTORS

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

AUDITORS

KHANDELWAL JAIN & CO.

Chartered Accountants
12-B, Baldota Bhavan
117, Maharshi Karve Road,
Opp. Churchgate Railway Station,
Mumbai - 400 020

KADAM & CO.

Chartered Accountants
Ahmednagar College Road, Kothi,
Near Badve Petrol Pump,
Ahmednagar - 414 001

BANKERS

Indian Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
Axis Bank Ltd
UCO Bank

Allahabad Bank
Bank of Baroda
State Bank of Indore
Federal Bank
Bank of India

COMPANY SECRETARY

Hiren N. Shah

REGISTERED OFFICE

14 KM. Stone, Aurangabad - Paithan Road,
Village Chittegaon, Taluka Paithan,
Dist. Aurangabad - 431 105 (Maharashtra)

MANUFACTURING FACILITY

15 KM. Stone, Aurangabad - Paithan Road,
Village Chittegaon, Taluka Paithan,
Dist. Aurangabad - 431 105 (Maharashtra)

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NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of Value Industries Limited (Formerly: Videocon Appliances Limited) will be held on Monday, March 30, 2009 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), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2008, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Mr. Venugopal N. Dhoot, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Naveen B. Mandhana, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Khandelwal Jain & Co., Chartered Accountants and M/s. Kadam & Co., Chartered Accountants, be and are hereby appointed as Joint 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 and/or the Audit Committee of the Board of Directors.”

**BY ORDER OF THE BOARD OF DIRECTORS OF
VALUE INDUSTRIES LIMITED**

Date: 26th February, 2009
Place: Mumbai

**HIREN N. SHAH
COMPANY SECRETARY**

Registered Office:

14 KM Stone, Aurangabad- Paithan Road,
Village Chittegaon, Taluka Paithan,
Aurangabad – 431 105
(Maharashtra)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. HOWEVER, THE PROXY TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A FORM OF PROXY IS ENCLOSED HERewith FOR USE BY THE MEMBERS.**
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. Venugopal N. Dhoot and Mr. Naveen B. Mandhana, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of Companies in which they hold Directorships and chairmanship/membership of Board Committee, shareholding and relationship between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India are mentioned hereunder and Forms Part of this Annual Report. The Board of Directors recommends the re-appointment of the aforesaid Directors.

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 along with 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 will be entitled to vote.
7. The Register of Members and Share Transfer Books shall be closed from Tuesday, March 17, 2009 to Monday, March 30, 2009 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares. The Dividend as recommended by the Board of Directors, if declared at the Twenty First Annual General Meeting, will be paid on or around April 10, 2009 to those Members who hold shares in physical form and whose names appear on the Company's Register of Members on March 17, 2009 and in respect of 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 March 16, 2009 as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial year 2000-2001 to the Investor Education and Protection Fund established by the Central Government. Dividends for the financial year ended 2001-2002 and thereafter, which remain unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund (IEPF). Members who have not encashed dividend warrant(s) for the aforesaid years are requested to obtain duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. MCS Limited. Members are requested to note that upon transfer no claims shall lie against the Company or IEPF in respect of any amounts which were 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.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
10. The shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of 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.
11. Relevant documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Friday, between 10.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS OF
VALUE INDUSTRIES LIMITED**

Date: 26th February, 2009
Place: Mumbai

**HIREN N. SHAH
COMPANY SECRETARY**

Registered Office:

14 KM Stone, Aurangabad - Paithan Road,
Village Chittegaon, Taluka Paithan,
Aurangabad – 431 105
(Maharashtra)

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

A. The brief details of Mr. Venugopal N. Dhoot are as under:

1	Name of the Director	Mr. Venugopal N. Dhoot
2	Date of Birth	30.09.1951
3	Education Qualification	Engineering Graduate
4	Date of Appointment on the Board	08.03.1988
5	Category of Director	Promoter - Non Executive
6	Area of Expertise / Senior Position Held/Work Experience	He has more than 3 decades experience in diverse fields. He is one of the Promoters of Videocon Group.
7	Names of other Directorships in Public Limited Company including subsidiaries of Public Limited Company.	<ul style="list-style-type: none"> ▪ Videocon Industries Limited ▪ Trend Electronics Limited ▪ Next Retail India Limited ▪ Videocon International Electronics Limited ▪ Uttaranchal Appliances Limited ▪ Shree Dhoot Trading and Agencies Limited ▪ Videocon Realty and Infrastructures Limited ▪ KAIL Limited ▪ Bharat Hotels Limited ▪ Rural Electrification Corporation Limited ▪ Videocon India Limited ▪ Mayur Household Electronics Appliances Private Limited ▪ Godavari Consumer Electronics Private Limited ▪ Pipavav Energy Private Limited
8	Names of committees in which Chairman	<ul style="list-style-type: none"> ▪ KAIL Limited
9	Names of Committees in which Member	<ul style="list-style-type: none"> ▪ Shree Dhoot Trading and Agencies Limited
10	Number of Shares held in the Company	2,365
11	Any relative on the Board of Directors of the Company and nature of relationship	Mr. Pradipkumar N. Dhoot is relative of Mr. Venugopal N Dhoot within the meaning of Section 6 (c) of the Companies Act, 1956.

B. The brief details of Mr. Naveen Mandhana are as under:

1	Name of the Director	Mr. Naveen Mandhana
2	Date of Birth	18.11.1956
3	Education Qualification	Engineering Graduate
4	Date of Appointment on the Board	08.03.1988
5	Category of Director	Independent – Non Executive
6	Area of Expertise/Senior Position Held/Work Experience	More than 3 decades experience in the fields of manufacturing, technical and marketing.
7	Names of other Directorships in Public Limited Company including subsidiaries of Public Limited Company.	<ul style="list-style-type: none"> ▪ Next Retail India Limited ▪ Videocon Semiconductor Limited ▪ Qualcomm Infra Limited ▪ Videocon Display Limited ▪ Vsol Energy Limited ▪ Ram Ratna Wires Limited
8	Names of committees in which Chairman	<ul style="list-style-type: none"> ▪ Next Retail India Limited – Audit Committee ▪ Videocon Display Limited – Audit Committee
9	Names of Committees in which Member	Nil
10	Number of Shares held in the Company	Nil
11	Any relative on the Board of Directors of the Company and nature of relationship	Nil

DIRECTORS' REPORT

To,
The Shareholders,

VALUE INDUSTRIES LIMITED
(Formerly: Videocon Appliances Limited)

Your Directors are pleased to present the Twenty First Annual Report and the audited accounts for the year ended September 30, 2008.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended September 30, 2008 is summarized below:

(Rs. In Million)

Particulars	Year ended 30.09.2008	Year ended 30.09.2007
Net Sales	12,446.80	12,914.83
Other Income	16.33	266.09
Total Income	12,463.13	13,180.92
Profit before Interest, Tax and Depreciation	1,475.12	1725.23
Interest & Finance charges	549.50	542.59
Depreciation	786.44	846.81
Profit before Impairment Loss and Taxation	139.18	335.83
Impairment Loss	16.31	40.06
Profit before Tax	122.87	295.77
Provision for Taxation	42.79	168.20
Profit for the Year	80.08	127.57

During the year under review, your Company posted a total income of Rs. 12,463.13 Million as against total income of Rs. 13,180.92 Million for the previous year ended September 30, 2007. The profit after tax amounted to Rs. 80.08 Million as against profit after tax of Rs. 127.57 Million for the previous year.

In order to diversify its activities and to de-risk the business model, the Company expanded its product portfolio. The Main Object Clause of the Company was altered by insertion of additional clause relating to providing, executing, implementing, hiring, working as EPC Contractors, providing turnkey services for industrial activities and manufacturing and trading of all kinds of machineries, components, engineering equipments, etc., and consequently, the name of the Company was also changed from Videocon Appliances Limited to Value Industries Limited. The above business were transacted through Postal Ballot and the result for the same was declared at the Twentieth Annual General Meeting of the Company held on March 31, 2008.

ISSUE AND ALLOTMENT OF SECURITIES

During the year under review, pursuant to the Scheme of Amalgamation of Ranjangaon Industries Private Limited, the Company allotted 61,38,359 (Sixty One Lakh Thirty Eight Thousand Three hundred Fifty Nine) Equity Shares to the shareholders of erstwhile Ranjangaon Industries Private Limited in the ratio of 1 (One) Equity Share of the Company for every 18 (Eighteen) Equity Shares held in erstwhile Ranjangaon Industries Private Limited.

DIVIDEND

Your Directors have recommended a dividend of Re. 0.50 per equity Share (Previous year Re. 0.50 per equity Share) on the equity Shares of the Company for the year ended September 30, 2008, which if approved at the ensuing Annual General Meeting by the members, will be paid to all those members, whose names appear in the Register of Members as on March 17, 2009 and to all those members whose

names appear on that date, as the Beneficial owner, as furnished by the respective depository. The dividend is free of tax in the hands of the shareholders.

TRANSFER TO RESERVE

Your Directors propose to transfer an amount of Rs. 20.00 Million to the General Reserve. After appropriations, the balance amount of Rs. 760.61 Million is proposed to be carried to Balance Sheet as Profit and Loss Account balance.

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 financial year, Foreign Exchange outflow amounted to Rs. 917.17 Million as against an outflow of Rs. 775.08 Million for the previous year. There was no foreign exchange earnings during the year.

CONSERVATION OF ENERGY

Your Company has given utmost importance to conservation of energy as a part of its Corporate Social Responsibility towards a better environment. The Company has taken adequate steps to conserve energy at all levels. The Company has formed an in-house team comprising of experts to regularly keep a check on the energy conservation systems applied by the Company at the work place. The various measures taken for conservation of energy are:

- Proper Ventilation at the Factory Premises and use of energy saving Lighting Systems;
- Auto Shut-off of Air conditioners and other equipments during Lunch breaks and shift change;
- Regular maintenance and replacement of worn-out Machinery for optimum performance with reduction in Power consumption;
- Bringing awareness amongst employees/workers; and
- Maintaining Power Log Register for effectively monitoring consumption of energy.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

In endeavour to keep pace with the changing technologies worldwide and to offer products with maximum durability at low cost, the Company pays utmost importance to Research and Development. The Company has in-house R&D Facility comprising of experts in their respective fields to help Company to stay at par with latest technologies. The Company uses R&D activity as a tool for improvement in the Company Products and improvement in consumer satisfaction. The R&D activities of the Company are focussed towards the following:

- Increasing productivity;
- Improvement in the quality of products;
- Providing technical support services;
- Reduction of costs;
- Introducing newer models with advanced features; and
- Improving the design and appearance of the products.

The Company has derived the following benefits:

- Higher Consumer satisfaction;
- Development of energy efficient Products;

- Maintain market leadership position;
- Ability to compete favourably with the foreign players in the Indian and International Markets;
- Increased Productivity; and
- Products with better features, quality and improved reliability.

The Company continues to adapt the latest advances in technology and upgrade its manufacturing base. The Company has incurred a revenue expenditure of Rs. 1.54 Million towards R&D activities, which is 0.01% of the total turnover of the Company.

INFORMATION TECHNOLOGY (IT)

The Company firmly believes that IT is the backbone of any industry in today's environment. The Company has taken it as a tool to improve the productivity, efficiency and reliability. The Company has implemented my SAP, a customized ERP Programme at its manufacturing facility.

HEALTH, SAFETY AND ENVIRONMENT

The Company also accords highest priority to Protection of Environment. The Company has effective waste management systems to prevent any hazards to the environment. The Company has taken adequate steps to prevent occurrence of any accidents. The Company has also taken measures to ensure Health and Safety of its employees and work force. The Company conducts regular medical check ups and counseling to ensure fitness of its employees.

APPOINTMENT/REAPPOINTMENT OF DIRECTORS

Mr. Venugopal N. Dhoot and Mr. Naveen B. Mandhana, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

The Brief profiles of Mr. Venugopal N. Dhoot and Mr. Naveen B. Mandhana specifying their expertise in specific functional areas, other Public Companies in which they hold Directorship(s), Chairmanship/Membership held in various committees is annexed hereto and forms part of the Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of VALUE INDUSTRIES LIMITED (Formerly: Videocon Appliances Limited), state in respect of Financial Year 2007-2008 that:

- in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- the Board has constituted an Audit Committee comprising of Three Independent Directors;
- the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;

- the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- based on the above, the Internal Audit System and the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANY

The Company does not have any subsidiary.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges and in accordance with Accounting Standard on Cash flow statement (AS-3) issued by the Institute of Chartered Accountants of India, the Cash Flow Statement for the year ended September 30, 2008 is annexed hereto.

AUDITORS' REPORT

The Auditors' report is unqualified. The notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any 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 hold office until the conclusion of the ensuing Annual General Meeting. The Company has received certificates from these Auditors to the effect that their reappointment, if made, would be within prescribed limit under Section 224(1-B) of the Companies Act, 1956.

The Board recommends the re-appointment of these Auditors at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report form part of this Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' certificate confirming compliance of the Corporate Governance is attached to the Report on Corporate Governance.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks and Government Authorities.

Your Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

N. B. MANDHANA **V. N. DHOOT**
DIRECTOR DIRECTOR

Place: Mumbai

Date : 26th February, 2009

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 ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is centered around maintaining highest standards of integrity, accountability, equity, commitment to highest values and ensuring transparency and fairness in all its dealings with stakeholders.

The Company is committed to good corporate governance practices that create a long term relation of trust and harmony between the Company and the 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 set out herein under:

I. BOARD OF DIRECTORS:

1. Composition of Board of Directors

The Company is in full compliance with Clause 49 of the Listing Agreement with reference to the composition of the Board of Directors. The Board of Directors of the Company is an optimal mix of Professionalism and Experience. The Board is comprised of eminent personalities having experience in the fields of Finance, Manufacturing, Marketing and

The Details of attendance and other associations of the Board of Directors are as under:

Sl. No.	Name of Director	Whether attended AGM held on 31.03. 2008	Attendance in Board Meetings		Other Board		
			Total	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr. Venugopal N. Dhoot	No	9	8	14	1	1
2	Mr. Pradipkumar N. Dhoot	Yes	9	3	13	NIL	1
3	Mr. Naveen B. Mandhana	No	9	7	6	2	NIL
4	Mr. Avinash H. Malpani	No	9	6	NIL	NIL	NIL
5	Mr. Subhash S. Dayama	Yes	9	9	12	4	NIL

4. Brief Details of Directors proposed to be re-appointed:

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

II. BOARD COMMITTEES:

Currently, the board has constituted three committees i.e., Audit Committee, Shareholders/ Investors' Grievance Committee and Remuneration Committee.

1. Audit Committee:

(i) Composition (As of 30th September, 2008)

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.

(ii) Scope of Audit Committee:

The terms of reference 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:

Capital Markets. The Directors of the Company are categorized as follows:

PROMOTER – NON EXECUTIVE
VENUGOPAL N. DHOOT PRADIPKUMAR N. DHOOT
INDEPENDENT
SUBHASH S. DAYAMA AVINASH H. MALPANI NAVEEN B. MANDHANA

2. Board/Committee 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. This enables the Members of the Board to participate more effectively in the discussions in the Meeting and the Board is in turn able to take a more informed decision based upon inputs from the Members of the Board. The Members of the Board are also updated upon various events as are required under the Listing Agreement.

The Company Secretary on the advice of the Board of Directors finalises the agenda, which is distributed to the Board 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.

3. Board Meetings and Attendance:

9 Board Meetings were held during the year 2007 – 2008 on the following dates:

31.10.2007, 28.01.2008, 09.02.2008, 25.02.2008, 17.03.2008, 31.03.2008, 30.04.2008, 08.07.2008 and 31.07.2008.

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956.
 - Major accounting entries based on exercise of judgment 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.
- a) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - b) 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.
 - c) Discussion with internal auditors any significant findings and follow up there on.
 - d) 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.
 - e) Discussion with external auditors before the audit commence 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.

(iii) **MEETINGS AND ATTENDANCE:**

During the financial year under consideration, 5 meetings of the Committee were held on 31.10.2007, 28.01.2008, 25.02.2008, 30.04.2008 and 31.07.2008.

The Attendance by the Members of the Audit Committee during the year was as under:

Name of the Member	Meetings held during respective tenure	Meetings attended
Mr. Subhash S. Dayama - Chairman	5	5
Mr. Avinash H. Malpani	5	4
Mr. Naveen B. Mandhana	5	4

The Statutory Auditors and Head of Internal Audit attended and participated in the meetings, on invitation. The Company Secretary is the Secretary of the Committee.

2. **Remuneration Committee:**

(i) **Composition (As of 30th September, 2008)**

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

(ii) **Scope of Remuneration Committee:**

The following matters are referred to the Remuneration Committee:

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

(iii) **Directors' Remuneration:**

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

Name of Director	Sitting fee paid (Rs)
Mr. Avinash H. Malpani	21,500
Mr. Naveen B. Mandhana	26,500
Mr. Subhash S. Dayama	27,500

Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot are not paid any sitting fees.

(iv) **Meetings and Attendance:**

One meeting of the Committee was held on 30.04.2008 and Mr. Naveen B. Mandhana and Mr. Avinash H. Malpani attended the Meeting.

(v) **Stock Options:**

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

3. **SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:**

(i) **Composition (As on 30th September, 2008)**

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

The details of Meetings held during the year and attendance by the Members is as follows:

Name of the Member	Meetings held during respective tenure	Meetings attended
Mr. Avinash H. Malpani - Chairman	4	4
Mr. Pradipkumar N. Dhoot	4	3
Mr. Naveen B. Mandhana	4	4

(ii) **Scope of Shareholders/Investors grievance Committee:**

The Committee administers the following activities:

- a. Transfer of Shares
- b. Transmission of shares
- c. Issue of Duplicate Share Certificates
- d. Change of Status

- e. Change of Name
- f. Transposition of Shares
- g. Sub-division of Shares
- h. Consolidation of Folios
- i. Shareholders requests for Dematerialisation/Rematerialisation of shares

The Board has delegated the power of Share Transfer to Registrar & Share Transfer agents, who process the transfers. The Committee also looks after Redressal of Investors Grievances and performance of the Registrar and Transfer Agents of the Company.

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

(iii) **Compliance Officer**

Mr. Hiren N. Shah, Company Secretary is the Compliance Officer.

(iv) **Share Transfer Details**

The number of Shares transferred during the year under review is given below:

	Particulars	
a	Number of transfers	866
b	Average No of Transfers per month	72
c	Number of Shares Transferred	83,879

(v) **Demat/Remat of Shares:**

Details of Shares Dematerialised/ Rematerialised during the year under review are given below:

Particulars	
Number of Dematerialisation Transfers approved	2,540
Number of Sub-committee Meetings held	39
Number of Shares Dematerialised during the year	3,32,286
Percentage of Shares Dematerialised	0.85
Number of Re-materialisation requests approved	3
Number of Shares Re-materialised	300

(vi) **Details of complaints received and redressed during the year 2007 – 2008:**

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.08
1.	Non receipt of refund orders	0	0	0
2.	Non receipt of dividend/interest/ redemption warrants	56	56	0
3.	Non receipt of share certificates	63	63	0
4.	Others	20	20	0
	Total	139	139	0

III. **GENERAL BODY MEETINGS**

1. **Details of location, time and date of last three AGMs:**

AGM	AGM Date	Location	Time	No of Special Resolution Passed
18 th AGM	31.03.2006	14KM Stone, Aurangabad-Paithan Road, Village-Chittegaon, Aurangabad – 431 105	2.00 PM	Nil
19 th AGM	30.03.2007	14KM Stone, Aurangabad-Paithan Road, Village-Chittegaon, Aurangabad – 431 105	12.00 Noon	1
20 th AGM	31.03.2008	14KM Stone, Aurangabad-Paithan Road, Village-Chittegaon, Aurangabad – 431 105	11.30 AM	Nil

2. **Postal Ballot:**

During the year under review, following special resolutions were transacted through Postal Ballot.

- (i) To alter the "Main Objects" Clause of Memorandum of Association of the Company by inserting additional clause relating to providing, executing, implementing, hiring, working as EPC Contractors, providing turnkey services for industrial activities and manufacturing, trading of all kinds of machineries, components engineering equipments etc.,

- (ii) To change the name of the Company from "VIDEOCON APPLIANCES LIMITED" to "VALUE INDUSTRIES LIMITED", subject to necessary approval(s).
- (iii) To authorize the Board of Directors of the Company to make investments, extend guarantee, provide security, make inter corporate loans exceeding the limits specified under Section 372A of the Companies Act, 1956 and confirm the guarantee(s) already given by the Board in accordance with the Provisions of Section 372A of the Companies Act, 1956.
- (iv) To authorize the Board of Directors of the Company to borrow funds upto an amount of Rs. 10,000 Crores, in terms of the provisions of sub-clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956.
- (v) To authorize the Board of Directors of the Company to sell, lease, mortgage or otherwise dispose off the whole or substantially the whole of undertaking of a Company upto an amount of Rs. 10,000 Crores, as specified under sub-clause (a) of sub-section (1) of Section 293 of the Companies Act, 1956.

In terms of the Provisions of Rule 5(b) of The Companies (Passing of the Resolution by Postal Ballot) Rules 2001, Mr. Sheetal Kumar Dak, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot.

Notice of the Postal Ballot along with Explanatory Statement, Postal Ballot Form and Self Addressed (Postage to be paid by addressee) Envelop were sent to all the Shareholders of the Company and all other persons who were entitled to receive the same under certificate of posting.

The Postal Ballot Forms received upto close of working hours on Saturday, March 29, 2008, were considered for determining the votes for the above mentioned resolutions. The results for the same were announced by the Company Secretary at the Twentieth Annual General Meeting held on March 31, 2008 and the said date of declaration of result of Postal Ballot has been taken as the date of passing of the Resolution.

VOTING PATTERN OF POSTAL BALLOT WAS AS UNDER:

Particulars	Alteration in Object Clause	Change of Name	Section 372A Resolution	Section 293(1)(d) Resolution	Section 293(1)(a) Resolution
Total No. of PBF Received	531	531	531	531	531
No. of Shares	14,852,235	14,852,235	14,852,235	14,852,235	14,852,235
% to total Equity Shares	37.7791	37.7791	37.7791	37.7791	37.7791
No. of invalid/ Rejected PBF	73	73	73	73	73
No. of Shares	7,605	7,605	7,605	7,605	7,605
% to total PBF Received	0.0512	0.0512	0.0512	0.0512	0.0512
Total No. of valid PBF Received	458	458	458	458	458
Total No. of Shares	14,844,630	14,844,630	14,844,630	14,844,630	14,844,630
% to total PBF Received	99.9488	99.9488	99.9488	99.9488	99.9488
Total No. of PBF in favour	455	425	437	434	428
Total No. of Votes Casted in favour	14,844,330	14,838,637	14,839,126	14,835,989	14,835,801
Percentage of Shares to Receipt	99.9980	99.9596	99.9629	99.9418	99.9405
Total No. of PBF Against	3	33	21	24	30
Total No. of Votes Casted Against	300	5,993	5,504	8,641	8,829
% of Shares to Receipt	0.0020	0.0404	0.0371	0.0582	0.0595

At present, the Company is not proposing to pass any resolutions through postal ballot.

IV. DISCLOSURES:

a) Materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or 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.9 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 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	The Company has complied with mandatory requirements and adopted the following non mandatory requirements: i) The Company has constituted a remuneration committee. ii) Whistle Blower Policy.

V. MEANS OF COMMUNICATION

- (i) The Company regularly intimates its un-audited as well as audited financial results to the Stock Exchanges, as soon as these are taken on record/approved. The Financial Results are published in leading English and Marathi dailies. The results of the Company are also displayed on the website of the Company at www.videoconappliances.com. The Results of the Company are also available on the website of SEBI at <http://sebidifnar.nic.in>.

The official news releases and the presentations made from time to time to investors and financial analysts at the investors meet are also displayed on the website of the Company. The results of the Company are not sent to shareholders individually.

- (ii) Management Discussion and Analysis report forms part of the Report of the Directors.

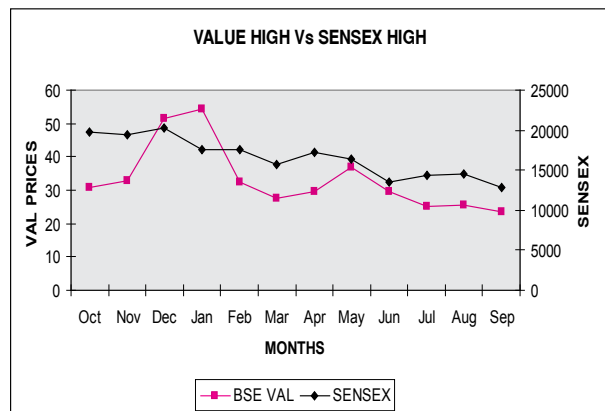
VI. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting	The 21 st Annual General Meeting will be held on March 30, 2009 at 10.00 a.m. at 14 KM Stone, Village Chittegaon, Taluka Paithan, Aurangabad
2. Financial Calendar	Financial Calendar for 2008-2009
	Financial Year 01.10.2008 – 30.09.2009
	First Qly Result On or before 31.01.2009
	Second Qly Result On or before 30.04.2009
	Third Qly Result On or before 31.07.2009
	Fourth Qly Result On or before 31.10.2009
	Annual General Meeting for the Year ended 30.09.2009 On or before 31.03.2010
3. Date of Book Closure	17.03.2009 to 30.03.2009 (both days inclusive)
4. Dividend Payment Date	10.04.2009 (Tentatively)
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 for financial year 2008 - 2009. The share holders of the Company at their meeting held on 31.03.2004 have accorded approval for delisting of equity shares from The Madras Stock Exchange Limited, The Stock Exchange, Ahmedabad, Bangalore Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Pune Stock Exchange Limited, Delhi Stock Exchanges Association Limited. The Company has complied with the formalities for delisting.
	The names and addresses of the respective stock exchanges where the equity shares of the Company shall continue to be listed are given below:

Sl. No	Name and Address of the Stock Exchange(s)
1.	The Bombay Stock Exchange Limited (BSE) 1 st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
2.	National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051
Stock Code at Mumbai Stock Exchange is: 500945	
Stock Code at National Stock Exchange is: "VALUEIND"	

6. Market Price Data Average monthly High and Low prices at BSE and NSE are given below:

Month	NSE		BSE	
	High	Low	High	Low
October, 2007	30.90	22.00	30.85	22.50
November, 2007	32.80	22.60	32.90	22.25
December, 2007	51.55	30.15	52.05	30.05
January, 2008	54.15	28.00	54.65	27.95
February, 2008	32.35	24.70	32.60	24.65
March, 2008	27.75	19.15	27.50	19.00
April, 2008	29.50	22.55	29.65	22.70
May, 2008	37.00	24.45	37.40	24.25
June, 2008	29.50	20.00	29.20	20.50
July, 2008	25.00	18.20	24.00	18.00
August, 2008	25.70	21.65	26.00	21.50
September, 2008	23.60	14.30	23.70	14.60



7.	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
8.	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.

9. a) Shareholding Pattern as on 30.09.2008 is as given below:

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	1,389,835	5.65	5.65
(b)	Central Govt./ State Govt.(s)					
(c)	Bodies Corporate	15	16,101,591	14,451,473	40.95	40.95
(d)	Financial Institutions./ Banks					
(e)	Any Other (specify)					
	Sub - Total (A) (1)	29	18,321,406	15,841,308	46.60	46.60
(2)	Foreign					
(a)	Individuals (Non -Resident Individuals / Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-
	Sub - Total (A) (2)	-	-	-	-	-
	Total Share holding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	29	18,321,406	15,841,308	46.60	46.60
(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	3165	0.02	0.02
(c)	Central Govt./ State Govt.(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0		
(e)	Insurance Companies	6	944,756	944,631	2.40	2.40
(f)	Foreign Institutional Investors	4	1,125	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0
	Sub - Total (B) (1)	58	967,103	947,796	2.46	2.46
(2)	Non- Institutions					
(a)	Bodies Corporate	840	3,609,452	3,565,545	9.18	9.18
(b)	Individuals i. Individuals Shareholders holding nominal share capital up to Rs. 1 Lakh ii Above Rs 1 Lakh	78,228 97	13,416,095 2,999,303	9,597,394 2,999,303	34.13 7.63	34.13 7.63
(c)	Any Other (specify)					
	Sub - Total (B) (2)	79,165	20,024,850	16,162,242	50.94	50.94
	Total Public Share holding B= (B)(1)+(B)(2)	79,223	20,991,953	17,110,038	53.40	53.40
	TOTAL (A) + (B)	79,252	39,313,359	32,951,346	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipt have been issued	0	0	0	***	0.00
	GRAND TOTAL (A)+(B)+(C)	79,252	39,313,359	32,951,346	***	100.00

b) Distribution of Shareholding as on 30th September, 2008 is as given below:

Share Holding of Nominal Value of Rs.	Number of Shareholders	% to Total	No. of Shares	Amount in Rs.	% to Total
Up to 5,000	78,923	99.5849	14,237,991	142,379,910	36.217
5001 to 10000	157	0.1981	1,113,417	11,134,170	2.8322
10001 to 20000	72	0.09085	976,592	9,765,920	2.4841
20001 to 30000	30	0.03785	729,851	7,298,510	1.8565
30001 to 40000	11	0.01388	381,251	3,812,510	0.9698
40001 to 50000	13	0.0164	589,969	5,899,690	1.5007
50001 to 100000	16	0.02019	1,173,668	11,736,680	2.9854
100001 and above	30	0.03785	20,110,620	201,106,200	51.155
Total	79,252	100.00	39,313,359	393,133,590	100.00

10. 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 30.09.2008, 32,951,346 equity shares (83.82 % of the total number of shares) have been dematerialized.
11. Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and like impact on equity	Nil
12. Plant locations	15 Km. Stone, Village Chittegaon, Taluka Paithan, Dist. Aurangabad, Maharashtra
13. Address for Correspondence	14 Km. Stone, Village Chittegaon, Taluka Paithan, Dist. Aurangabad, Pin: 431105, Maharashtra. The correspondence address for shareholders in respect of their queries is: MCS Limited Kashiram Jamnadas Building Office No 21/22, Ground Floor 5, P. D'mello Road (Ghadiyal Godi) Masjid (East), Mumbai 400 009. Tel: 022 23726253/55 Fax: 022 23726252

DECLARATION

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

For VALUE INDUSTRIES LIMITED

GENERAL MANAGER

COMPANY SECRETARY

CEO/CFO CERTIFICATION

We, General Manager and the Chief Financial Officer appointed in terms of the Companies Act, 1956, certify to the Board that:

- The Financial Statements and the Cash Flow Statements for the year have been reviewed and to the best of their knowledge and belief are true and present a true & fair view of the Company's affairs.
- To the best of our knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- We have indicated to the Auditors and the Audit Committee:
 - Significant changes in Internal Control over financial reporting during the year,
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

GENERAL MANAGER

CHIEF FINANCIAL OFFICER

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

VALUE INDUSTRIES LIMITED

(Formerly: Videocon Appliances Limited)

We have examined the compliance of conditions of Corporate Governance by Value Industries Limited, for the year ended on September 30, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U.S.KADAM
Partner
Membership No. 31055

Place: Mumbai

Date: 26th February, 2009

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management of Value Industries Limited 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 STRUCTURE AND DEVELOPMENTS

The Economies around the Globe are going through turbulent times. The overall recession in America and Europe has made an adverse impact on all the major economies of the world. There have been instances of major Banks and Financial Institutions going into insolvency proceedings. However, there has been effort on part of government across the globe to curtail the overall effect of slow-down by various means like bailout packages and reduction in Interest rates.

The Indian Economy which grew at an impressive growth rate of 9.0 % during the previous fiscal is expected to attain a growth rate of 7.4% for the current fiscal and 7.0% for the next fiscal year. The slowdown in the industrial production had been primarily the factor in slowing the growth rate.

The Consumer Electronics Industry in India is going through a reformation phase with fast track changes in technologies. Companies introducing products with advanced technologies and features have found wide acceptance in the Indian market. There has also been higher demand for High End Products in the urban areas. The Electronics Industry is expected to grow at the rate of 10 – 12% in the coming years.

The Company foresees an excellent growth for its products in the coming years. The Indian economy is increasingly becoming consumption – led, creating a number of opportunities for the growth of products of the Company. The Company also sees tremendous growth opportunities in rural markets, where the penetration level for refrigerator is as low as 2.00 percent and that for washing machine is 0.5 percent. The Company also has been very aggressive on the Research and Development, which further enhances the growth potential for the Company.

PRODUCT REVIEW

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

- WASHING MACHINE:-** Washing Machine Segment has shown a growth rate of around 13% with majority of increase in Fully Automatic segment, which showed an impressive growth rate of more than 20%. The Company has been competing with brands like Whirlpool, LG and Samsung, in this segment. The 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
 - Auto Balancing

The Company has received excellent feedback from its customers for the product. The Company is striving hard to upgrade and modify the products in line with the latest technologies and Indian conditions.

- REFRIGERATOR:-** The trend in the Refrigerator segment is shifting from Direct Cool to Frost Free Refrigerator with the later accounting for majority of the growth. The distinct advantages of Frost Free Refrigerators are shifting the existing as well as first time

users to this segment. The same trend is expected to continue in future. The thrust of the Company is to promote the Frost Free Refrigerators and introduce varied features to make them competitive in the Market. The other brands in this segment include Whirlpool, LG, Samsung, Godrej. 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

The Company expects another year of robust performance in this segment.

c. **AIR CONDITIONERS:-** The Air Conditioner Segment grew mainly on account of increase in sale of Split Air Conditioners. The reduction in the price differential between Split Air Conditioners and Window Air Conditioners has made the former a more attractive option for the buyers. The growth in this segment can also be attributed to rising income levels and accepting Air Conditioners as necessity rather than Luxury. The competing brands in this segment are Blue Star, Godrej, LG, Whirlpool, etc. The Product of Companies are feature packed, which includes:

- Anti Bacterial Filter
- Oxigenerator
- Energy Efficient Rotary Compressor
- Self Diagnosis Function
- Ion Recharger
- LCD Display and remote

OPPORTUNITIES AND THREATS

The Company has identified certain opportunities so as to maximize the wealth of its stakeholders such as:

- Diversification into Engineering and allied activities, minimizing risks and creating opportunities for Growth;
- Availability of easy Finance provides additional opportunities for Companies Products;
- There is possibility to expand in markets with low density of Electronic products usage;
- Launch of Products with advanced features and user friendly applications to ensure acceptance of products with masses;
- Launch of own brand in emerging markets;
- Converting customers from un-branded market to branded market with quality products at economical prices; and
- Providing after sales service that matches the best in the Industry to enhance consumer confidence.

The Company also perceives certain threats that are potential in nature. The threats perceived by management are as mentioned herein below:

- Recessionary Trend and job cuts in various industry may have adverse effect on the Sales of the Company;
- Rise in cost of inputs and Interest Cost is a cause of concern for the Company;
- Fast changing advancement in technology and entry by new foreign brands can impact the sales of the Company;
- Videocon brand is popular in Indian markets. It is yet to establish its brand value overseas; and
- The Cost of marketing, advertising and after sale services are ever increasing

OUTLOOK

The consumer electronics industry is very dynamic. However, the relatively strong 2008 for the consumer electronics industry will make way for slow 2009. However, with the increasing consumer demand and with the companies using state-of-art technologies to stay in the competition, it is anticipated that the industry will continue to attract consumers. The consumer electronics industry is driven by new technologies, standards and products. The progress of consumer electronics from standalone, single function appliances into converged, complex, upgradeable, network-connected devices poses a serious challenge for product developers.

Your Company, in this light proposes to:

- Expand the product portfolio to cater to the increasing consumer demand;
- Intelligent use of the embedded systems to tap transformation in the consumer electronics industry;
- Creativity and time-to-market are the decisive factors that will aid to sustain leadership;
- To focus on new, flexible, low-cost development solutions that will held address customer demand for innovative electronic products at lower cost; and
- Render professional services to consumers.

RISKS AND CONCERNS

With the market for consumer electronics and home appliances, being highly competitive, there has been an increased pressure on the prices and margins. We expect that technological advances and aggressive pricing strategies by competitors will intensify competition in our products. The future success of the Company will depend in part on our ability to:

- Develop and market products which meet changing customer demands and;
- To anticipate and respond to technological developments and changes in manufacturing processes.

The emergence of organised retail is another looming threat or area of concern. Macro economic risks like economic recession, political or social upheavals, natural disasters could adversely affect the industry.

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 net sales of Rs. 12,446.80 million as against Rs. 12,914.83 million during the previous period ended on 30th September, 2007, thereby recording a decrease of 3.62% in turnover as compared to previous year ended.

Other Income:

Other income for the year was Rs. 16.33 million as against Rs. 266.09 million during the previous year ended on 30th September, 2007, representing a decrease of 93.86% as compared to previous year. Other income comprises of Investment Income, dividend income, fluctuation of foreign exchange rate, insurance claim received, interest income and miscellaneous income.

Expenditure:

Cost of Goods Consumed/Sold:

Cost of Goods Consumed/Sold stood at Rs. 10,174.58 million as against Rs. 10,702.96 million during the previous year ended on 30th September 2007.

Salaries, Wages and Employees Benefits:

During the year under review the Salary and Wages stood at Rs. 179.32 million as against Rs. 200.71 million for the previous year ended on 30th September, 2007 representing a decrease of 10.66% as compared to previous year.

Manufacturing and Other Expenses:

During the year under review the manufacturing and other expenses were Rs. 634.11 Million as against Rs. 552.02 million for the previous year ended on 30th September, 2007 representing an increase of 14.87% as compared to previous year.

Interest & Finance Charges:

For the year ended 30th September, 2008, Interest and Finance charges amounted to Rs. 549.50 million as against Rs. 542.59 million for the previous year ended on 30th September, 2007 thereby recording an increase of 1.27% compared to previous period. The increase is mainly on account of increase in interest rate.

Depreciation:

Net Depreciation (excluding depreciation on re-valued assets) amounted to Rs. 786.44 million as against Rs. 846.81 million for the previous year ended on 30th September, 2007 thereby recording a decrease of 7.13% as compared to previous year.

Impairment Loss:

For the year ended 30th September, 2008, the Company has provided for Impairment Loss of Rs. 16.31 Million as against an Impairment Loss of Rs. 40.06 Million for the previous year.

Profit Before Tax:

As a result of the forgoing, the profit before tax was Rs. 122.87 million for the year ended 30th September, 2008 as against Rs. 295.77 million for the previous year ended on 30th September, 2007 there by recording a decrease of 58.46% in the profit.

Provision for Taxation:

Provision for Taxation includes Provision for Current Tax, Deferred Tax & Fringe Benefit Tax. During the year under review, the Company has provided Rs. 14.00 million for Current Taxation, Rs. 27.93 million for Deferred Tax and Rs. 0.86 million for Fringe Benefit Tax as against Rs. 33.35 million for Current Tax, Rs. 133.34 million for deferred tax and Rs. 1.51 million for Fringe Benefit Tax for the previous year ended on 30th September, 2007.

Net Profit:

Net Profit of the Company decreased to Rs. 80.08 million from Rs. 127.57 million for the previous year ended 30th September, 2007 representing a decrease of 37.23% in Net profit.

INTERNAL CONTROL SYSTEM

The Company has an internal control system commensurate with its size and nature of business. These provide a reasonable assurance that all its assets are safeguarded properly and transactions undertaken are duly authorised by a competent authority. The internal control system provides for well documented policies, guidelines, authorization and approval procedures. The Actual performance of the Company is compared with the established standards to check for material deviations and their impact on the overall business operations of the Company.

The Internal Audit Committee submits its report to the Audit Committee of the Board to ensure compliances with policies, plans and statutory requirements.

HUMAN RESOURCE MANAGEMENT

The Company is committed to create a healthy workplace for every single employee in the organisation, whereby each and every factor will be able to contribute its best for the growth of the organisation. The Company lays significant emphasis in nurturing the all-round development of Human Resources with special emphasis on training its employees to equip them to face the challenges in the competitive business environment and achieve the desired goals. In line with this objective, the performance evaluation processes are being redefined to provide dynamic interventions in assessing and developing the individual targets and synchronizing these targets to the Company's objectives and mission.

The Company has developed a HRD Plan with the parameters to achieve Excellent Rank. Steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee.

The Company continues to enjoy cordial relations with its work force of more than One Thousand employees throughout the year.

CAUTIONARY STATEMENT

The Statements made in this report describing the projections and expectations of the Company are forward looking and made on basis of certain assumptions and expectations of future events. The actual performance of the Company may vary from those expressed in this report due to influence of factors beyond the control of Company.

The Board of Directors of the Company assumes no responsibility in respect of the forward looking statements mentioned herein, which may differ in future on account of subsequent developments or events.

AUDITORS' REPORT

To
The Members of
VALUE INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VALUE INDUSTRIES LIMITED**, (Formerly known as VIDEOCON APPLIANCES LIMITED) as at 30th September 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e) According to the information and explanations given to us and on the basis of written representations received from the directors of the Company as on 30th September 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the significant accounting policies and the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September 2008;
 - 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 of the Company for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No.:104180

U.S.KADAM
Partner
Membership No.:31055

Place : Mumbai
Date : 26th February, 2009

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** (Formerly known as VIDEOCON APPLIANCES LIMITED) on the accounts for the year ended 30th September 2008.

- (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 explanation 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 explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Sub-clauses (b),(c),(d),(f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five 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 Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's products. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protector 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 2008 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, Customs, 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	0.04	Asst. Commissioner
	Demands	9.63	CESTAT
2. Central Excise Act	Excise Duty Demands	1.39	CESTAT
		1.12	Joint Commissioner
		0.29	Tribunal
3. Service Tax Act	Service Tax Demand	0.99	Joint Commissioner
4. Sales Tax Act	Sales Tax Demand	0.71	DCST(Appeal)
		60.33	Commissioner
		0.33	Tribunal

- (x) There are no accumulated losses of the Company as on 30th September 2008. 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 explanation given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year. 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 covered by our report.
- (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

For KADAM & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No.:104180

U.S.KADAM
Partner
Membership No.:31055

Place : Mumbai
Date : 26th February, 2009

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

	Schedule	As at 30th September, 2008 (Rupees in Million)	As at 30th September, 2007 (Rupees in Million)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital - Equity	1	392.14	330.76
b. Share Capital - Preference	1	18.46	24.62
c. Share Capital Suspense	1A	-	61.38
b. Reserves & Surplus	2	4,083.95	4,048.05
2. Grant from Ozone Projects Trust Fund		26.41	32.93
3. Deferred Tax Liability (Net)		912.50	884.56
4. Loan Funds			
a. Secured Loans	3	5,103.01	4,760.02
b. Unsecured Loans	4	1,500.00	3,654.35
TOTAL		12,036.47	13,796.67
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	16,187.77	16,713.82
b. Less : Depreciation / Impairment		9,642.82	8,839.96
c. Net Block		6,544.95	7,873.86
2. Investments	6	504.29	399.44
3. Current Assets, Loans and Advances			
a. Inventories	7	3,452.96	3,332.80
b. Sundry Debtors		2,542.06	2,757.64
c. Cash and Bank Balances		108.99	138.52
d. Other Current Assets		10.97	13.45
e. Loans and Advances		636.96	930.92
		6,751.94	7,173.33
Less : Current Liabilities & Provisions			
a. Current Liabilities	8	1,719.31	1,595.56
b. Provisions		45.40	54.40
		1,764.71	1,649.96
Net Current Assets		4,987.23	5,523.37
TOTAL		12,036.47	13,796.67
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

HIREN N. SHAH
Company Secretary

Place : Mumbai
Date : 26th February, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2008

Particulars	Schedule	For the Year ended on 30th September, 2008 (Rupees in Million)	For the Year ended on 30th September, 2007 (Rupees in Million)
I. INCOME			
Sales / Income from Operations		12,857.15	13,393.04
Less : Excise Duty		<u>410.35</u>	<u>478.21</u>
Net Sales		12,446.80	12,914.83
Other Income	9	<u>16.33</u>	<u>266.09</u>
TOTAL		<u><u>12,463.13</u></u>	<u><u>13,180.92</u></u>
II. EXPENDITURE			
Cost of Goods Consumed/Sold	10	10,174.58	10,702.96
Salaries, Wages & Employees' Benefits	11	179.32	200.71
Manufacturing & Other Expenses	12	634.11	552.02
Interest	13	549.50	542.59
Depreciation		802.79	870.06
Less : Transferred from Revaluation Reserve [Refer Note B-2, Schedule 14]		<u>16.35</u>	<u>23.25</u>
TOTAL		<u><u>786.44</u></u>	<u><u>846.81</u></u>
Profit before Impairment Loss and Tax		<u>139.18</u>	<u>335.83</u>
Impairment Loss		<u>16.31</u>	<u>40.06</u>
III. PROFIT BEFORE TAX			
Less: Provision for Taxation		<u>122.87</u>	<u>295.77</u>
Current Tax		14.00	33.35
Deferred Tax		27.93	133.34
Fringe Benefit Tax		<u>0.86</u>	<u>1.51</u>
IV. PROFIT FOR THE YEAR			
Add : Excess/Short Provision for Income Tax for earlier year (paid)/W/Back		80.08	127.57
Add : Balance brought forward		(0.05)	19.15
Add : Balance brought forward		687.54	218.51
Add : Transferred from Debenture Redemption Reserve		44.20	52.30
Add : Adjustment of Amalgamation		-	341.75
V. BALANCE AVAILABLE FOR APPROPRIATION			
		<u>811.77</u>	<u>759.28</u>
VI. APPROPRIATIONS			
i. Proposed Dividend-Equity		19.66	19.66
ii. Proposed Dividend-Preference		1.72	2.21
iii. Corporate Tax on Dividend		3.63	3.72
iv. Transfer to Capital Redemption Reserve		6.15	6.15
v. Transfer to General Reserve		20.00	40.00
vi. Balance Carried to Balance Sheet		<u>760.61</u>	<u>687.54</u>
TOTAL		<u><u>811.77</u></u>	<u><u>759.28</u></u>
Basic & Diluted Earnings Per Share(Nominal Value Rs.10)			
[Refer Note B-10, Schedule 14]		Rs. 1.98	Rs. 3.67
Significant Accounting Policies and Notes to Accounts	14		

As per our report of even date

For and on behalf of the board

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

V. N. DHOOT
Director

SHIVRATAN AGARWAL
Partner
Membership No.104180

U. S. KADAM
Partner
Membership No.31055

N. B. MANDHANA
Director

HIREN N. SHAH
Company Secretary

Place : Mumbai
Date : 26th February, 2009

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2007-2008

	2007-2008 (Rupees in Million)	2006-2007 (Rupees in Million)
I. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	122.87	295.77
Add :		
i. Depreciation	786.44	846.82
ii. Interest	549.50	542.59
iii. Impairment Loss	16.31	40.06
iv. Provision for Leave Encashment	(1.32)	1.24
v. Provision for Warantee & Maintance Expenses	(4.83)	3.40
vi. Diminution in Value of Investments	82.24	11.64
vii. Provision for Gratuity	0.81	-
viii. Provision for Bonus	(1.04)	1.86
(A)	<u>1,550.98</u>	<u>1,743.38</u>
Less :		
i. Interest Received	5.70	5.24
ii. Income from Investment & Securities Division	33.66	74.63
iii. Adjustment of Grant	6.52	8.15
iv. Profit on Sale of Fixed Assets	4.10	115.11
(B)	<u>49.98</u>	<u>203.13</u>
(C)	<u>1,501.00</u>	<u>1,540.25</u>
CASH FROM OPERATIONS (A-B)		
Less :		
ADJUSTMENTS FOR WORKING CAPITAL CHANGES (Including on amalgamation)		
i. Increase/(Decrease) in Sundry Debtors	(215.58)	(400.66)
ii. Increase/(Decrease) in Inventories	120.16	449.65
iii. Increase/(Decrease) in Other Current Assets, Loans & Advances	(307.79)	466.42
iv. Decrease/(Increase) in Trade & Other Payables	(129.09)	(508.08)
(D)	<u>(532.30)</u>	<u>7.33</u>
(E)	<u>2,033.30</u>	<u>1,532.92</u>
NET CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES (C-D)		
Less :		
Income Tax Paid/(Refund Received) (Net)	27.81	59.91
(F)	<u>2,005.49</u>	<u>1,473.01</u>
II. CASH FLOW FROM INVESTING ACTIVITIES		
i. Sale of Fixed Assets	28.97	331.38
ii. Interest Received	2.44	10.41
iii. Decrease /(Increase) in Investments	(187.09)	20.60
iv. Income from Investment & Securities Division	33.66	74.63
(G)	<u>(122.02)</u>	<u>437.03</u>
Less:		
Purchase / (Sale) of Fixed Assets (Including CWIP) (Including Addition on Amalgamation)	(484.94)	3,648.98
(H)	<u>(484.94)</u>	<u>3,648.98</u>
(I)	<u>362.92</u>	<u>(3,211.95)</u>
NET CASH FROM INVESTING ACTIVITIES (G-H)		
III. CASH FLOW FROM FINANCING ACTIVITIES		
i. Increase in Shares Capital Suspense on Amalgamation	-	61.38
ii. Increase in Reserve on Amalgamation	-	341.75
iii. Increase/(Decrease) in Working Capital Limits	863.86	69.39
iv. Increase/(Decrease) in Term & Other Secured Loans (Net)	(520.87)	331.56
v. Increase/(Decrease) in Unsecured Loans	(2,154.35)	1,501.30
(J)	<u>(1,811.36)</u>	<u>2,305.38</u>
Less :		
i. Interest paid	555.21	543.78
ii. Dividend paid	21.49	17.79
iii. Preference Shares Redeemed	6.16	6.15
iv. Corporate Tax on Dividend paid	3.72	2.52
(K)	<u>586.58</u>	<u>570.24</u>
(L)	<u>(2,397.94)</u>	<u>1,735.14</u>
NET CASH FROM FINANCING ACTIVITIES (J - K)		
NET CHANGE IN CASH & CASH EQUIVALENTS	(29.53)	(3.80)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	138.52	142.32
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	108.99	138.52

As per our report of even date

For and on behalf of the board

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

V. N. DHOOT
Director

SHIVRATAN AGARWAL
Partner
Membership No.104180

U. S. KADAM
Partner
Membership No.31055

N. B. MANDHANA
Director

HIREN N. SHAH
Company Secretary

Place : Mumbai
Date : 26th February, 2009

SCHEDULES TO BALANCE SHEET

	As at 30th September 2008 (Rupees in Million)	As at 30th September 2007 (Rupees in Million)
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
I. 55,000,000 (Previous Year 55,000,000). Equity Shares of Rs.10 each	550.00	550.00
II. 7,500,000 (Previous Year 7,500,000) Redeemable Preference Shares of Rs.100 each.	750.00	750.00
	<u>1,300.00</u>	<u>1,300.00</u>
Issued, Subscribed & Paid-up:		
i) Equity Share Capital		
39,313,359 (Previous Year 33,175,000) Equity Shares of Rs.10 each fully paid up.	393.13	331.75
Less : Calls in arrears (Others)	0.99	0.99
(Of the above 6,138,359 (Previous Year NIL) Equity Shares of Rs 10 each were allotted pursuant to amalgamation without payment being received in cash)		
(A)	<u>392.14</u>	<u>330.76</u>
ii) Preference Share Capital		
307,731(Previous year 307,731) 8% Cumulative Redeemable Preference Shares of Rs.60 (Previous year Rs 80) each fully paid up. Redeemable at par in 3 equal instalments on 1st April 2009, 1st April 2010 and 1st April 2011.	18.46	24.62
(B)	<u>18.46</u>	<u>24.62</u>
TOTAL (A+B)	<u>410.60</u>	<u>355.38</u>
SCHEDULE 1A		
SHARE CAPITAL SUSPENSE		
NIL (Previous year 6,138,359) Equity Shares of Rs.10 each to be allotted to the Shareholders of erstwhile Ranjangaon Industries Pvt. Ltd. pursuant to the scheme of amalgamation.	-	61.38
TOTAL	<u>-</u>	<u>61.38</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Revaluation Reserve		
As per last Balance Sheet	38.84	1,256.43
Less : Adjustment on account of Sale	-	1.21
Less : Transferred to General Reserve	-	1,193.14
Less : Transferred to Profit & Loss A/c [Refer Note B-2, Schedule 14]	16.35	23.25
(A)	<u>22.49</u>	<u>38.83</u>
Capital Subsidy		
As per last Balance Sheet	3.00	3.00
(B)	<u>3.00</u>	<u>3.00</u>
Securities Premium Account		
As per last Balance Sheet	899.03	899.03
(C)	<u>899.03</u>	<u>899.03</u>
Capital Redemption Reserve		
As per last Balance Sheet	756.15	750.00
Add : Transferred from Profit and Loss Account.	6.15	6.15
(D)	<u>762.30</u>	<u>756.15</u>
Debenture Redemption Reserve		
As per Last Balance Sheet	85.10	137.40
Less : Transferred to Profit and Loss Account.	44.20	52.30
(E)	<u>40.90</u>	<u>85.10</u>
General Reserve		
As per Last Balance Sheet	1,578.40	345.26
Less: On Account of transitional Provision under Accounting Standard 15	2.78	-
Add : Transferred from Revaluation Reserve	-	1,193.14
Add : Transferred from Profit and Loss Account.	20.00	40.00
(F)	<u>1,595.62</u>	<u>1,578.40</u>
Profit and Loss Account		
As per Account annexed	760.61	687.54
(G)	<u>760.61</u>	<u>687.54</u>
TOTAL (A to G)	<u>4,083.95</u>	<u>4,048.05</u>

	As at 30th September 2008 (Rupees in Million)	As at 30th September 2007 (Rupees in Million)
SCHEDULE 3		
SECURED LOANS		
A. Non Convertible Debentures	81.63	170.06
B. Rupee Term Loans from Banks & Financial Institutions	1,109.22	1,723.66
C. External Commercial Borrowings	1,183.00	1,001.00
D. Working Capital Loans From Banks	2,729.16	1,865.30
TOTAL (A to D)	5,103.01	4,760.02

Installments of loans from Banks and Financial Institutions falling due within one year Rs. 553.58 million (previous year Rs.592.94 million)

NOTES:

A. Non Convertible Debentures

The Debentures are secured by first mortgage & 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 Debenture referred above are redeemable at par in one or more installments on various dates with the earliest redemption being on 1st Oct.2008 and last date being 1st April, 2012. The debentures are redeemable as follows, Rs.21.83 million in financial year 2008-09, Rs.21.83 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. V. N. Dhoot and Mr. P. 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 September 2008 (Rupees in Million)	As at 30th September 2007 (Rupees in Million)
SCHEDULE 4		
UNSECURED LOANS		
Short Term Loans from Banks	-	3,654.35
From Others	1,500.00	-
TOTAL	1,500.00	3,654.35

SCHEDULE 5

FIXED ASSETS

(Rupees in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT						NET BLOCK		
	As at 30/09/2007	Additions on Amalgama tion	Additions	Deductions	As at 30/09/2008	Upto 30/09/2007	Additions on Amalgama tion	For the Year	Deductions	Impairment	Upto 30/09/2008	As at 30/09/2008	As at 30/09/2007
Freehold Land	8.14	-	-	-	8.14	-	-	-	-	-	-	8.14	8.14
Building	1,678.86	-	11.45	-	1,690.31	338.90	-	31.43	-	-	370.33	1,319.98	1,339.96
Plant & Machinery *	12,145.79	-	327.01	41.12	12,431.69	8,329.47	-	764.60	16.24	16.31	9,094.14	3,337.55	3,816.32
Electrical Installation	94.34	-	-	-	94.34	86.28	-	1.29	-	-	87.57	6.77	8.06
Computers	34.45	-	0.53	-	34.98	33.04	-	0.38	-	-	33.42	1.56	1.41
Furniture & Fixtures	32.09	-	-	-	32.09	22.42	-	1.79	-	-	24.21	7.88	9.67
Office Equipments	15.89	-	1.22	-	17.11	9.49	-	0.78	-	-	10.27	6.84	6.40
Vehicles	9.69	-	0.99	-	10.68	8.44	-	0.31	-	-	8.75	1.93	1.25
Intangible Assets													
Computers Software	18.92	-	-	-	18.92	11.92	-	2.21	-	-	14.13	4.79	7.00
TOTAL	14,038.17	-	341.20	41.12	14,338.26	8,839.96	-	802.79	16.24	16.31	9,642.82	4,695.44	5,198.21
Capital Work - in - Progress **	2,675.65				1,849.51							1,849.51	2,675.65
TOTAL	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	7,873.86
As at 30th September, 2007	13,032.45	736.90	857.00	588.18	14,038.17	7,940.58	359.96	870.06	370.70	40.06	8,839.96	5,198.21	-
Capital Work - in - Progress **	260.61	0.18	-	-	2,675.65	-	-	-	-	-	-	2,675.65	-
Total as at 30th September, 2007	13,293.06	737.08	857.00	588.18	16,713.82	7,940.58	359.96	870.06	370.70	40.06	8,839.96	7,873.86	-

* Gross Block of Plant & Machinery includes Rs.1232.14 million (Previous year Rs.1232.14 million) being the amount added on Revaluation on 01/04/1998

** Refer Note B-13 of Schedule 14

	As at 30th September, 2008		As at 30th September, 2007		
	Nos	(Rupees in Million)	Nos	(Rupees in Million)	
SCHEDULE 6					
INVESTMENTS :					
LONG TERM INVESTMENTS					
Face Value					
QUOTED					
IN SHARES - TRADE					
10	Videocon Industries Ltd.	356,247	69.72	356,247	132.58
	(A)		69.72		132.58
IN SHARES - OTHERS					
10	Allahabad Bank	NIL	-	154,532	12.67
2	Swan Mills Ltd	200,000	10.10	NIL	-
2	Punj Llyod Ltd	500	0.14	NIL	-
	(B)		10.24		12.67
UNQUOTED					
IN SHARES - TRADE					
10	Ahmednagar Electronics Pvt. Ltd.	49,900	0.50	49,900	0.50
10	Videocon Exports Pvt. Ltd.	1,360,000	54.00	1,360,000	54.00
10	Indian Refrigerator Co. Ltd.	849,930	8.50	849,930	8.50
10	KAIL Ltd	4,186,000	66.14	4,186,000	66.14
10	Applicomp (India) Ltd.	9,712,000	97.12	9,712,000	97.12
10	Rajkumar Engineering Pvt. Ltd.	990,000	9.90	990,000	9.90
10	Millennium Appliances India Ltd.	10,000	0.10	10,000	0.10
100	Display Devices Pvt. Ltd.	300	0.03	300	0.03
	(C)		236.29		236.29
IN SHARES - OTHERS					
10	Bombay Mercantile Co-operative Bank Ltd	500	0.005	500	0.005
10	Holzmann Videocon Engineers Ltd.	340,600	-	340,600	-
10	Kores India Ltd.	305,000	0.305	305,000	0.305
1 USD	Videocon (Cayman) Ltd.	579,500	28.653	9,500	4.362
1 USD	Trend Ltd.	76,000	3.490	76,000	3.490
1 EURO	Digital Display Devices S.p.A.	36,000	1.956	36,000	1.956
1 USD	Tuskar Overseas Inc.	190	0.008	190	0.008
1 USD	Mars Overseas Ltd.	190,000	7.649	190,000	7.649
50 USD	PT Videocon Indonesia	475	0.941	NIL	-
1 USD	Taurus Overseas Inc.	190	0.008	NIL	-
1 USD	Jupiter Corporation Inc.	190	0.008	NIL	-
1 USD	Sapphire Overseas Inc.	1,901,900	80.661	NIL	-
100 EURO	VCIL Netherland BV	34	0.129	NIL	-
100	Plugin Sales Ltd	1,900	0.190	NIL	-
10	Techno Electronics Ltd	6,352,941	63.529	NIL	-
10	Videocon SEZ Infrastructures Ltd.	2,500	0.025	2,500	0.025
10	Videocon SEZ Infrastructures (Aurangabad) Ltd.	2,500	0.025	2,500	0.025
10	Videocon SEZ Infrastructures (Pune) Ltd.	2,500	0.025	2,500	0.025
10	Videocon SEZ Infrastructures (West Bengal) Ltd.	2,500	0.025	2,500	0.025
10	Videocon Realty Ltd.	2,500	0.025	2,500	0.025
	Co-operative Societies		0.002		0.002
	(D)		187.66		17.90
IN PREFERENCE SHARES					
100	Plugin Sales Ltd.	3,800	0.38	NIL	-
	(E)		0.38		-
TOTAL INVESTMENTS (A to E)					
			504.29		399.44
Aggregate Book Value of quoted investments			79.96		145.25
Aggregate Market Value of quoted investments			79.96		149.20
Aggregate Book Value of unquoted investments			424.33		254.19

	As at 30th September 2008 (Rupees in Million)	As at 30th September 2007 (Rupees in Million)
SCHEDULE 7		
CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories (As taken, valued and certified by the Management)		
Raw Material including Packing Material, Consumables, Stores & Spares	2,326.39	2,252.82
Work in Process	979.43	850.51
Finished Goods	86.13	75.10
Material in Transit and in Bonded Warehouse	61.01	154.37
(A)	<u>3,452.96</u>	<u>3,332.80</u>
b. Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months	22.55	28.63
Others	2,519.51	2,729.01
(B)	<u>2,542.06</u>	<u>2,757.64</u>
c. Cash & Bank Balances		
Cash on hand	2.60	1.48
Cheque / DD in Transit	-	0.02
Balances with Scheduled Bank :		
- In Current Accounts	24.73	48.90
- In Fixed Deposits	74.85	81.57
- In Margin Money Accounts	0.11	0.23
- In Dividend/Interest Warrant Accounts (Per Contra)	6.70	6.32
(C)	<u>108.99</u>	<u>138.52</u>
d. Other Current Assets		
Insurance Claim Receivable	1.32	6.04
Other Receivables	-	1.02
Interest Accrued	9.65	6.39
(D)	<u>10.97</u>	<u>13.45</u>
e. Loans & Advances (Unsecured, considered good)		
Advances recoverable in Cash or in kind or for value to be received	562.36	414.53
Advance Tax and TDS (Net of Provision)	8.07	-
Advance Fringe Benefit Tax (Net of Provision)	0.40	0.39
Balance with Central Excise/Custom Dept. Sundry Deposits	2.38	453.17
	63.75	62.83
(E)	<u>636.96</u>	<u>930.92</u>
TOTAL (A to E)	<u>6,751.94</u>	<u>7,173.33</u>
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors *		
Due to Micro Small and Medium Enterprises	-	-
Due to Others	1,077.37	1,079.56
Advances from Dealers and Customers	0.82	0.95
Bank Overdraft as per books	28.76	10.44
Interest accrued but not due	7.34	13.06
Unclaimed Dividend/Interest Account (Per Contra)	6.70	6.32
Other Liabilities	598.32	485.23
* Including Acceptance of Rs.493.64 million (Previous Year Rs.286.37 million)		
(A)	<u>1,719.31</u>	<u>1,595.56</u>
B) Provisions		
Provision for Taxation (Net of Advance Tax & TDS)	-	4.82
Proposed Dividend-Equity	19.66	19.66
Proposed Dividend-Preference	1.72	2.21
Provision for Corporate Tax on Dividend	3.63	3.72
Provision for Warranty & Maintenance Expenses (Refer Note B-21, Schedule 14)	10.99	15.82
Provision for Bonus	2.93	3.97
Provision for Gratuity	3.59	-
Provision for Leave Encashment	2.88	4.20
(B)	<u>45.40</u>	<u>54.40</u>
TOTAL (A + B)	<u>1,764.71</u>	<u>1,649.96</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended on 30th September 2008 (Rupees in Million)	Year ended on 30th September 2007 (Rupees in Million)
SCHEDULE 9		
OTHER INCOME		
Income from Investment and Securities Division (TDS Rs.6.14 Million, Previous Year Rs.5.39 Million)	-	63.00
[Refer Note B-4, Schedule 14]		
Interest (TDS Rs.1.35 Million, Previous year Rs.1.14 Million)	5.70	5.24
Profit on Sale of Fixed Assets	4.10	115.11
Exchange Rate Fluctuation	-	64.16
Miscellaneous Income	6.53	18.58
TOTAL	<u>16.33</u>	<u>266.09</u>
SCHEDULE 10		
COST OF GOODS CONSUMED / SOLD		
A. Material and Components Consumed		
Opening Stock	2,252.82	1,915.27
Add : Addition on Amalgamation	-	15.71
Add : Purchases	10,388.10	11,028.16
	<u>12,640.92</u>	<u>12,959.14</u>
Less : Closing Stock	2,326.39	2,252.82
(A)	<u>10,314.53</u>	<u>10,706.32</u>
B. (Increase)/Decrease in Stocks		
Closing Stock		
Finished Goods	86.13	75.10
Work in Process	979.43	850.51
	<u>1,065.56</u>	<u>925.61</u>
Opening Stock		
Finished Goods	75.10	124.89
Add : Addition on Amalgamation	-	13.95
Work in Process	850.51	781.90
Add : Addition on Amalgamation	-	1.51
(B)	<u>(139.95)</u>	<u>(3.36)</u>
TOTAL (A+B)	<u>10,174.58</u>	<u>10,702.96</u>
SCHEDULE 11		
SALARY, WAGES & EMPLOYEES' BENEFITS		
Salary & Wages	153.42	171.34
Contribution to Provident & Other Funds	11.20	14.62
Staff Welfare	14.70	14.75
TOTAL	<u>179.32</u>	<u>200.71</u>
SCHEDULE 12		
MANUFACTURING & OTHER EXPENSES		
Power, Fuel & Water	77.04	92.40
Repairs to Plant & Machinery	21.49	20.74
Repairs to Building	1.54	0.80
Repairs to Others	5.49	4.06
Carriage & Cartage	130.25	183.51
Rent	1.41	6.25
Rates & Taxes	13.15	26.09
Insurance	6.25	6.25
Warranty & Maintenance Expenses	22.65	36.94
Advertisement, Publicity and Sales Promotion	27.08	16.35
Bank Charges	26.07	51.61
Auditors' Remuneration	1.49	1.39
Directors' Sitting Fees	0.08	0.05
Exchange Rate Fluctuation	207.51	-
Loss from Investment and Securities Division	48.58	-
Miscellaneous Expenses	44.03	105.58
TOTAL	<u>634.11</u>	<u>552.02</u>
SCHEDULE 13		
INTEREST		
On Fixed Loans	378.62	375.52
On Others	170.88	167.07
TOTAL	<u>549.50</u>	<u>542.59</u>

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 issued by the Institute of Chartered Accountants of India as referred to in Section 211(3C) of the Companies Act, 1956.

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.

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 and 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 & 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 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) Long Term 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 a qualifying assets are capitalised as part of the cost of that assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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 recognised on transfer of significant risk and reward in respect of ownership.

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

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

11) Foreign Currency Transactions

a. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Current Assets & 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 the day and any loss or gain arising on such translation is recognised, as the case may be, as income or expenses for the year.

12) Employee Benefits

a) Short Term Employee 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 is made in the year in which the revenues 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

	As at 30th September, 2008 (Rupees in Million)	As at 30th September, 2007 (Rupees in Million)
1. Contingent Liabilities not provided for in respect of		
a. Letters of Guarantees including Bank Guarantees	5.20	5.20
b. Letters of Credit opened	109.04	294.89
c. Excise Duty Demands under dispute [Amount paid under protest Rs 1.00 million (Previous year Rs.1.00 million)]	3.80	10.36
d. Custom Duty Demands under dispute [Amount paid under protest Rs.2.51 million(Previous year 1.50 million)]	12.26	7.98
e. Service Tax Demands under dispute	1.00	1.00
f. Sales Tax Demands under dispute [Amount paid under protest Rs 26.15 million (Previous year Rs.10.74 million)]	87.54	15.85
g. The company is a co-guarantor in respect of borrowing of group companies. The aggregate amount of the said guarantee extended alongwith 8 other co-guarantors is Rs. 9464.00 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.16.35 million (Previous year Rs.23.25 million) consequent to the said revaluation has been charged to the Profit and Loss Account.		
3. The Company has reviewed the fixed assets for impairment and has identified some of the machinery and equipments, which have been impaired. Consequently, an amount of Rs. 16.31 million (Previous year Rs. 40.06 million) has been assessed as impairment loss and had been recognized in the Profit and Loss Account. The related Deferred Tax Credit of Rs. 5.54 million (Previous year Rs. 13.62 million) has been included in the provision for Deferred Tax in the Profit & Loss Account.		
4. 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 " Loss From Investments & Securities Division " under "Manufacturing and other expenses".		
	Year ended 30th September,2008 (Rupees in million)	Year ended 30th September,2007 (Rupees in million)
5. The Loss (Previous year income) from Investments and Securities Division Includes :		
i. Dividend :		
On Long Term Investments	1.40	1.83
ii. Gain / (Loss) on Sale of Investment		
On Long Term Investments	2.81	274.25
6. 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 & Loss Account over the useful life of the assets under the project. Accordingly, an amount of Rs.6.52 million (Previous Year Rs.8.15 million) has been allocated to income and credited to miscellaneous income, in proportion to the depreciation charged on those assets for the year. The balance deferred income has been carried to Balance Sheet as Grant from Ozon Projects Trust Fund .		
7. The Company has made a provision of Rs.14.00 million (Previous year Rs.33.35 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.		
8. 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".		

9. Related Party Disclosures

Key Management Personnel

- Mr. Manjunath P. Bhosale (General Manager)

Particulars	Key Management Personnel (Rupees in Million)
Remuneration	1.84

	Year ended 30th September, 2008 (Rupees in Million)	Year ended 30th September, 2007 (Rupees in Million)
10. Earnings Per Share :		
a) Net Profit for the year after tax adjustment for earlier years	80.03	146.72
Less : Dividend on Preference Shares and tax thereon	2.02	2.59
Net Profit available for equity shareholders	78.01	144.13
b) Weighted Average no. of equity Shares	39,313,359	39,313,359
c) Basic and Diluted Earnings per share of Rs.10 each.	Rs. 1.98	Rs. 3.67
	As at 30th September,2008 (Rupees in million)	As at 30th September,2007 (Rupees in million)
11. The break up of deferred tax assets/ liabilities is as under :		
A. Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets	943.25	895.73
	943.25	895.73
B. Deferred Tax Assets		
Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961.	2.80	0.80
Diminution in value of investments and other provisions.	27.95	10.37
	30.75	11.17
Net Deferred Tax Liability	912.50	884.56
(Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.)		

12. Employee Benefits

- a) During the year the Company has adopted the revised Accounting Standard 15 (AS-15) "Employee benefits", as issued by Institute of Chartered Accountants of India. Pursuant to the adoption, the difference between the transitional Liability and the liability that would have been recognised at the same date as per pre-revised AS-15 is adjusted against the opening balance of General Reserve .
- b) **Disclosure**
- i) **Defined Contribution Plans :**
Amount of Rs.11.20 million (Previous year Rs. 14.62 million) is recognised as an expense and shown under the head "Salary, wages and Employee Benefits" (Schedule 11) in the Profit and Loss Account.
- ii) **Defined Benefit Plans :**

	30th September, 2008	
	Gratuity (Funded) Rupees in Million	Leave Encashment (Non Funded) Rupees in Million
a) The amounts recognised in the Balance Sheet as at 30th September 2008		
1 Present Value of Defined Benefit Obligation	13.11	2.88
2 Fair value of plan assets	9.52	NIL
3 Funded Status – Surplus/(Deficit)	(3.58)	(2.88)
4 Net Assets/(Liability) 30th September 2008	(3.58)	(2.88)

	30th September, 2008	
	Gratuity (Funded)	Leave Encashment (Non Funded)
	Rupees in Million	Rupees in Million
b) The amounts recognised in Profit and Loss for the year ended 30th September 2008		
1 Current Service Cost	1.43	0.92
2 Interest Cost	0.90	0.34
3 Actuarial (gain)/ Losses	0.88	(1.03)
4 Actual Return on Plan Assets	0.72	-
5 Total expenses	2.49	0.22
c) The changes obligations during the year ended on 30th September 2008		
1 Present value of Defined Benefit Obligation at the beginning of the year	11.27	4.21
2 Current Service Cost	1.43	0.92
3 Interest Cost	0.90	0.34
4 Actuarial (Gain)/ Losses	0.88	(1.03)
5 Benefit Payments	1.38	1.55
6 Present value of Defined Benefit Obligation at the end of the year	13.11	2.88
d) The changes in Plan Assets during the year ended on 30th September 2008		
1 Plan Assets at the beginning of the year	8.50	NIL
2 Contribution by Employer	1.39	NIL
3 Actual Benefit paid	1.38	NIL
4 Plan Assets at the end of the year	9.52	NIL
5 Actual return on Plan Assets	0.72	NIL

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. This being the first year of implementation of revised AS - 15, previous year's figures have not been given.

13. Capital Work in Progress includes, Interest and Finance charges Capitalised during the year Rs. 90.05 million (Previous year Rs. 74.65 million).
14. 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.
15. 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.
16. The outstanding balances of certain Debtors, Creditors, Deposits and Advances are subject to confirmation.

17. In the opinion of the Board, the value of 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.
18. There are no amounts due and outstanding, to be credited to Investor Education and Protection Fund.

19. Auditors' Remuneration

	Year ended 30th September, 2008 (Rupees in million)	Year ended 30th September, 2007 (Rupees in million)
a. Audit fees	1.15	1.07
b. Tax Audit fees	0.12	0.11
c. Other services	0.17	0.16
d. Out - of Pocket Expenses	0.05	0.05
TOTAL	1.49	1.39

20 Disclosures under Micro, Small and Medium Enterprises Development Act, 2006

	As on 30.09.2008 (Rs. In Million)	As on 30.09.2007 (Rs. In Million)
a) Principal amount remaining unpaid to any suppliers as at the end of each accounting year.	NIL	NIL
b) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
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.	NIL	NIL
d) The amount of interest due and payable for the period of delay in making payment.	NIL	NIL
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
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 the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

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.

21. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the disclosure with respect to provision for warranty and maintenance expenses is as follows:

	As at 30th September, 2008 (Rupees in Million)	As at 30th September, 2007 (Rupees in Million)
a) Amount at the beginning of the year	15.82	12.41
b) Additional provision made during the year	10.01	11.55
c) Amount used during the year	14.84	8.15
d) Unused amount reversed during the year	-	-
e) Amount at the end of the year	10.99	15.82

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration Number

						4	6	4	4	5
--	--	--	--	--	--	---	---	---	---	---

State Code

										1	1
--	--	--	--	--	--	--	--	--	--	---	---

Balance Sheet Date

3	0	-	0	9	-	2	0	0	8
---	---	---	---	---	---	---	---	---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amounts Rs. in Thousands)

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Right Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

					6	1	3	8	4
--	--	--	--	--	---	---	---	---	---

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amounts Rs. in Thousands)

Total Liabilities

			1	2	0	3	6	4	7	0
--	--	--	---	---	---	---	---	---	---	---

Total Assets

			1	2	0	3	6	4	7	0
--	--	--	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

					4	1	0	6	0	4
--	--	--	--	--	---	---	---	---	---	---

Reserves & Surplus

					4	0	8	3	9	5	5
--	--	--	--	--	---	---	---	---	---	---	---

Government Grant

					2	6	4	0	8
--	--	--	--	--	---	---	---	---	---

Deferred Tax

					9	1	2	4	9	7
--	--	--	--	--	---	---	---	---	---	---

Secured Loans

			5	1	0	3	0	0	6
--	--	--	---	---	---	---	---	---	---

Unsecured Loans

			1	5	0	0	0	0	0
--	--	--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

			6	5	4	4	9	4	8
--	--	--	---	---	---	---	---	---	---

Investments

					5	0	4	2	9	1
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

			4	9	8	7	2	3	1
--	--	--	---	---	---	---	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Misc. Expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

IV. PERFORMANCE OF COMPANY (Amounts Rs. in Thousands)

Turnover (Including other income)

			1	2	4	6	3	1	3	5
--	--	--	---	---	---	---	---	---	---	---

Total Expenditure

			1	2	3	4	0	2	6	0
--	--	--	---	---	---	---	---	---	---	---

Profit Before Tax

					1	2	2	8	7	5
--	--	--	--	--	---	---	---	---	---	---

Profit After Taxes

							8	0	0	8	4
--	--	--	--	--	--	--	---	---	---	---	---

Earnings per Share in Rs.

						1	.	9	8
--	--	--	--	--	--	---	---	---	---

Dividend Rate %

											5
--	--	--	--	--	--	--	--	--	--	--	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (As per monetary terms)

a. Item Code No. (ITC Code)

			8	4	5	0	.	0	0
--	--	--	---	---	---	---	---	---	---

Product Description :-

WASHING MACHINE

b. Item Code No. (ITC Code)

			8	4	1	5	.	0	0
--	--	--	---	---	---	---	---	---	---

Product Description :-

AIR CONDITIONER

c. Item Code No. (ITC Code)

			8	4	1	8	.	0	0
--	--	--	---	---	---	---	---	---	---

Product Description :-

REFRIGERATOR

As per our report of even date

For and on behalf of the board

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

For **KADAM & CO.**
Chartered Accountants

V. N. DHOOT
Director

SHIVRATAN AGARWAL
Partner
Membership No.104180

U. S. KADAM
Partner
Membership No.31055

N. B. MANDHANA
Director

HIREN N. SHAH
Company Secretary

Place : Mumbai
Date : 26th February, 2009

PROXY FORM

VALUE INDUSTRIES LIMITED

(Formerly: Videocon Appliances 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/Weof

..... in the district of

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

named Company hereby appoint of

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

..... ofin the

district of as my/our proxy to vote for me/our behalf at the 21st ANNUAL GENERAL MEETING of the Company to be held on Monday, March 30, 2009 at 10.00 A.M. at Registered Office of the Company at 14 K.M. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan, District Aurangabad – 431 105 (Maharashtra), and at any adjournment thereof.

Signed thisday of2009.

Affix
Rupee 1/-
Revenue
Stamp

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

TEAR HERE

ATTENDANCE SLIP

VALUE INDUSTRIES LIMITED

(Formerly: Videocon Appliances 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 21st ANNUAL GENERAL MEETING of the Company to be held on Monday, March 30, 2009 at 10.00 A.M. at 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 Signature

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

BOOK-POST

If undelivered, please return to :

MCS LIMITED

(Unit : Value Industries Limited)

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