



COMPANY INFORMATION

BOARD OF DIRECTORS

Shri Suresh N. Mutreja, Chairman & Mg. Director
Shri Lalit N. Mutreja, Executive Director
Shri Ram Kumar Sharma, Independent Director
Shri Chandan Gupta, Independent Director
Shri Surendra Kumar Suri, Independent Director

AUDIT COMMITTEE

Shri Chandan Gupta, Chairman
Shri Ram Kumar Sharma
Shri Surendra Kumar Suri

SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

Shri Suresh N. Mutreja
Shri Lalit N. Mutreja

AUDITORS

M/s. Mehta Chokshi & Shah
Chartered Accountants, Mumbai

BANKERS

Bank of India
IDBI Bank

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai 400 078.

26th ANNUAL GENERAL MEETING

Saturday, September 30, 2010 at 11.30
a.m. at Unit No. 28, Bldg. No. 6, Gr. Floor,
Mittal Industrial Estate, Sir M. V. Road,
Andheri (East), Mumbai 400 059.

REGISTERED OFFICE

Unit No. 28, Bldg. No. 6, Gr. Floor,
Mittal Industrial Estate, Sir M. V. Road,
Andheri (East), Mumbai 400 059

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SILVASSA - TEXTURISING AND TWISTING

Unit No 1 :

Plot No. 8/9, Silvassa Ind. Co-op. Society,
66 KVA Sub-Station Road, Village Amla,
Silvassa, U.T.-Dadra & Nagar Haveli 396230.

Unit No 2 :

Plot No. 113/2/10, Tirupati Industrial Estate,
Nr. 66 KVA Sub-Station Road, Village Amla,
Silvassa, U.T.-Dadra & Nagar Haveli 396230.

Dadra Unit :

Plot No. 7, Survey No. 207,
Near Dadra Check Post,
Dadra, U.T. Dadra & Nagar Haveli 396230.

Silli Unit :

Survey No. 122/1, Village Silli,
U.T. - Dadra & Nagar Haveli 396230.

Vapi - Dyeing Unit

Plot No. 1204 & 1705, GIDC Phase III, Vapi,
Gujarat 396 195.



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of **Valson Industries Limited** will be held on Thursday, September 30, 2010 at 11.30 a.m. at the Registered Office of the Company situated at Premises No. 28, Ground Floor, Building No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Chandan Gupta, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To re-appoint M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai as the Statutory Auditors of the Company; to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if, thought fit, to pass with or without modification, the following resolution as Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and the payment of remuneration and perquisites being paid or provided to Mr. Suresh N. Mutreja as the Managing Director of the Company for a period of three years with effect from 1st July, 2010 at a remuneration not exceeding Rs. 2,50,000/- per month and other perquisites as per Annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in draft Agreement a copy whereof initialed by Mr. Lalit N. Mutreja, Executive Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said draft Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Suresh N. Mutreja shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr. Suresh N. Mutreja shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Suresh N. Mutreja's office as Managing Director, the remuneration and perquisites set out in the aforesaid draft Agreement be paid or granted to Mr. Suresh N. Mutreja as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

6. To consider and if, thought fit, to pass with or without modification, the following resolution as Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and the payment of remuneration and perquisites being paid or provided to Mr. Lalit N. Mutreja as the Executive Director of the Company for a period of three years with effect from 1st July, 2010 at a remuneration not exceeding Rs. 2,50,000/- per month and other perquisites as per Annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in draft Agreement a copy whereof initialed by



Mr. Suresh N. Mutreja, Managing Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said draft Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Lalit N. Mutreja shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed there under and the terms of the aforesaid Agreement between the Company and Mr. Lalit N. Mutreja shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Lalit N. Mutreja's office as Executive Director, the remuneration and perquisites set out in the aforesaid draft Agreement be paid or granted to Mr. Lalit N. Mutreja as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof".

7. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution;

"RESOLVED THAT pursuant to section 314(1B) of the Companies Act, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003, the Company hereby consent, to revision of remuneration of Mr. Varun Mutreja, son of Mr. Suresh Mutreja, Managing Director of the Company, who is holding and continue to hold an office of profit as an employee w.e.f. 1st October, 2010, of the Company under a contract of service at a monthly remuneration not exceeding Rs. 50,000/- together with the usual allowances and benefits, amenities and facilities including staff superannuation fund, retiring gratuity, provident fund benefits applicable to other employees occupying similar post or posts within the same salary scale or grade, with authority to the Board of Directors to sanction at their discretion increments within the grade as they may deem fit and proper in due course, provided that, monthly remuneration shall not exceed the remuneration in terms of provision of Section 314(1B) of the Companies Act, 1956 at any time.

RESOLVED FURTHER THAT Mr. Suresh Mutreja, Managing Director or any other Director of the Company be and is hereby authorised to do such acts, deeds, things, as may be necessary in furtherance of this resolution."

**By order of the Board
VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja
Chairman & Managing Director**

**Place: Mumbai
Date: September 4, 2010**

NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.***
2. The Proxy Form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for item no. 5 to 7 is annexed to Notice.
4. The Register of Members and Share Transfer books of the Company will remain closed from 27th day, September, 2010 to 30th day, September, 2010 (both days inclusive).
5. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividend for the financial year March 31, 2003 and dividends declared thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the IEPF pursuant to Section 205C of the Companies Act, 1956.



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Financial Year	Date of Declaration of Dividend	Last Date of Claiming un-paid Dividend
Final Dividend 2002- 2003	30.09.2003	05.11.2010
Final Dividend 2003- 2004	30.09.2004	05.11.2011
Final Dividend 2004- 2005	30.07.2005	04.09.2012
Final Dividend 2005- 2006	29.07.2006	02.09.2013
Interim Dividend 2006- 2007	23.03.2007	28.04.2014
Final Dividend 2007 – 2008	28.07.2008	02.09.2015
Final Dividend 2008 – 2009	29.08.2009	03.11.2016

Members who have not so far received / encashed dividend for the aforesaid years are requested to seek issue of duplicate warrant (s) by writing to the Company's Registrar and Transfer Agent, Link Intime India Pvt. Ltd. immediately.

6. Members are requested to

- Intimate any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to Link Intime India Pvt. Ltd. in respect of their physical share folios, if any.
 - Bring their copy of the Annual Report to the Meeting.
 - Quote folio number in all their correspondence.
 - Get the multiple folios consolidated.
 - Members, who hold shares in the Dematerialised form, are requested to bring their Depository Accounts Identification Number.
7. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Services (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. This system shall be utilized only when the Company declares dividend.
8. Make nominations in respect of shares held by you in physical form as provided under Section 109A of the Companies Act, 1956. Shareholders desirous of making nominations are requested to send their requests to Link Intime India Pvt. Ltd.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 5 & 6:

The present terms of appointment of Mr. Suresh N. Mutreja as Managing Director and Mr. Lalit N. Mutreja as Executive Director is expiring on 30th June 2010. The Board of Directors has decided to re-appoint Mr. Suresh N. Mutreja as Managing Director and Mr. Lalit N. Mutreja as Executive Director w.e.f. 1st July, 2010 for a period of 3 years. The terms and conditions of their appointments are given below:

Sr. No.	Name of Director	Designation	Responsibility
1	Mr. Suresh N. Mutreja	Managing Director	Overall management administration and day-to-day finance of the company.
2	Mr. Lalit N. Mutreja	Executive Director	Marketing and personnel administration

As per the Sub-clause B (iv) of Part II Section II (B) of Schedule XIII, the company is required to furnish the following information in the Explanatory Statement;

Valson Dyed Yarn - Hallmark of Innovation



I. GENERAL INFORMATION:

No	PARTICULARS		
1.	Nature of Industry	Mfg. Of Dyed Yarns / Textile Industry	
2.	Date or expected date of commencement of Commercial Production.	The company is manufacturing and selling dyed yarns since 1983.	
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable	
4.	Financial performance based on given indications. Sales (Net of Excise) Net Profit before Tax Net Profit After Tax	31-3-2010 (Rs. in lakhs)	31-3-2009 (Rs. in lakhs)
		6777.60	5911.87
		371.60 247.21	242.62 156.21
5.	Export performance.	FOB Value of Exports: Rs. 117.77 Lacs	
6.	Foreign investments or collaborators, if any.	Not Applicable	

II. INFORMATION ABOUT THE APPOINTEE :

No	PARTICULARS	
1.	Background Details	Mr. Suresh N. Mutreja is the promoter of the company; he is associated since inception; having a family background in Textile industries. Mr. Lalit N. Mutreja had joined the company as Promoter director having experience of 18 years in Textile industries.
2.	Past Remuneration / Perquisites	1) Rs.15,94,532/- per annum Suresh N. Mutreja – Managing Director 2) Rs. 11,68,696/- per annum Lalit N. Mutreja – Executive Director
3.	Recognition or Awards	Nil
4.	Job Profile and His Suitability	<u>Suresh Mutreja</u> :- Experience of more than 3 decades in Administration & Finance. <u>Lalit Mutreja</u> :- Experience of 18 years in Marketing & Personnel.
5.	Remuneration / perquisites proposed	Not exceeding Rs. 2,50,000/- per month Inclusive of perquisites as stated below.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The proposed remuneration is reasonable considering future growth of the Company.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any,	Mr. Suresh N. Mutreja is holding 7,02,000 equity shares of the company which is 9.16 % of the equity share capital of the company. Mr. Lalit N. Mutreja is holding 6,57,100 equity shares of the company which is 8.58 % of the equity share capital of the company.



III. OTHER INFORMATION :

No	PARTICULARS	
1.	Reasons of loss or inadequate profits	The company has earned profits, but the profits are in-adequate as per section 198, 309 of the Companies Act, 1956 to cover up the remuneration / perquisites payable to Mr. Suresh N. Mutreja and Mr. Lalit N. Mutreja. There is no specific reason for inadequate profits. Further, the expansion project will cover up the remuneration payable to them.
2.	Steps taken or proposed to be taken for improvement.	The company is making every efforts to reduce cost and increase the overall efficiency, which will result increase in overall profitability of the Company.
3.	Expected increase in productivity and profits in measurable terms	The company is expecting growth in the turnover and profit due to expansion of production capacities and expecting to do good Export turnover in future.

The remuneration and perquisites payable to Mr. Suresh N. Mutreja and Mr. Lalit N. Mutreja are as follows:

The Company proposes to pay following remuneration and perquisites w.e.f. 1st July, 2010,

A. REMUNARATION :

Sr. No.	Name of Director	Designation	Remunerations & Perquisites
1	Mr. Suresh N. Mutreja	Managing Director	Not exceeding Rs. 2,50,000/- per month
2	Mr. Lalit N. Mutreja	Executive Director	Not exceeding Rs. 2,50,000/- per month

B. INCREMENTS:

The Board of Directors shall decide the increments payable to each Directors at the end of March, every year within the overall ceiling laid down in the Schedule XIII so that the total remuneration by way of salary, perquisites and other allowances including increments shall not exceed the ceiling provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.

C. PERQUISITES: Non monetary ceiling perquisites

The following perquisites shall be payable to the Directors and which shall not be included in the computation of the ceiling of remuneration as per Schedule XIII of the Companies Act, 1956.

i. Provident Fund:

The Company's contribution to Provident Fund is as per the Employees Provident Fund Scheme 1952. Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act, 1961.

ii. Gratuity:

Gratuity not exceeding one-half months' salary for each completed year of service.

iii. Superannuation:

Superannuation premium as applicable and to the extent it is not taxable under the provisions of the Income Tax Act, 1961.

iv. Leave Encashment:

Leave salary as per the rules of the Company and Encashment of Leave shall be at the end of the tenure.



D. MINIMUM REMUNERATION

1. The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the audited balance sheet as on 31st March, 2009 and has been fixed as provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof and shall be considered as minimum remuneration.
2. During the tenure of their appointments, if the Company earns profits in excess of the limits prescribed under Schedule XIII or if the profits are adequate in any financial year, as per the provisions of Section 198, 309 and any other applicable provisions of the Companies Act, 1956, then the remuneration and commission, if any, of Mr. Suresh N. Mutreja and Mr. Lalit N. Mutreja shall be paid as per the profits earned by the Company in that particular financial year.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The resolutions are being recommended for the approval of the members.

None of the Directors except Shri Suresh N. Mutreja and Shri Lalit N. Mutreja are concerned or interested to the extent remuneration payable to Shri Suresh N. Mutreja & Shri Lalit N. Mutreja.

ITEM NO. 7

The Board of Director at its meeting held on 31st July,2010 has promoted Mr. Varun Mutreja as HR-Executive with effect from 1st October, 2010 on monthly remuneration not exceeding Rs. 50,000/-.

1	Salary p.m. w.e.f. 01.10.2010	Not exceeding Rs 50,000/- p.m. (inclusive of Basic, HRA, Medical Allowance, Bonus, PF & Other Perquisites)
2	Annual Increment	Board of Director to consider / sanction annual increment on annual basis at their discretion as they may deem fit and proper, subject to monthly remuneration shall not exceed the remuneration in terms of provision section 314(1B) of the Companies Act, 1956 at any time.
3	Provident Fund / Gratuity / Superannuation fund /Annuity/ Earned Leave	As per Company's rules from time to time
4	Car	Company's car with full operating and maintenance charges and a driver.

As per provisions of section 314 (1B) of the Companies Act, 1956 when the Company proposes to pay to any relative of a Director a monthly remuneration upto Rs. 50,000/-, it requires the approval by Special Resolution of the members at the General Meeting. Since Mr. Varun Mutreja is son of Mr. Suresh Mutreja, Managing Director of the Company, it is required to pass a Special Resolution by the members at the General Meeting and accordingly the item No. -7- of the Notice is placed for your consideration.

Your Directors recommend the passing of the above Special Resolution.

None of the Directors except Mr. Suresh Mutreja and Lalit Mutreja are deemed to be concerned and interested in passing of the above resolution.

**By order of the Board
VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja
Chairman & Managing Director**

**Place: Mumbai
Date: September 4, 2010**



DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting the 26th Annual Report on the business operations of your Company together with Audited financial accounts for the year ended March 31, 2010.

FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	Year ending 31.03.10	Year ending 31.03.09
Turnover (exclusive of Interdivisional transfer)	6839.21	5939.00
Less: Excise duty	61.61	27.13
Turnover (Net of Excise)	6777.60	5911.87
Operating Profit (PBIDT)	664.55	479.38
Interest	41.51	50.71
Depreciation	251.44	186.05
Profit before Tax	371.60	242.62
Taxation	124.39	86.41
Profit for the year	247.21	156.21
Balance of Profit brought forward	581.10	553.55
Amount available for appropriations	828.31	709.76
Appropriations:		
Transfer to General Reserve	15.00	15.00
Dividend on Preference Shares	-	1.43
Dividend on Equity Shares	114.91	95.76
Dividend Tax on Preference shares	-	0.20
Dividend Tax on Equity Shares	19.53	16.27
Balance carried forward to Balance Sheet	678.87	581.10
Total	828.31	709.76
EPS (Basic & Diluted)	3.23*	4.04
* (1:1 Bonus Shares issued on Dec. 9, 2009)		

(Previous Year's figure have been recast, reclassified and regrouped wherever necessary to make them comparable with the figures of the Current Year.)

BUSINESS OPERATIONS :

The Company continues to retain its leadership in the dyed yarns segment.

During the year the Company has achieved substantial improvement both in turnover and operating Profit after Tax. The Turnover increased to Rs. 6777.60 Lacs from Rs. 5911.87 lacs - a growth of 14.6% and the Net Profit after tax increased to Rs. 247.21 lacs from Rs. 156.21 lacs in the previous year - a growth of 58.3%. As a result of the same the Cash Earnings Per Share increased to Rs. 6.51 (Ex-Bonus) from Rs. 8.89 of the previous year.

The export (FOB value) has also increased to Rs. 117.77 lacs from Rs. 80.00 lacs in the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange, is presented in a separate section forming part of the Annual Report.

THRUST ON HIGHER VALUE ADDITION CONTINUES:

Your Company shall always continue its endeavor in Value Addition and Innovation drive. As a result our R&D Department remains actively engaged in fulfilling this objective by constantly developing new shades and proving our strength in terms of versatility in dyeing and colour innovation.

SEGMENT-WISE PERFORMANCE:

Since the Company operates only in one segment as the Manufacturer of Polyester Dyed Yarn and Processors of Cotton and other fancy Dyed Yarn, no further analysis is required and the operational results are mentioned elsewhere in this report.

INSURANCE:

Your Company has insured its assets and all its operations against all insurable risk including fire, earthquake, flood etc. as part of its overall risk management strategy.

ISO CERTIFICATION:

Indicating our commitments to meeting the global quality and international standards our Company has successfully obtained the ISO 9001-2008 Certification from AGSI Certification Pvt. Ltd.

MODERNISATION:

During the year your company has done a need based changes by installing new techno and power savy machines in place of obsolete old machines resulting into cost reduction in recurring expenses and increasing the Texturising & Twisting capacity, Fully Electronic and automatic cone winding machines were acquired to give the best quality products to the customer.

This was partly financed by Term loan from Bank of India under Technology Upgradation Fund Scheme and from the internal accruals of the Company.

As a result Texturising Capacity increased from 4000 MT to 4500 MT an increase of 12.5%, Twisting Capacity increased from 3075 MT to 3400 MT an increase of 10.6%.

FIXED DEPOSITS:

The Company has accepted deposit from the Promoter, Directors, their relatives and shareholders for need base up-gradation, modernization and expansion of Vapi and Silvassa units.

EXPORT:

Your Company is exploring new avenues to increase the export base and has chalked out strategic growth plan for the potential market in Middle East and European markets.

APPROPRIATIONS:

DIVIDEND:

The Board of Directors have recommended post bonus Final Dividend of Rs. 1.50 per Equity Share for the Financial Year ended March 31, 2010 (Previous Year Final Dividend of Rs. 2.50/-) amounting to Rs. 114.91 lacs



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(Previous Year Final Dividend of Rs. 95.76 Lacs). The company is continuously paying dividend since last 17 years.

The dividend tax liability borne by your Company is Rs. 19.53 lacs (Previous Year Rs. 16.48 lacs).

TRANSFER TO RESERVES:

Your Company proposes to transfer Rs. 15.00 lacs from Profit and Loss Account to General Reserve. An amount of Rs. 678.87 lacs are proposed to be retained as year end balance in the Profit and Loss Account.

TAXATION:

Provision for Taxation has been made in accordance with prevailing income-tax laws for the relevant Assessment year.

Provision is made for Deferred Tax to account for the timing differences.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I and forms part of this Report.

PERSONNEL:

There are no employees of your Company who comes within the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year under review.

DIRECTORS:

Shri Chandan Gupta, Non-Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Shri. Suresh N. Mutreja and Shri Lalit N. Mutreja, has been re-appointed as Managing Director & Executive Director respectively w.e.f. 1st July, 2010. The necessary special resolution for the re-appointment is given at item No. 5 & 6 of the notice.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2010, all the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) 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 as at March 31, 2010 and of the profit of the Company for the said period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchange are complied with. A separate section on Corporate

Valson Dyed Yarn - Hallmark of Innovation



Governance forms part of the Annual Report. A certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure.

AUDITOR'S REPORT:

The remarks in the Auditors' Report have been properly dealt with in the Notes on Account, which are self-explanatory.

AUDITORS:

M/s. Mehta Chokshi & Shah, Chartered Accountants, will retire as Auditors of the Company at the conclusion of the Annual General Meeting and are eligible for re-appointment. The company has received letter from them to the effect that their appointment, if made would be within the prescribed limit under section 224 (1B) of the Company's Act 1956.

INDUSTRIAL RELATIONS:

The relationship with employees, suppliers and customers across the Company are cordial.

ACKNOWLEDGEMENT:

Your Directors thank our customers, bankers and suppliers for their continued support during the year. Your Company places on record a deep sense of appreciation of the contribution made by the staff and workers at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

**By order of the Board
VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja
Chairman & Managing Director**

**Place: Mumbai
Date: September 4, 2010**

**ANNEXURE I TO THE DIRECTORS' REPORT**

Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

FORM A**(A) Power and Fuel Consumption:**

1. Electricity	Current Year	Previous Year
	31.03.2010	31.03.2009

(i) Purchased:

Avg. Unit Rate (Rs./KWH)	4.45	4.35
Units (KWH/Lacs)	114.12	104.73
Total Amount (Rs. in Lacs)	508.11	455.38

(ii) Own Generation through D. G. Sets:

Unit Rate (Rs./KWH)	12.24	12.53
Units (KWH/Lacs)	0.42	1.02
Total Amount (Rs. in Lacs)	5.09	12.77

2. Coal	Current Year	Previous Year
	31.03.2010	31.03.2009

Qty. (M. Tons)	3798.35	3614.69
Total Cost (Rs. in Lacs)	170.54	168.99
Avg. Rate (Rs./MT)	4489.88	4675.13

3. Furnace Oil Not Applicable

(B) Consumption per Unit of Production:

	Current Year	Previous Year
	31.03.2010	31.03.2009

Electricity (KWH per Tonne of Yarn) **3027.10** 3115

Coal (MT per Tonne of Yarn) **1.01** 1.06

Form B**(I) Development**

During the year of review, the Company carried out its in-house development of additional innovative shades at the Laboratory, where new shades are constantly developed and introduced in the market for commercial acceptance. The Company has no immediate plans for conducting any further research and development activities and hence providing any details of expenditure to be incurred is not applicable.

(II) Technology Absorption, Adaptation & Innovation

The Company has not absorbed or adopted any technology other than provided by the plant suppliers for manufacturing of texturising, twisting and dyeing of yarn. Your Company has not imported any technology since last sixteen years.

(C) Foreign Exchange earnings and outgo

	Current Year	Previous Year
	31.03.2010	31.03.2009
	Rs. in Lacs	Rs. in Lacs
Total Foreign Exchange Earned		
Export FOB Value	117.77	80
Total Foreign Exchange Used:		
a. Plant & Machinery		
Spare Part (CIF)	0.53	6
b. Travelling Expenses:	0.28	--
c. Training fees	--	10

For and on behalf of the Board
VALSON INDUSTRIES LTD.

Suresh N. Mutreja
Managing Director

Place: Mumbai
Date: September 4, 2010



CORPORATE GOVERNANCE REPORT **(Under Clause 49 (VI) (i) of Listing Agreement)**

I. The Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to strive for attaining the optimum level of transparency and accountability in all facts of its operations and all dealings with shareholders, employees, lenders, creditors, customers and the government. The Board of Directors by considering itself the trustee of its Shareholders aims at maximizing shareholders value and protecting the interest of other stakeholders

II. Board of Directors

(i) Board Composition :

The strength of the Board was 5 Directors as on 31st March, 2010. The Composition and category of Directors on the Board of the Company are :

Name	Executive / Non-Executive	Promoter / Independent	Relationship With Other Directors
Mr. Suresh N. Mutreja	Executive Managing Director	Promoter	Brother of Lalit Mutreja
Mr. Lalit N. Mutreja	Executive Director	Promoter	Brother of Suresh Mutreja
Mr. Ram Kumar Sharma	Non Executive	Independent	Not Related to any Director
Mr. Chandan Gupta	Non Executive	Independent	Not Related to any Director
Mr. Surendra Kumar Suri	Non Executive	Independent	Not Related to any Director

ii) Number of Board Meetings held and attendance chart of each Director at the Board Meeting :

Date of Board Meetings	Mr. Suresh Mutreja	Mr. Lalit Mutreja	Mr. Ram Kumar Sharma	Mr. Chandan Gupta	Mr. Surendra Kumar Suri
29 th June, 2009	Present	Present	Present	Present	Present
31 th July, 2009	Present	Present	Present	Present	Present
15 th October, 2009	Present	Present	Present	Present	Present
27 th November, 2009	Present	Present	Present	Present	Present
9 th December, 2009	Present	Present	Present	Present	Present
30 th January, 2010	Present	Absent	Absent	Present	Present
Total Attendance out of 5 Meetings.	6	5	5	6	6
Attendance at Last AGM 22nd Aug,2009	Present	Present	Present	Present	Present
Attendance at EGM 27th November,2009	Present	Present	Present	Present	Present



iii) a. Number of other Companies where Directors (of VIL) hold memberships on the Board of Directors: NIL

b. Number and Name of Committees in which the Directors (of VIL) hold Memberships or Chairmanships:

Name of Director	No. of Other Companies where Director	Number & Name of Committee Memberships / Chairmanships			
		Chairman	No.	Membership	No.
Mr. Suresh Mutreja	Nil	SIGC - VIL**	1	NIL	0
Mr. Lalit Mutreja	Nil	Nil	0	SIGC – VIL**	1
Mr. Ram Kumar Sharma	Nil	Nil	0	AC – VIL*	1
Mr. Chandan Gupta	Nil	AC – VIL*	1	NA	0
Mr. Surendra Kumar Suri	Nil	Nil	0	AC – VIL*	1

AC – VIL* = Audit Committee – Valson Industries Limited.
SIGC – VIL** = Shareholders/Investors Grievance Committee – Valson Industries Limited

Note : Only Public Limited Companies (Listed and Unlisted) have been taken into consideration while calculating the Committee Membership and Chairmanships.

iv) Code of Conduct :

The Board has formulated a code of conduct for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the code for the financial year ended 31st March, 2010. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

III. AUDIT COMMITTEE

The Composition of the Audit Committee and their attendance at the Audit Committee Meetings are as follows :

Date of Audit Committee Meeting	Mr. Chandan Gupta	Mr. Ram Kumar Sharma	Mr. Surendra Kumar Suri
	Chairman & Non Executive Independent Director	Non Executive Independent Director	Non Executive Independent Director
29 th June, 2009	Present	Present	Present
31 st July, 2009	Present	Present	Present
15 th October, 2009	Present	Present	Present
30 th January, 2010	Present	Absent	Present
Total (out of 4 meetings)	4	3	4

The Board of Directors of the Company has framed a Terms of Reference for the Audit Committee. The Terms of Reference is based on Clause 49 (II) (D) of the Listing Agreement. The Audit Committee performs its functions in accordance with the terms of reference. In addition, it exercises powers and reviews information as specified under Clause 49 (II) (C) and (E) of the Listing Agreement.



IV. REMUNERATION COMMITTEE

The Company has not constituted a separate committee to determine the terms of reference and remuneration package for its managerial personnel.

i) Remuneration Policy:

The Board of Directors determines the remuneration to be paid to Managing Director and other Directors of the Company. The same is within the limits approved by the Shareholders of the Company.

The remuneration payable to Mr. Suresh Mutreja, Managing Director and Mr. Lalit Mutreja, Executive Director was approved by the Board of Directors at its meeting held on 15th June, 2007. The same was approved by the Shareholders at the Annual General Meeting held on 28th July, 2007. The present term of appointment was expired on 30th, June, 2010. The Board of Directors by Circular Resolution dated 14th June, 2010 has re-appointed Mr. Suresh Mutreja as Managing Director and Mr. Lalit Mutreja as Executive Director for a period of 3 years. The necessary resolution for their re-appointment and remuneration payable is incorporated in the notice of Annual General Meeting.

ii) Details of Remuneration paid to all the Director's:

- A. The Company does not have any pecuniary relationship or transactions with the non-executive directors. During the year, the Company has paid sitting fees to non-executive directors.
- B. The aggregate value of remuneration, perquisites and sitting fees paid to the Directors for the year ended 31st March, 2010, is as under;

Sr. No.	Name	Salary & Perqs Rs.	Commission Rs.	Professional Fees Rs.	Sitting Fees Rs.	Total Rs.
1	Mr. Suresh N. Mutreja	1,444,532	1,50,000	-	-	1,594,532
2	Mr. Lalit N. Mutreja	1,018,696	1,50,000	-	-	1,168,696
3	Mr. Ram Kumar Sharma	-	-	2,40,000	24,000	2,64,000
4	Mr. Chandan Gupta	-	-	-	32,000	32,000
5	Mr. Surendra Kumar Suri	-	-	-	32,000	32,000

- C. The Company has not issued any stock options or paid any performance linked incentives or fixed component incentives to the Directors.

D. Details of Service Contracts :

Name	Date of initial appointment	Current tenure	From	To
Shri Suresh N. Mutreja	June 2, 1983	3 years	1st July, 2010	30th June, 2013
Shri Lalit N. Mutreja	September 9, 1995	3 years	1st July, 2010	30th June, 2013



E. Equity Shares of Valson Industries Limited held by the Non-Executive Directors are as follows :

Directors	No. of shares held as on 31 st March, 2010	No. of shares held as on 31 st March, 2009
Mr. Ram Kumar Sharma	4800	800
Mr. Chandan Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	200

V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

A. The Composition of the Shareholders / Investors Grievance Committee and attendance of the members of the Committee at the Shareholders/Investors Grievance Committee Meetings are as follows:

Date of Shareholders Grievance Committee Meeting	Mr. Suresh Mutreja	Mr. Lalit Mutreja
	Chairman & Managing Director	Executive Director
29 th June, 2009	Present	Present
31 st July, 2009	Present	Present
15 th October, 2009	Present	Present
29 st January, 2010	Present	Present
Total (out of 4 meetings)	4	4

B. COMPLIANCE OFFICER:

As required by the Listing Agreement, the Company has appointed Miss Sheetal Naik, as the Compliance Officer and Company Secretary.

Email address of Compliance Officer is sheetal@valsonindia.com

A. Complaint Status for the year 01/04/2009 to 31/03/2010 (Equity Shares)

Category	No. of Compl. Received	No. of Compl Resolved	No. of Compl Pending
NON RECEIPT.OF CREDIT	0	0	0
NON RECEIPT OF DIVIDEND WARRANT	3	3	0
NON RECEIPT OF INTEREST WARRANT	0	0	0
NON RECEIPT OF ANNUAL REPORTS	0	0	0
SEBI	2	2	0
STOCK EXCHANGE	0	0	0
NON RECEIPT OF SHARE CERTIFICATE	0	0	0
NON RECEIPT OF SHARE TRANSFER	0	0	0
OTHERS	1	1	0
Total	6	6	0



VI. GENERAL BODY MEETINGS

Date time and venue for the last 3 Annual General Meetings and Extra Ordinary General Meeting are given below;

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date	Location	Time
31 st March, 2007	23 rd AGM	NIL	28 th July, 2007	Registered Office	11.30 a.m.
31 st March, 2008	24 th AGM	NIL	28 th July, 2008.	Registered Office	11.30 a.m.
31 st March, 2009	25 th AGM	NIL	22 nd August, 2009	Registered Office	11.30 a.m.
31 st March, 2010	EGM	Issue of Bonus Shares	27 th November, 2009	Registered Office	11.30 a.m.

Notes:

- 1) There were no special resolutions passed through postal ballot last year.
- 2) No special resolutions are proposed to be passed through postal ballot.

VII. DISCLOSURES

- i. The Company has not entered into any materially significant related party transactions during the financial year that may have potential conflict with the interests of the Company at large.
- ii. There has been no incidence of non-compliance by the Company of any statutory regulations nor any penalty or stricture has been imposed by the Stock Exchange or any other statutory authority, on any matter relating to the capital market over the last three financial years.
- iii. The details of all transactions with related parties are placed before the Audit Committee on quarterly basis.
- iv. In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- v. The constitution of whistle blower policy is a non mandatory requirement. However the Company affirms that no employee has been denied access to the Audit Committee during the financial year 2009 – 2010.
- vi. The Company has complied with all mandatory requirements of clause 49 of Listing Agreement.

VIII. MEANS OF COMMUNICATION

i. Quarterly Results:

The quarterly financial results of the company (in the format prescribed by the Listing Agreement) are reviewed by Audit Committee and then, approved and taken on record by the Board within the prescribed time frame and immediately send to the Stock Exchange where the shares of the company are listed.

- ii. The quarterly results for the financial year 2009–10 were published in the News Papers. (Details given below):



26th Annual Report 2009-2010

Quarter	Results
June, 2009	The Free Press Journal (English), Navshakti, Mumbai (Marathi)
September, 2009	The Economic Times (English), Maharashtra Times (Marathi)
December, 2009	The Free Press Journal (English), Navshakti, Mumbai (Marathi)
March, 2010	The Free Press Journal (English), Navshakti, Mumbai (Marathi)

iii. The summarized balance sheet of the company has been displayed on company's website i.e. www.valsonindia.com

iv. **Annual Report:**

Annual Report containing inter alias Audited Annual Accounts, Directors' Report, Auditors' Report and other important, information is circulated to Members and others entitled thereto. The Managements Discussion and Analysis (MD&A) Report forms part of the Annual Report.

IX. **GENERAL SHAREHOLDER INFORMATION**

The mandatory and various other additional information of interest to investors is furnished in a separate section titled as Investor Information published elsewhere in this Report.

X. **Practising Company Secretary Certificate on Corporate Governance**

Practising Company Secretary's certificate on compliance of conditions of clause 49 of the Listing Agreement relating to Corporate Governance is published as an Annexure to the Corporate Governance Report.

**By order of the Board
VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja
Chairman & Managing Director**

**Place: Mumbai
Date: September 4, 2010**



Management Certificate on clause 49 (1D) of the Listing Agreement

To,
The Members,
Valson Industries Limited

This is to affirm that the Board of Directors of **Valson Industries Limited** has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (I) (D) of the Listing Agreement. The Board Members and Senior Management Personnel of the Company have confirmed compliance of the provisions of the said code for the financial year ended 31st March, 2010.

Suresh N. Mutreja
Chairman & Managing Director

Place: Mumbai
Date: **September 4, 2010**

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF VALSON INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **Valson Industries Limited** as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement and that no investor grievance(s) is / are pending for a period exceeding one month against the Company.

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

For **P. P. SHAH & CO.**

(PRADIP C. SHAH)

Practising Company Secretary

Partner

Membership: 1483

Certificate of Practice: 436

Place: Mumbai
Date: September 4, 2010



INVESTOR INFORMATION

AGM Date, Time & Venue:	Date: 30 th September,2010 Time: 11.30 a.m. Venue: 28, Sanjay Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059.
Financial Year:	1 st April 2009 to to 31 st March 2010
Book Closure Date:	27 th September,2010 to 30 th September,2010
Dividend Payment Rate:	15 (%) (Re. 1.50 per share)
Listing on Stock Exchanges:	The Bombay Stock Exchange Limited
Stock Code & Demat Scrip Code (ISIN)	Bombay Stock Exchange: Stock Code: 530459 Demat Scrip Code: INE 808A01018
Registrar & Transfer Agents	Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078, Telephone: (022) 25963838 Fax: (022) 25946969 Email: rtn.helpdesk@linkintime.co.in
Plant Location: TEXTURISING AND TWISTING	SILVASSA - UNIT NO. 1: Plot No. 8/9, Silvassa Ind. Co-op. Society, 66 KVA Sub-Station Road, Village Amli, Dist. Silvassa, U.T. – Dadra and Nagar Haveli 396 230. SILVASSA - UNIT NO. 2: Plot No. 113/2/10, Tirupati Industrial Estate, Near 66 KVA Sub-Station Road, Village Amli, Dist. Silvassa, U.T. – Dadra and Nagar Haveli 396 230. DADRA UNIT: Plot No. 7, Survey Na. 207 Near Dadra Check Post, Dadra, U.T. - Dadra and Nagar Haveli 396230. SILLI UNIT: Survey No. 122/1, Village Silli, UT-Dadra & Nagar Haveli 396230. DYEING VAPI UNIT: Plot No. 1204 & 1705, GIDC, Phase III, Vapi, Gujarat 396 195.



Registered Office & Correspondence Address	<p>M/s. Valson Industries Limited.</p> <p>Miss Sheetal Naik Compliance Officer</p> <p>Address for Correspondence 28, Sanjay Bldg. No. 6, Mittal Industrial Estate Sir M. V. Road, Andheri (East), Mumbai 400 059 Telephone: (022) 40661000 Facsimile: (022) 40661199 Email: sheetal@valsonindia.com</p>
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Shareholders / investors are requested to forward share transfer documents, dematerialization request, correspondence regarding change of address, non – receipt of dividend or share certificates and other related queries to the company's registrar i.e. Link Intime India Pvt. Ltd. at the address mentioned above.

Share Transfer System and Dematerialisation of Shares:

Valson has admitted its shares to the depository system of the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. International Securities Identification Number (ISIN) INE808A01018.

As on March 31, 2010 97.58 % of the shares of the Company are dematerialized. All this shares are electronically transferred through the demat facility. 2.43 % of shares are in physical mode. The Company has assigned the job of physical transfer of shares to its Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. The Shareholders and Investors Grievances Committee takes on record all the physical share transfers from time to time.

Transfers Lodged & Transferred	No. of Transfer Deeds Processed	No. of Shares Transferred
1 – 30 days	18	18400
30 – 60 days	-	-
Above 60 days	-	-
Total	18	18400

Distribution of Shareholding as on March 31, 2010

Shareholding of Shares	Number of Shareholders	Percentage of Total	Shares (Rs.)	Percentage of Total
1 - 5000	2514	96.2849	14,136,490	18.4530
5001 - 10000	45	1.7235	3,225,970	4.2110
10001 - 20000	15	0.5745	2,370,550	3.0944
20001 - 30000	7	0.2681	1,734,810	2.2645
30001 - 40000	3	0.1149	1,002,350	1.3084
40001 - 50000	3	0.1149	1,347,770	1.7593
50001 - 100000	6	0.2298	4,456,650	5.8175
100001 & Above	18	0.6894	48,333,410	63.0919
Total	2611	100.00	76,608,000	100.00



Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible instruments. Hence there will not be any impact on the equity of the company.

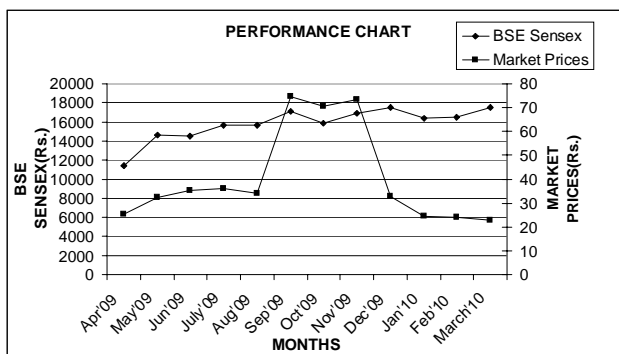
Consolidation of Folios:

Shareholders are requested to INVARIABLY mention their existing folio number in the column provided in the transfer deed in case they lodge further shares for transfer in the same order of names. Shareholders are also requested to send the share certificates by registered post to the transfer agents of the Company in case they have been allotted more than one folio, in the same order of names. The shares will be consolidated into one folio and the share certificates will be returned by registered post within a week of receipt.

Nomination Facility:

Individual shareholders of physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his name. For further details, shareholders may write to the Registrar and Share Transfer Agent of the Company.

Performance of equity scrip of the company in comparison to BSE Sensex :



* Equity shares became Ex-Bonus (1:1) from 9th December'2009.

Market Price Data :

Month	High Price	Low Price
Apr 09	29.70	25.00
May 09	32.50	24.15
Jun 09	35.15	29.50
Jul 09	38.25	30.75
Aug 09	41.50	33.00
Sep 09	81.30	33.00
Oct 09	92.90	66.10
Nov 09	81.00	63.05
Dec 09*	82.90	32.50
Jan 10	39.30	23.90
Feb 10	26.50	23.20
Mar 10	26.10	22.15

* Equity shares became Ex-Bonus (1:1) from 9th December'2009.



Shareholding Pattern as on 31st March, 2010:

	Category	No of Shares Held	% Of Share Holding
A.	Promoter (S) Holding		
	Promoter (s)		
	- Indian Promoters	37,56,200	49.03
	- Foreign Promoters	0	0.00
	Sub - Total (A)	37,56,200	49.03
B.	Non-Promoters Holding		
	Institutional Investors		
i.	Mutual Funds & UTI	0	0.00
ii.	Banks, Financial Inst, Insurance Company, Central / State Govt Inst / Non-Govt Inst FII's	0	0.00
		0	0.00
	Others		
i.	Private Corporate Bodies	4,27,726	5.58
ii.	Indian Public	32,98,196	43.06
iii.	NRI/OCBS	1,13,686	1.48
iV	Clearing Members	64,992	0.85
	Sub - Total (B)	39,04,600	50.97
	GRAND TOTAL	76,60,800	100.00

By order of the Board
VALSON INDUSTRIES LTD.

Suresh N. Mutreja
Chairman & Managing Director

Place: Mumbai
Date: September 4, 2010



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE ECONOMY :

World economy has shown initial indications of recovery after a severe spell of recession. The world economy is expected to grow by 4.2 percent in 2010 and projected to maintain the growth momentum in the next 5 years. However, the consumer confidence in major importing countries like USA and EU has been lagging behind economic growth projections and may take some more time before showing any convincing revival. Though some growth has been seen in the world trade of textile and clothing especially post Sept. 2009. The USA textile and clothing imports, which declined by 13 percent in 2009 over 2008 has increased by 1 percent during Jan-Feb 2010. The partial explanation of increase in textile and clothing imports may be attributed to the pressure on retailers caused by very low inventory levels. It has resulted into creation of demand for textile and clothing products in international market. The domestic market is also showing some signs of improvement leading to overall increase in textile manufacturing in the country.

The Indian Economy which came under strain during second half of the previous year (2008-09) triggered by global financial meltdown, moved into 2009-10 at a reduced intensity as evidenced by decelerated growth in industrial production in the first two quarters of the year. India has registered a strong comeback in 2009-10 displaying its ability to withstand extreme external adversities. India has been able to face economic downturn better than most other countries in spite of inadequate and uneven monsoon and resultant slowdown in agriculture. Growth is expected to be better as there are clear signs of upturn in the economy, the prospects of economy will be brighter. In this background, higher demand for textile may be expected. The prices and demand for textile are likely to rule firm owing to the central governments sustained thrust on promoting textile industry. Demand overseas is also looking up and it is expected that the prices of the textile products may also improve.

The real challenge at macro level will be to make the recovery durable, balanced, sustainable and to calibrate strategy in the light of growing concern over expansionary fiscal policy.

We have a firm faith in the bright future of textile industry in India. The Valson is planning up-gradation, modernization and expansion in Texturising, Twisting and dyeing, process capacities to build on economies of scales and develop capabilities to serve the global market.

Forward Looking Statements:

This section contains forward-looking statements, which may be identified by their use of words, like 'plans', 'expects', 'wills', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. Forward-Looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Company's Business:

The prominent business of the Company is manufacturing of Polyester Texturised, Twisted and Dyed Yarn and also dyeing of Cotton and other fancy Yarns which are used for making fabrics for Shirting, Suiting Upholstery, Knitting, Labels and Curtains etc.

Industry Structure and Developments:

Abolition of the quota system from the beginning of 2005 has opened up the world market for the Indian textile exporter and India is considered strong as compared to other exporting nations due to better infrastructure

Valson Dyed Yarn - Hallmark of Innovation



development, port security, labour and technology. The nation is highly optimistic about the overall performance of Textile industry and Extension of and funds allocated to under TUF scheme and the Indian Textile Industry will become more competitive in textile production. The importance of textile sector can be gauged from the fact that it covers a wide range of economic activities and more importantly it is the second largest source of employment generation after the agriculture sector. Keeping in view the emerging scenario after the dismantling of the quota regime, Government has laid special emphasis on the textile sector. Concessional rate of custom duty, excise duty, rationalisation of excise duty for specified textile machinery, enhancement of allocation of fund under the TUF Scheme, launching of new scheme called as “Manufacturing Competitiveness Programme” to revive the small and medium enterprises are some of the measures initiated by the Government to positively impact the industry and enhance its competitiveness.

Opportunities:

The biggest growth opportunity for the textile industry arises from the changed global scenario of quota free business environment. Valson Industries Limited has already grabbed the opportunity and started exploring the global market. The opening up of world market would indirectly also give the opportunity to do well in the vast domestic market due to high quality manufacturing and low cost production. The Government of India is giving the good support by giving loans at Concessional rates and further extension of TUF’s scheme and Interest Subvention for Export.

Threats:

Along with the opportunity that the quota free regime offers, there lies the threat of stiff global competition which indirectly would result in severe price wars and which would ultimately lead to pressure on margins. Along with this there lies the threat of domestic competition from the unorganised sector. But the Company through its quality production competes well with other players in this sector.

Segment-wise performance:

Since the Company operates only in one segment as the Manufacturer of Polyester Dyed Yarn and processors Cotton and other fancy Dyed Yarn, no further analysis is required and the operational results are mentioned elsewhere in this report.

Insurance:

Valson Industries Limited has insured its assets and operations against all insurable risks including fire, earthquake, flood, and etc. as part of its overall risk management strategies.

Human Resources:

Valson recognizes that nurturing and developing best human resources by recruiting the best talent is vital to the long term success of the company. Employees are provided with continues opportunities for active learning and development which are viewed as the key drivers of our growth and thereby contributing to the success of the Company. The remuneration structure is linked directly with performance and reward.

The Company acknowledges that, human resources are its biggest asset who have been nurtured and strengthen over the years.

Safety, Health and Environment:

At Valson, safety is considered at highest priority and all the efforts are made to ensure safe working environment for employees. All probable incidents are analyzed and corrective actions are taken accordingly. Employees are trained in safe practices to be followed at work places at all the times.



Outlook:

With the setting up of new units at Vapi and U.T. Dadra and Nagar Haveli, the Company is expected to achieve substantial growth both in terms of turnover and profitability. It will also have an edge over others with large variety of products under one roof.

During the current year, your Company will concentrate on optimum utilisation of capacity along with seeing the better conversion created during the last year and also try for trial runs for further capacities being created during the current year. The Company will expand its network and widen the area of sales by capturing new upcoming Domestic as well as International Markets. We are committed to continuous improvement with Long-term goals rather than short term goal. Management has to inform you that your company has started export to U.A.E., U.K., Egypt and Turkey and your Company sees good future in international market as government is also giving the benefits to Textile Industry.

The Company shall direct all its efforts and resources towards a strong and healthy shareholders wealth creation.

Risks and concerns:

There are some areas of concerns also, which need to be stated here. Along-with recovery, the textile industry is also facing increase in input prices in sync with the global trends. In addition to appreciating rupee, free export of cotton followed by withdrawal of export incentives on cotton yarn are also causing concerns for the sustained recovery in the textile industry. In our view, there is need for an integrated approach to be adopted for the development of the textile and clothing industry in the country. Such an approach is required to ward off any such situation where the strengths of one segment of the textile industry is being undermined for passing temporary relief to another segment of the industry leading to permanent damage to the complete textile value chain. In our views, if any segment suffers from some systemic disadvantages affecting its global competitiveness, it should be overcome through suitable incentives mechanism without affecting any other segment of the industry .

Environmental Preservation:

Quality of human life is the most important factor to sustain life and this could be achieved through preservation of natural environment. The Company's R & D Department continues to develop new shades in an environmentally sustainable manner. The Company always consumes eco-friendly dyes, colours and chemicals. The Company has also installed an Effluent Treatment plant for proper treatment of waste water. Your Company's strength lies in consistent quality consciousness and eco-friendly awareness.

Internal control systems and their adequacy:

The Company continues to have an adequate Internal Control System commensurate with the nature of its business and the size of its operations. Internal Control weaknesses are reported regularly and timely steps are taken as and when required.

Internal Auditor carries out the audit work regularly throughout the year and periodically places the internal audit report before the Audit Committee and the Management. The Audit Committee discusses significant findings with the internal auditors and timely solution is suggested for the same. Suggested steps are implemented to improve the internal control system, to ensure that all the assets are safeguarded and protected from unauthorised use and that the transactions are authorised, recorded and reported correctly.

The Company has also maintained the cost record mandatory under Section 209 (1) (d) of the Companies Act, 1956 and has appointed a cost consultant to verify the maintenance of cost records as required under the Act.

Discussion on financial performance with respect to operational performance:

During the year, your Company has performed substantially well purely due to utilization of its rich experience

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and concentration on optimum utilization of capacity along with the better conversion and also monitoring; controlling and restricting the manufacturing expenses.

The company has its operating profit to **Rs. 664.55** lacs as against **Rs. 479.38** lacs – a substantial growth of **38.6%** over the previous year. Net profit after tax earned is **Rs. 247.21** lacs as against **Rs. 156.21** lacs – a substantial is growth of **58.3%** over previous year. The financial results of the Company have been discussed at length in the Director's Report to the members.

Material developments in Human Resources / Industrial Relations front

The Company has always considered the human resources as the driving force for progress and success and they are the main assets of the Company. Management is of firm belief that the growth of the Company is due to the continuous contribution from its manpower. The Company has the required number of skilled and semi-skilled persons and it constantly tries to improve their quality and productivity and provides a congenial working environment for them. The Company is committed for continual improvement in all aspects of social standard, business and employee's welfare to grow as an ethical business. We believe that harmony amongst employees, employer and business leads to socio economic improvement. The industrial relations continued to be extremely cordial during the year.

**By order of the Board
VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja
Chairman & Managing Director**

**Place: Mumbai
Date: September 4, 2010**



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **VALSON INDUSTRIES LIMITED** as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement 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.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, 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 purposes 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 the books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. On the basis of the written representations received from the directors, and taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2010 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 accounts, read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give 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 the Company's affairs as at 31st March, 2010;
 - ii. In the case of the Profit and Loss Account of the Profit of the Company for year ended on that date; and
 - iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS

A. R. MEHTA
PARTNER

MEMBERSHIP NO. 46088

Firm Registration No. 106201W

Place: Mumbai

Date: 4th September 2010



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date on the accounts of **VALSON INDUSTRIES LIMITED** for the year ended 31st March, 2010)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that: -

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The Company has not disposed off substantial part of fixed assets.
2. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) According to the information and explanation given to us the Company has not granted any loans to 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 any loans secured or unsecured the rate of interest and other terms and conditions of loans given being prima facie prejudicial to the interest of the Company does not arise.
(c) As the Company has not granted any loans secured or unsecured the regularity of receipt of principal and interest does not arise.
(d) According to the information and explanation given to us the Company has taken fixed deposits from Director's & their relatives covered in the Register maintained under Section 58A of the Companies Act, 1956 amounting to Rs. 131 Lacs. The maximum amount outstanding from the said parties is Rs. 175.60 Lacs.
(e) The rate of interest and other terms & conditions of fixed deposits taken are prima facie not prejudicial to the interest of the company.
(f) The Company is regular in payment of interest and the principal repayment was not due during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) On the basis of an examination of the books of accounts, we are of the opinion that the transactions that need to be entered into 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.
6. In our opinion and according to the information and explanations given to us, the Company has accepted deposits from the public as defined under Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate.
9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs. 647.57 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs. Lacs)
1.	Textiles Committee Act	Textiles Cess	Textiles Committee	2001-02 to 2005-06	2.39
2	Central Excise Act	Duty on Waste yarn	Commissioner Appeal	Aug'04 – June'07	0.93
3	Income Tax Act	Penalty U/s.271 (1) (c)	Commissioner Appeal	A. Y. 2004 – 2005	0.77
4	Gujarat Vat Authorities	Entry Tax	Dy. Commissioner of Commercial Tax Appeal, Division 05	Financial Year 2006-2007 and 2007-2008	532.35
5	Gujarat Vat Authorities	Works Contract Tax	Dy. Commissioner of Commercial Tax Appeal, Division 05	Financial Year 2006-2007 and 2007-2008	111.13

10. The Company does not have accumulated losses at the year end and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the records of the Company, it has not defaulted in repayment of dues to the bank and has nothing due to financial institution or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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10. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
11. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. According to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks or financial institutions.
13. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
14. On the basis of review of utilization of funds on overall basis, related information as made available to us, and as represented to us by the Management, funds raised on short term basis have not been used for long term investment during the year.
15. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
16. The Company has not issued any debentures.
17. The Company has not raised monies by public issue during the year.
18. During the course of an examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company or have we been informed of such case by the Management.

For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS

A. R. MEHTA
PARTNER

MEMBERSHIP NO. 46088
Firm Registration No. 106201W

Place: Mumbai
Date: 4th September 2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR
		31.03.2010	31.03.2009	
		Rs.	Rs.	Rs.
SOURCES OF FUNDS				
1. SHARE HOLDERS' FUNDS				
Share Capital	1	76,608,000		38,304,000
Reserves & Surplus	2	111,087,180		138,114,226
			187,695,180	176,418,226
2. LOAN FUNDS				
Secured Loans	3	73,105,877		81,443,482
Unsecured Loans	4	10,000,000		19,305,838
			83,105,877	100,749,320
3. DEFERRED TAX LIABILITY (NET)				
	5		36,345,578	37,306,578
TOTAL			307,146,635	314,474,124
APPLICATION OF FUNDS				
1. FIXED ASSETS				
Gross Block	6	384,169,743		368,854,010
Less: Depreciation		146,996,937		125,947,732
Net Block		237,172,806		242,906,278
Capital Work in Progress		16,038,800		14,092,195
(Inclusive of Pre-operative Expenses)			253,211,606	256,998,473
2. INVESTMENTS				
	7		126,900	126,900
3. CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	8	39,435,575		38,582,518
Sundry Debtors	9	59,294,285		45,197,387
Cash and Bank Balances	10	5,194,917		7,516,694
Loans and Advances	11	18,770,764		21,738,646
		122,695,541		113,035,245
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	12	54,062,088		42,928,720
Provisions	13	14,825,324		12,757,774
Net Current Assets			53,808,129	57,348,751
TOTAL			307,146,635	314,474,124
Accounting Polices & Notes to Accounts	21			

As per our report of even date
For Mehta Chokshi & Shah
Chartered Accountants

For and on behalf of the Board
VALSON INDUSTRIES LTD.

A. R. MEHTA

Partner
Membership No. 46088
Firm Registration No. 106201W
Place : Mumbai
Date : 4th September, 2010

Suresh N. Mutreja
Managing Director

Lalit N. Mutreja
Executive Director

Kunal S. Mutreja
Chief Executive Officer



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE	CURRENT YEAR 31.03.2010 Rs.	PREVIOUS YEAR 31.03.2009 Rs.
INCOME			
Net Sales	14	677,759,988	591,187,129
Other Income	15	1,767,734	1,509,401
Increase/(Decrease) in Finished Goods	16	(1,981,930)	(2,130,331)
	TOTAL	677,545,792	590,566,199
EXPENDITURE			
Raw Materials Consumed	17	400,350,550	353,415,397
Manufacturing Expenses	18	164,339,695	148,294,916
Administrative & Selling Expenses	19	46,400,722	40,918,015
Interest	20	4,150,757	5,071,096
Depreciation		25,143,985	18,604,531
	TOTAL	640,385,709	566,303,955
PROFIT BEFORE TAXATION		37,160,083	24,262,244
Provision for Taxation		13,400,000	7,000,000
Provision for Deferred Tax		(961,000)	1,216,000
Provision For FBT		-	425,000
PROFIT AFTER TAXATION		24,721,083	15,621,244
Balance brought forward		58,109,726	55,354,565
Profit available for Appropriation		82,830,809	70,975,809
APPROPRIATIONS			
Transfer to General Reserve		1,500,000	1,500,000
Dividend on Preference Shares		-	142,465
Proposed Dividend on Equity Shares		11,491,200	9,576,000
Tax on Dividend on Preference Shares		-	20,117
Tax on Dividend on Equity Shares		1,952,929	1,627,441
Balance carried to Balance Sheet		67,886,680	58,109,726
		82,830,809	70,975,809
Accounting Policies & Notes to Accounts	21		
Earning Per Share (See Note 17)			
Basic & Diluted Earning per Share		3.23	4.04
Face Value per Equity Share		10	10

As per our report of even date
For Mehta Chokshi & Shah
 Chartered Accountants

For and on behalf of the Board
VALSON INDUSTRIES LTD.

A. R. MEHTA

Partner
 Membership No. 46088
 Firm Registration No. 106201W
 Place : Mumbai
 Date : 4th September, 2010

Suresh N. Mutreja
 Managing Director

Lalit N. Mutreja
 Executive Director

Kunal S. Mutreja
 Chief Executive Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	37,160,083	24,262,243
<i>Add:-</i>		
Depreciation	25,143,985	18,604,531
Interest (net)	4,150,757	5,071,096
Loss on Sale of Fixed Assets	736,381	2,802,965
Profit on Sale of Investments	-	(27)
Loss by Fire	507,424	-
 Operating Profit Before Working Capital Changes	 67,698,630	 50,740,809
<i>Adjustment for :-</i>		
Decrease / (Increase) in Trade and Other Receivables	(11,129,016)	(11,196,636)
Decrease / (Increase) in Inventories	(853,057)	5,312,191
Increase / (Decrease) in Trade Payables	11,133,368	12,005,806
Cash Generated from Operations	66,849,925	56,862,170
Less : Direct Taxes Paid (Net)	(13,573,138)	(7,154,610)
Net Cash flow from Operating Activities	53,276,787	49,707,560
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(23,789,709)	(44,363,066)
Interest received	899,686	1,082,009
Sale of Fixed Assets (Including Insurance Claim)	1,188,785	4,300,000
Sale of Investment in Shares	-	27
Net Cash flow from Investing Activities	(21,701,238)	(38,981,030)
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Share Capital	-	(10,000,000)
Borrowings (Net) - Secured Loan	(8,337,605)	2,999,406
Borrowings (Net) - Unsecured Loan	(9,305,838)	19,305,838
Interest Paid	(5,050,442)	(6,153,105)
Dividend Paid	(9,576,000)	(10,518,465)
Dividend Tax Paid	(1,627,441)	(1,489,678)
Net Cash flow from Financing Activities	(33,897,326)	(5,856,004)
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,321,777)	4,870,526
Cash and Cash Equivalents - Opening Balance	7,516,694	2,646,168
Cash and Cash Equivalents - Closing Balance	5,194,917	7,516,694

As per our report of even date

For Mehta Chokshi & Shah

Chartered Accountants

A. R. MEHTA

Partner

Membership No. 46088

Firm Registration No. 106201W

Place : Mumbai

Date : 4th September, 2010

For and on behalf of the Board

VALSON INDUSTRIES LTD.**Suresh N. Mutreja**

Managing Director

Lalit N. Mutreja

Executive Director

Kunal S. Mutreja

Chief Executive Officer



SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2010.

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised Capital		
12000000 (12000000) Equity Shares of Rs.10/- each	120,000,000	120,000,000
TOTAL	120,000,000	120,000,000
Issued, Subscribed & Paidup		
7660800 (3830400) Equity Shares of Rs.10/- each fully paid up <i>(out of above 750,000 shares are allotted as fully paid up bonus shares in 1994 and 3830400 shares are allotted as fully paid up bonus shares on 9th December 2009 by way of capitalisation of Share Premium Account)</i>	76,608,000	38,304,000
TOTAL	76,608,000	38,304,000
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium Account		
As per Last Balance Sheet	54,358,000	54,358,000
Less : Utilised for issue of Bonus Shares	<u>(38,304,000)</u>	-
	16,054,000	54,358,000
Capital Redemption Reserve		
As per Last Balance Sheet	-	10,000,000
Less : Transferred to General Reserve	-	<u>10,000,000</u>
	-	-
General Reserve		
As per last Balance Sheet	25,646,500	14,146,500
Add : Transferred from Capital Redemption Reserve	-	10,000,000
Add : Transferred from Profit & Loss Account	<u>1,500,000</u>	1,500,000
	27,146,500	25,646,500
Profit & Loss Account		
As per Annexed Account	67,886,680	58,109,725
TOTAL	111,087,180	138,114,225

**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2010.**

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
SCHEDULE 3 : SECURED LOANS		
TERM LOAN FROM BANK OF INDIA	27,432,964	18,399,500
TERM LOAN FROM IDBI	30,691,673	43,391,669
<i>(Secured by First charge on Pari Passu basis between BOI & IDBI of Immovable properties situated at various manufacturing locations and further secured by Hypothecation of Movable assets of the company both present and future (Save and except Book-debts) subject to prior charge on certain movable assets created in favour of Bank of India for securing working capital requirements.)</i>		
<i>Note: The amount repayable within a year Bank of India Term Loan Rs. 72.00 lacs (Prev. Year Rs. 59.49 lacs) IDBI Term Loan Rs. 127.00 lacs (Prev Year Rs. 154.08 lacs).</i>		
Cash Credit Account - with Bank of India	13,967,330	18,218,040
<i>(secured by hypothecation of stock and book debts of the company and personal guarantee of the Directors)</i>		
CAR LOAN - FROM HDFC BANK	519,987	554,931
CAR LOAN - FROM ICICI BANK	493,923	879,342
<i>(Secured by hypothecation of specific assets)</i>		
<i>Note : The amount repayable within a year HDFC Bank Car Loan Rs.2.46 lacs (Prev. 4.73 lacs) , ICICI Bank Car loan Rs. 4.20 lacs (Prev. year Rs. 3.85 lacs)</i>		
TOTAL	73,105,877	81,443,482
SCHEDULE 4 : UNSECURED LOANS		
Fixed Deposits	10,000,000	19,305,838
<i>(Including Interest Accrued but not due Nil (Previous Year Rs.14.56 Lacs) (From Directors maximum outstanding Rs.5.34 Lacs including Interest (Previous year Rs. 5.34 lacs))</i>		
TOTAL	10,000,000	19,305,838
SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Assets and Liabilities are attributable to the following items.		
Liabilities		
Depreciation	37,217,128	38,043,928
Assets		
Provision for Bonus / Gratuity	871,550	737,350
TOTAL	36,345,578	37,306,578



SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2010

SCHEDULE 6 : FIXED ASSETS

(Rs.)

DESCRIPTION	GROSS AMOUNT			DEPRECIATION				NET BLOCK		
	COST AS ON 01/04/2009	ADDITIONS	DEDUC- TIONS	COST AS ON 31/03/2010	UPTO LAST YEAR	FOR THE CURRENT YEAR	DEDUC- TIONS	TOTAL 31/03/2010	As on 31/03/2010	As on 31/03/2009
LAND	8,017,207	-	-	8,017,207	-	-	-	-	8,017,207	8,017,207
FACTORY BUILDING	55,190,782	-	618,090	54,572,692	12,953,484	1,836,491	266,652	14,523,323	40,049,369	42,237,298
OFFICE PREMISES *	4,383,140	-	-	4,383,140	428,670	71,445	-	500,115	3,883,025	3,954,470
STAFF QUARTERS	728,400	-	-	728,400	84,267	11,873	-	96,140	632,260	644,133
PLANT & MACHINERIES	251,530,369	17,693,318	3,275,500	265,948,187	89,251,064	18,934,304	2,480,527	105,704,841	160,243,346	162,279,305
ELECTRICAL INSTALLATION	7,411,487	4,781	278,434	7,137,834	3,677,733	390,618	171,512	3,896,839	3,240,995	3,733,754
UTILITY EQUIPMENTS	21,611,224	1,579,476	-	23,190,700	10,064,040	2,443,634	-	12,507,674	10,683,026	11,547,184
OFFICE EQUIPMENTS	2,244,054	109,767	-	2,353,821	842,184	126,141	-	968,325	1,385,496	1,401,870
VEHICLES	6,997,125	2,028,818	1,596,253	7,429,690	1,901,023	631,199	513,345	2,018,877	5,410,813	5,096,102
COMPUTER	4,640,716	188,967	230,670	4,599,013	3,566,249	238,377	230,670	3,573,956	1,025,057	1,074,467
SOFTWARE **	746,456	139,355	-	885,811	354,081	134,123	-	488,204	397,607	392,375
FURNITURE & FIXTURES	5,353,050	98,621	528,423	4,923,248	2,824,937	325,780	432,074	2,718,643	2,204,605	2,528,113
TOTAL	368,854,010	21,843,103	6,527,370	384,169,743	125,947,732	25,143,985	4,094,780	146,996,937	237,172,806	242,906,278
PREVIOUS YEAR	353,651,835	32,208,813	17,006,638	368,854,010	117,246,873	18,604,531	9,903,672	125,947,732	242,906,278	236,404,962

* Office Premises includes Rs. 250/- being the cost of five shares of Rs. 50/- each of Udit Mittal Industrial Premises.

** Software to be amortised over a period of Five years due to applicability of AS - 26 on Intangible Assets issued by Institute of Chartered Accountants of India.

SCHEDULE 7 : INVESTMENTS

Non Trade (Quoted)

Equity Shares

451(451) shares of Reliance Power Ltd. (Rs. 10 Face Value)

Market Value Rs. 0.67 Lacs(prev. year Rs. 0.46 Lacs)

TOTAL

**Current Year
31/03/2010
Rs.**

**Previous Year
31/03/2009
Rs.**

126,900

126,900

126,900

126,900

SCHEDULE 8 : INVENTORIES

(As taken, valued and certified by the Management)

Finished Goods (lower of cost or net realisable value)

Raw Materials (at cost)

Packing Materials (at cost)

Stores & Spares (at cost)

Coal & Diesel (at cost)

TOTAL

25,179,192

27,161,122

12,535,392

9,552,296

1,184,445

1,366,518

355,726

385,122

180,820

117,460

39,435,575

38,582,518

SCHEDULE 9 : SUNDRY DEBTORS

Unsecured Considered Good

Debts exceeding six months

Others

TOTAL

2,458,098

3,443,005

56,836,187

41,754,382

59,294,285

45,197,387



SCHEDULES TO BALANCE SHEET AS AT 31st MARCH 2010

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
SCHEDULE 10 : CASH & BANK BALANCES		
Cash on Hand	96,166	178,645
Balance with Scheduled Banks :		
- Current Account	3,204,751	5,756,049
- Deposit Account	1,894,000	1,582,000
TOTAL	5,194,917	7,516,694
SCHEDULE 11 : LOANS & ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	14,390,649	17,249,301
Balance with Central Excise Authorities	140,979	724,069
Advance to Employees	1,318,467	848,617
Security Deposit	2,920,669	2,916,659
TOTAL	18,770,764	21,738,646
SCHEDULE 12 : CURRENT LIABILITIES		
Sundry Creditors		
- Due to Small Scale Industrial Undertakings	2,819,241	1,410,899
- Others	43,475,535	33,576,512
Advance Against Order	437,776	2,153,781
Unpaid Dividend	555,158	522,789
<i>(there are no amounts due and outstanding to be credited to Investor Education and Protection Fund)</i>		
Other Liabilities	6,768,127	5,257,523
Interest Accrued but not due	6,251	7,216
TOTAL	54,062,088	42,928,720
SCHEDULE 13 : PROVISIONS		
Provision for Taxation (Net of TDS & Advance Tax)	1,381,195	1,554,333
Provision for Tax on dividend	1,952,929	1,627,441
Proposed Dividend on Equity Shares	11,491,200	9,576,000
TOTAL	14,825,324	12,757,774



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
SCHEDULE 14 : NET SALES		
Sales	568,882,028	513,681,670
Export Sales	11,777,709	8,051,918
Processing Charges	103,260,814	72,166,954
<i>(Tax deducted at source Rs. 20.63 Lacs (Prev. Year Rs. 15.54 Lacs))</i>		
	683,920,550	593,900,542
Less : Excise Duty	6,160,562	2,713,413
TOTAL	677,759,988	591,187,129
SCHEDULE 15 : OTHER INCOME		
Miscellaneous Income	1,358,449	900,226
Sundry Balance Written Back	409,285	283,522
Foreign Exchange Gain	-	325,626
Profit on Sale of Investments	-	27
TOTAL	1,767,734	1,509,401
SCHEDULE 16 : INCREASE/(DECREASE) IN FINISHED GOODS		
Closing Stock	25,179,192	27,161,122
Less :Opening Stock	27,161,122	29,291,453
TOTAL	(1,981,930)	(2,130,331)
SCHEDULE 17 : RAW MATERIALS CONSUMED		
Opening Stock	9,552,296	12,372,443
Add: Purchases	403,333,646	350,595,250
	412,885,942	362,967,693
Less: Closing Stock	12,535,392	9,552,296
TOTAL	400,350,550	353,415,397
SCHEDULE 18 : MANUFACTURING EXPENSES		
Stores & Spares Consumed	6,469,894	5,815,424
Power, Fuel & Water Charges	70,766,385	65,041,153
Packing Materials Consumed	30,408,646	25,356,523
Salaries, Wages & Bonus	18,046,841	17,736,157
Contribution to ESIC, PF & Welfare Fund	2,343,291	1,699,834
Staff & Labour Welfare Expenses	1,711,012	2,231,847
Labour Charges	26,029,233	22,558,977
Factory Expenses	2,749,524	1,540,229
Processing Charges	1,815,406	1,717,311
Security Charges	1,375,613	1,114,722
Machinery Repairs	2,623,850	3,482,739
TOTAL	164,339,695	148,294,916



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010.

	Current Year 31/03/2010 Rs.	Previous Year 31/03/2009 Rs.
SCHEDULE 19 : ADMINISTRATIVE & SELLING EXPENSES		
Insurance Charges	170,339	291,574
Sales Tax	1,377,927	635,735
Office Electricity Charges	673,199	533,077
Legal & Professional Charges	3,508,882	1,850,618
Traveling Expenses	1,739,665	2,261,820
Conveyance Expenses	528,798	554,232
Vehicle Maintenance	1,220,682	1,354,739
Postage and Telephone	1,372,641	1,535,552
Printing & Stationery	1,506,482	1,770,509
Director's Remuneration	2,763,228	2,826,856
Director's Sitting Fees	88,000	30,000
Auditors Remuneration	198,540	146,279
Repairs - Building	645,028	307,295
Repairs - Others	2,542,412	1,647,845
Rates, Rent & Taxes.	1,114,449	731,183
Donation	5,000	6,400
Advertisement & Business Promotion	193,707	221,353
Brokerage & Commission Expenses	6,901,370	6,183,567
Bad Debts	511,652	511,739
Discounts	7,098,538	6,169,831
Freight & Transport Expenses	7,529,466	6,799,749
Miscellaneous Expenses	3,165,098	1,705,482
Loss on Sale of Fixed Assets (Net)	736,381	2,802,965
Loss By Fire	507,424	-
Foreign Exchange Gain/Loss	63,248	-
Previous Year Adjustments (Net)	238,566	39,616
	<u>46,400,722</u>	<u>40,918,016</u>
SCHEDULE 20 : INTEREST		
- On Term Loan	3,536,238	3,732,755
- On Cash Credit Accounts	1,304,699	2,225,295
- Others	209,505	195,055
	<u>5,050,442</u>	<u>6,153,105</u>
Less : Interest Received (Gross)		
- On Fixed Deposit	115,580	88,088
- Others	784,106	993,921
(Tax Deducted at Source Rs 1.05 lacs (Prev. Year Rs. 1.69 lacs))		
TOTAL	<u>4,150,757</u>	<u>5,071,096</u>



SCHEDULE 21 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

- (i) **BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**
The financial statements have been prepared under the historical cost convention on accrual basis, in accordance with the generally accepted accounting principles and materially comply with the Accounting Standards notified by the Companies(Accounting Standarda) Rules, 2006.
- (ii) **USE OF ESTIMATES :**
The presentation of financial statements is in conformity with the generally accepted accounting principles and requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which results are known/materialised.
- (iii) **REVENUE RECOGNITION:**
Sales include sale of waste yarn and excise duty but excludes discounts. Sales are accounted on despatch of goods to customer.
- (iv) **FIXED ASSETS:**
The Fixed Assets are stated at their original cost less accumulated depreciation. In the case of Fixed Assets acquired for New project interest cost on borrowings and other related expenses incurred up to the date of completion of project or commencement of commercial production are capitalised.
- (v) **INVENTORIES :**
i) Raw Materials are valued at cost determined on First in First out (FIFO) Method.
ii) Finished Goods are valued at cost or net realisable value whichever is lower.
iii) Stores and Spares, Fuel & Packing Materials are valued at cost.
- (vi) **DEPRECIATION :**
Depreciation is provided on a Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition in respect of asset.
During the year the company has provided incremental depreciation on Texturising machines due to shortening of its useful life on account of technological changes.
- (vii) **BORROWING COST :**
The borrowing cost has been treated in accordance with the Accounting Standard on Borrowing Cost (AS – 16) issued by ICAI. During the year, there were no borrowings attributable to qualifying assets and hence, no borrowing cost has been capitalized.
- (viii) **RETIREMENT BENEFITS :**
Liability for gratuity is determined on the basis of actuarial valuation as at the end of accounting year. Leave encashment is determined on accrual basis and the liability for the unutilised leave is provided for as at the end of the accounting year.
- (ix) **TAXATION :**
Provision for taxation has been made in accordance with the applicable income tax laws prevailing for the relevant assessment year.
Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (x) **EXCISE DUTY :**
The Excise Duty on manufactured goods i.e. Texturised, Twisted Yarn & Dyed Yarn was accounted on removable of goods for Sale or Job Work as applicable and paid accordingly
The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on removal of goods or not to take cenvat credit and removal of goods without payment of duty.
- (xi) **CENVAT :**
Cenvat Credit on excise duty paid on inputs and capital assets is accounted for by reducing from the purchase cost of the related inputs or the capital assets, as the case may be as per the option granted under the Excise Act.
- (xii) **TRANSACTIONS IN FOREIGN CURRENCY :**
Revenue transactions made in foreign currency are translated at the applicable prevailing exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realisation.
Payments made in foreign currency are translated at the applicable rate prevailing on the date of remittance. Outstanding liability is translated at the exchange rate prevailing at the closing date.
Any exchange gain or losses arising out of the subsequent fluctuation are accounted for in the profit & loss account
- (xiii) **PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET :**
Provisions involving substantial degree of estimation in measurement 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 not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- (xiv) **IMPAIRMENT OF ASSETS :**
The Company have assessed that on the Balance Sheet date there are no assets which requires provision for impairment.
- (xiv) **INVESTMENT :**
Long Term Investments are started at cost in accordance with the Accounting Standard on “Accounting for Investments (AS-13) issued by ICAI.



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

(II) NOTES TO THE ACCOUNTS

1. Contingent Liabilities not provided for:

(A) Excise duty claim against the company not admitted as debts Rs. 0.93 Lacs (Previous year Rs. 65.24 Lacs).

(B) Textile Cess claim against the claim not admitted as debts Rs. 2.39 Lacs (Previous year Rs. 2.39 Lacs)

(C) Income Tax claim against the claim not admitted as debts Rs. 0.77 Lacs (Previous year Rs. 0.77 Lacs)

During the year, VAT authorities have raised demands amounting Rs. 532.35 lacs for Entry Tax and Rs. 111.13 lacs for Work Contract Tax. The demands raised have been contested by the company before Deputy Commissioner of Commercial Tax, Division 5 - Surat and as per the written opinion of a renowned legal counsel; the demands are not tenable in law. The company is confident of decision coming its favour.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 10.00 Lacs. (Previous year Rs. 61.28 Lacs). Rs. 42.26 Lacs (Previous year Rs. 42.20 Lacs) is given as an advance to suppliers for capital goods shown in advances.

3. Remuneration to Directors :

	<u>31/03/2010</u> (Rs.)	<u>31/03/2009</u> (Rs.)
i. Remuneration	2,100,000	2,100,000
Contribution to P.F.	165,600	165,600
Commission	300,000	300,000
Electricity Bills	197,628	261,256
	<u>2,763,228</u>	<u>2,826,856</u>
ii. Computation of net profit under Section 198/309(5) of the Companies Act, 1956		
Profit before taxation as per account	37,160,083	24,262,243
Add : Depreciation	25,143,985	18,604,531
Director's Remuneration	2,763,228	2,826,856
Loss on Sale of Fixed Assets	736,381	2,802,965
Profit on Sale of Investments	-	27
Loss by Fire	507,424	-
	<u>66,311,101</u>	<u>48,496,622</u>
Less: Depreciation calculated in accordance with Section 350 of the Companies Act,1956	25,143,985	18,604,531
Loss on Sale of Fixed Assets as per Section 350	736,381	2,802,965
Loss by Fire	507,424	-
Profit on Sale of Investments	-	27
	<u>26,387,790</u>	<u>27,089,099</u>
Net Profit in accordance with Section 198/309(5) of the Companies Act, 1956	<u>39,923,311</u>	<u>27,089,099</u>
Commission thereon @ 4 % to Managing Director & Executive Director Restricted to	1,596,932	1,083,564
	<u>300,000</u>	<u>300,000</u>

4. Auditor's Remuneration :

	<u>31/03/2010</u>	<u>31/03/2009</u>
Statutory Audit Fees	137,875	82,725
Tax Audit Fees	38,605	27,575
Sales Tax Audit Fees & Certification Fees	22,060	35,979
	<u>198,540</u>	<u>146,279</u>

5. Excise Duty :

The Company is following the method of accounting according to which the excise duty is generally booked as a liability at the time of removal of manufactured goods i.e. Texturised Yarn, Twisted & Dyed Yarn and paid accordingly.



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on removal of goods and accordingly provision for excise duty on closing stock as on 31st March, 2010 Rs. NIL (Previous year Rs. Nil) has been made for the same

6. The Employee Benefit Schemes are as under :

i. Provident Fund

Eligible employees of the Company receive benefits under the Provident Fund Act which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India. The Company's monthly contributions are charged to revenue in the period they are incurred.

ii. Gratuity

In accordance with the payment of 'Gratuity Act, 1972' of India, the Company provided for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regards to such Gratuity Plan are determined by actuarial valuation and are charged to revenue in the period determined.

The actuarial assumptions is arriving at the Provision of gratuity liability for the year amounting to Rs. 5,60,931/- are as follow :

a) Discount Rate (Per Annum) (%)	7.00
b) Salary Escalation (Rate) (%)	6.00
C) Retirement Age (In Years)	60

iii. Provision for Unutilised Leave

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at period-end and charged to revenue in the period determined.

7. Details of Licensed Capacity, Installed Capacity & Actual Production

Class of Goods	Licensed Capacity	Installed Capacity (in MT)				Actual Production			
		Vapi		Silvassa		Own		Job Work	
Texturising	N. A.	—	(—)	4500	(4000)	3736	(3353)	49	(43)
Twisting	N. A.	—	(—)	3400	(3075)	2537 ***	(2210)***	30	(27)
Dyeing	N. A.	5900	(5900)	—	(—)	2491	(2717)	1271	(704)

*** Twisting production includes 89 MT (90MT) manufactured by Contract Manufacturers on Jobwork basis.

Note : Basis of Installed Capacity :- Texturising on 85 and Twisting on 85/300 Denier Yarn.

The installed capacity is certified by the Management and accepted by the Auditors being a technical matter.

8. Quantitative details of Opening Stock, Purchases, Sales & Dyeing Charges and Closing Stock

Class of Goods	Quantity (in Kg.)		Amount (Rs in Lacs.)	
[I] Opening Stock				
A. Raw Materials :				
Yarn	51735	(83730)	41.91	(66.11)
Dyes & Chemicals	44960	(68596)	53.62	(57.62)
B. Finished Goods :				
Dyed & Texturised Yarn	235827	(264959)	271.61	(292.91)



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

Class of Goods	Quantity (in Kg.)		Amount (Rs. in Lacs.)	
[II] Purchases :				
Yarn	4183541	(3670056)	3375.36	(2953.06)
Dyes & Chemicals	1097442	(880721)	657.98	(552.90)
[III] Sales :				
Dyed, Texturised Yarn & POY	4199000	(3755010)	5806.60	(5217.34)
Dyeing, Twisting & Texturising Charges	1351193	(997591)	1032.61	(721.67)
[IV] Closing Stock :				
A. Raw Materials :				
Yarn	69756	(51735)	62.16	(41.91)
Dyes & Chemicals	53584	(44960)	63.19	(53.62)
B. Finished Goods :				
Dyed & Texturised Yarn	211457	(235827)	251.79	(271.61)

9. Raw Materials Consumed

Class of Goods	Quantity (in Kg.)		Amount (Rs. in Lacs.)	
Yarn	4165519	(3702050)	3355.10	(2977.26)
Dyes & Chemicals	1088818	(904357)	648.40	(556.90)

10. Value of Raw Materials & Stores and Spares Consumption

	Raw Material		Stores & Spares	
	Rs. in Lacs	Percentage	Rs. in Lacs	Percentage
Imported	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Indigenous	4003.51 (3534.15)	100.00 (100.00)	64.70 (58.15)	100.00 (100.00)

	(Rs. in Lacs)	
	<u>31/03/2010</u>	<u>31/03/2009</u>
11 Foreign Exchange Transaction		
a) Earnings in Foreign Currency FOB Value of Export Sales	117.77	80
b) Expenditure in Foreign Currency CIF Value of Plat & Machinery Spare Parts	0.53	6
c) Foreign Travelling	0.28	-
d) Training Fees	-	10

12. The total amount due to Small Scale Undertaking is Rs. 27.93 lacs (Previous Year 14.11 lacs). The name of Small Scale Undertaking to whom the company owes a sum above Rs. 1 lacs which outstanding for more than 30 days are :

	<u>31/03/2010</u>	<u>31/03/2009</u>
Chem Sell	1,436,913	992,606
Mahavir Packaging	-	418,293
Raman Polymers	1,356,494	-
	<u>2,793,407</u>	<u>1,410,899</u>



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

The above information regarding Small Scale Industrial undertaking has been determined to the extent such parties have provided information with the company. This has been relied upon by the auditors. Under the Micro, Small & Medium Enterprises Development Act, 2006, which came into force on 2nd October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available no disclosures have been made in the accounts.

13. Inter divisional transfer for Sales/ Processing charges for Texturising, Twisting and Dyeing of Rs. 12,07,00,420/- (Previous Year Rs. 10,92,62,961/-) are not considered for sales as well as manufacturing expenses as per Accounting Standard (AS-9) 'Revenue Recognition' issued by Institute of Chartered Accountants of India.
14. Borrowing costs that are attributable to the acquisition or construction of Qualifying Assets are capitalised as part of the cost of such assets.
A qualifying asset is one that necessarily takes substantial period of time to get ready for internal use. As no assets are falling within the definition of qualifying assets all the borrowing costs are charged to revenue.
15. As the Company's business activities falls within a single primary business segment viz. Dyed and Texturised Yarn, the Disclosure requirement of Accounting Standard (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India are not applicable.
16. The Company has been following Accounting Standard (AS - 22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. During the year ended 31/03/2010 the Net Deferred Tax of Rs.9.61 lacs is credited to the Profit & Loss Account.

	<u>31/03/2010</u>	<u>31/03/2009</u>
Deferred Tax Liabilities		
Depreciation	(826,800)	1,288,700
Less: Deferred Tax Assets		
Provision for Bonus	134,200	72,700
	<u>(961,000)</u>	<u>1,216,000</u>

17. Basic and Diluted Earning Per Share has been calculated by dividing the net profit after tax and Preference Share Dividend and tax on dividend for the year as per account which is distributed to Equity Shareholders by 7660800 being weighted average number of equity shares outstanding during the year (Previous year 3830400)

	<u>31/03/2010</u>	<u>31/03/2009</u>
Net Profit after Tax	24,721,085	15,621,243
Less : Preference Dividend	-	142,465
Tax on Preference Dividend	-	20,177
Profit available for Equity Shareholders	<u>24,721,085</u>	<u>15,458,601</u>
No. of Equity Shares (Weighted Avg.)	7,660,800	3,830,400
Basic & Diluted Earning per share	3.23	4.04
Face Value of Equity Share	10.00	10.00

**SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT**

18. Related Parties Disclosures

(A) Key Management Personnel :

	Name of Related Party	Nature of Relationship
(I)	Suresh N. Mutreja	Managing Director
(II)	Lalit N. Mutreja	Executive Director

(B) Relatives of Key Management Personnel :

	Name of Related Party	Nature of Relationship
(I)	Sheeladevi N. Mutreja	Mother of Suresh N. Mutreja
(II)	Kajal L. Mutreja	Wife of Lalit N. Mutreja

(C) Transaction with related parties referred to in item (A & B) above

	Name of Transactions	31.03.2010	31.03.2009
(I)	Outstanding balance included in Unsecured Loans (Fixed Deposits)	800,000	1,067,681

(D) Transaction with related parties referred to in item (A & B) above

	Name of Transactions	31.03.2010	31.03.2009
(I)	Directors Remuneration	2,763,228	2,826,856
(II)	Interest on Deposits paid to Key Management Personnel	43,068	37,808
(III)	Interest on Deposits paid to relatives of Key Management Personnel	134,794	37,644
(IV)	Receiving of Services	-	-
(V)	Repayment of Deposits to Key Management Personnel	500,000	-
(VI)	Repayment of Deposits to relatives of Key Management Personnel	2,000,000	-

19. a. Figures in bracket in notes to accounts relates to the previous year.
b. Previous year's figures have been regrouped to confirm this year's classification.

As per our report of even date

For Mehta Chokshi & Shah

Chartered Accountants

A. R. MEHTA

Partner

Membership No. 46088

Firm Registration No. 106201W

Place : Mumbai

Date : 4th September, 2010

For and on behalf of the Board

VALSON INDUSTRIES LTD.**Suresh N. Mutreja**
Managing Director**Lalit N. Mutreja**
Executive Director**Kunal S. Mutreja**
Chief Executive Officer

VALSON INDUSTRIES LTD.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code
 Balance Sheet :

II Capital Raised During the year (Amount in Rs. Thousands)

Public Issue Right Issue
 Bonus Issue Private Placement *

III Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities Total Assets

Sources of Funds

Equity Share Capital Secured Loans
 Pref. Share Capital Unsecured Loans
 Reserve & Surplus Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Capital Working Pro Net Current Assets
 Accumulated Losses Misc. Expenditure

IV Performance of Company (Amount in Rs. Thousands)

Turnover & Other Inc Total Expenditure
 Profit/Loss before Ta Profit/Loss after Tax
 Basic EPS - in Rs. Diluted EPS - in Rs.
 Dividend

V Generic Names of three Principle products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description



FINANCIAL PERFORMANCE HIGHLIGHTS

(Rs. in Lacs)

Year Ended March	2010	2009	2008	2007	2006
Turnover	6,777.60	5,911.87	6083.52	5,536.58	4,316.76
Total Expenditure	6,130.73	5,447.59	5607.96	5,122.67	3,979.22
Operating Profit	646.87	464.28	475.57	413.92	337.55
Other Income	17.68	15.09	16.41	5.86	2.43
Interest	41.51	50.71	27.60	14.07	10.00
Gross Profit	623.04	428.67	464.37	405.71	329.97
Depreciation	251.44	186.05	190.66	168.72	127.77
Profit Before Tax	371.60	242.62	273.71	236.99	202.20
Tax	134.00	70.00	105.25	47.25	48.00
Deferred Tax	(9.61)	12.16	(9.29)	32.37	(1.16)
FBT	-	4.25	3.10	3.00	2.77
Net Profit After Tax	247.21	156.21	174.65	154.37	152.59
Source of Funds					
Equity Share Capital	766.08	383.04	383.04	358.04	333.04
10% Deposit against Share Warrants	-	-	-	12.75	25.50
Preference Share Capital	-	-	100.00	100.00	200.00
Reserves	1,110.87	1,381.14	1,338.59	1,183.04	1,044.05
Net Worth	1,876.95	1,764.18	1,821.63	1,653.83	1,602.59
Secured Loans	731.06	814.43	784.44	1,099.66	364.94
Unsecured Loans	100.00	193.06	-	-	0.94
Deferred Tax Liability	363.46	373.07	360.91	370.20	337.83
Capital Employed	3,071.47	3,144.74	2,966.98	3,123.69	2,306.31
Application of Funds					
Gross Block	3,841.70	3,688.54	3,536.52	3,444.52	2,756.46
Net Block	2,371.73	2,429.06	2,364.05	2,386.36	1,857.42
Capital Work in Progress	160.39	140.92	19.38	-	118.14
Investments	1.27	1.27	1.27	-	-
Cur. Assets, Loans & Advances	1,226.96	1,130.35	1,022.80	1,109.92	727.44
Less: Current Liabilities	688.87	556.86	440.52	372.59	396.69
Net Current Assets	538.08	573.49	582.28	737.33	330.75
Total Asstes	3,071.47	3,144.74	2,966.98	3,123.69	2,306.31

Valson Dyed Yarn - Hallmark of Innovation



Year Ended March	2010	2009	2008	2007	2006
Important Ratios					
(A) Measures of Performance					
Operating Profit (Excl. Other income)	9.52%	7.83%	7.80%	7.50%	7.80%
Interest / Sales	0.61%	0.86%	0.45%	0.25%	0.23%
Gross Profit Margin	9.19%	7.25%	7.63%	7.33%	7.60%
Net Profit	3.65%	2.64%	2.87%	2.79%	3.50%
Return of Networth	13.17%	8.85%	9.59%	9.33%	9.52%
(B) Measures of Financial Status					
Debt / Equity Ratio	0.4	0.6	0.4	0.7	0.2
Interest Coverage	16.0	9.5	17.8	29.8	34.0
Raw Material Inventory Period (in days)	10.1	11.3	11.2	10.7	13.7
Debtors Period (in Days)	31.9	27.9	23.8	35.6	27.1
Fixed Assets to Turnover	2.7	2.3	2.6	2.3	2.2
Working Capital to Turnover	12.6	10.3	10.4	7.5	13.1
(C) Measures of Investments					
Earnings Per Share (EPS/Diluted)	3.23	4.04	4.33	4.12	4.54
Cash Earnings per Share	6.51	8.89	9.32	9.15	8.68
Dividend per Share	1.5	2.5	2.5	2.5	2.5
Dividend Payout (%)	46.5%	62.2%	59.4%	67.1%	61.8%
Profit Ploughback (%)	53.5%	37.8%	40.6%	32.9%	38.2%
Book Value	24.50*	46.06	44.95	43.40	45.46

* (1:1 Bonus Share issued on December 9, 2009)

VALSON INDUSTRIES LIMITED

Regd. Office : Unit No.28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059

ATTENDANCE SLIP

To be handed over at the entrance of the meeting venue

Name of the Shareholder :
Shareholder's Folio No. / DP Client ID :
Number of Share(s) held :
Name of the Proxy :
(to be filled if the Proxy attends instead of the Member)

I hereby record my presence at the **26th Annual General Meeting** of the Company held on Saturday, the 30th day of September, 2010 at Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 11.30 a.m.

Shareholder / Proxy Signature



VALSON INDUSTRIES LIMITED

Regd. Office : Unit No. 28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059

PROXY FORM

Member's Folio No / Dp Client ID :

I/We

of

being a Member/Members of Valson Industries Limited hereby appoint

of failing him.....

of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the **26th Annual General Meeting** of the Company to be held on Monday, the 30th day of September, 2010 at Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 11.30 a.m. or at any adjournment thereof.

Signed this day of2010

No. of Shares held :



Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.