



## 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  
Shri Lalit N. Mutreja  
\*Mr. Ram Kumar Sharma resigned w.e.f. 28th October, 2010

### SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

Shri Suresh N. Mutreja  
Shri Lalit N. Mutreja  
Shri Surendrakumar Suri

### 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.

### 27<sup>th</sup> ANNUAL GENERAL MEETING

on Friday, 30 September, 2011 at 11.30  
a.m. at 28, Sanjay Bldg. No. 6,  
Mittal Industrial Estate, Sir M. V. Road,  
Andheri (East), Mumbai 400 059.

### REGISTERED OFFICE

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

### CONTENTS

Notice	02
Directors' Report	04
Corporate Governance	09
Investor Information	16
Management Discussion and Analysis	20
Auditor's Report	24
Balance Sheet	28
Profit and Loss Account	29
Cash Flow Statement	30
Schedules and Notes to Accounts	31
Significant Accounting Policies	37
Balance Sheet Abstract	43
Financial Performance Highlights	44
Go Green Letter	46
Attendance Slip and Proxy Form	47

### SILVASSA - TEXTURISING AND TWISTING

#### Unit No 1 :

Plot No. 8/9, Silvassa Ind. Co-op. Society,  
66 KVA Sub-Station Road, Village Amli,  
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 Amli,  
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.



## 27<sup>th</sup> Annual Report 2010-2011

### NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of Valson Industries Limited will be held on September 30, 2011 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, 2011 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 @ 10% i.e. (Re. 1/- per Equity Share)
3. To appoint a Director in place of Mr. Lalit N. Mutreja, 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.

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

Sd/-  
**Suresh N. Mutreja**  
Chairman & Managing Director

Date: August 27, 2011  
Place: Mumbai

#### 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 is not required to be annexed to the Notice.
4. The Register of Members and Share Transfer books of the Company will remain closed from 27th day, September, 2011 to 30th day, September, 2011 (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.

Financial Year	Date of Declaration of Dividend	Last Date of Claiming un-paid Dividend
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
Final Dividend 2009 - 2010	30.09.2010	06.11.2017



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
  - (a) 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.
  - (b) Bring their copy of the Annual Report to the Meeting.
  - (c) Quote folio number in all their correspondence.
  - (d) Get the multiple folios consolidated.
  - (e) 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.
9. All the shareholders are requested to register their e-mail address with the Link Intime India Private Limited for the purpose of service of documents under Section 53 of the Companies Act, 1956 by e-mode instead of under posting certificate (UPC) in view of Circular No. 17/95/2011 CL-V.



## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting the 27<sup>th</sup> Annual Report on the business operations of your Company together with Audited financial accounts for the year ended March 31, 2011.

### FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	Year ending 31.03.11	Year ending 31.03.10
Turnover (exclusive of Interdivisional transfer)	<b>8244.50</b>	6839.21
Less: Excise duty	<b>52.23</b>	61.61
Turnover (Net of Excise)	<b>8192.27</b>	6777.60
Operating Profit (PBIDT)	<b>682.01</b>	664.55
Interest	<b>57.47</b>	41.51
Depreciation	<b>225.68</b>	251.44
Profit before Tax	<b>398.86</b>	371.60
Taxation	<b>131.00</b>	124.39
Profit for the year	<b>267.86</b>	247.21
Adjustment for taxation of earlier years	<b>0.44</b>	0.00
Balance of Profit brought forward	<b>678.87</b>	581.10
Amount available for appropriations	<b>947.17</b>	828.31
Appropriations:		
Transfer to General Reserve	<b>15.00</b>	15.00
Dividend on Equity Shares	<b>76.61</b>	114.91
Dividend Tax on Equity Shares	<b>12.43</b>	19.53
Balance carried forward to Balance Sheet	<b>843.13</b>	678.87
Total	<b>947.17</b>	828.31
EPS (Basic & Diluted)	<b>3.50</b>	3.23

(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. 8192.27 Lacs from Rs. 6777.60 lacs - a growth of 20.9% and the Net Profit after tax increased to Rs. 267.86 lacs from Rs. 247.21 lacs in the previous year - a growth of 8.3%.



**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 Mumbai 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 your 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 by replacing and adding the Twisting capacity, and additional dyeing machines were acquired to give the best quality products to the customer.

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

As a result Twisting Capacity has increased from 3400 MT to 3900 MT an increase of 14.7%, Dyeing Capacity has increased from 5900 MT to 6100 MT an increase of 3.4%.

**FIXED DEPOSITS:**

The Company has accepted deposit from the Promoter, their relatives, friends and shareholders for setting up of new units at Silli Village for the company's upcoming expansion program.

**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 Dividend @ 10% i.e. (Re. 1/- per equity share) amounting to Rs. 76.61 lacs for the current year. Previous Year Dividend @ 15% i.e. (re 1.5 per equity share on enlarged capital after declaring bonus) amounting to Rs. 114.91 Lacs was declared by the Company. The Company is expanding and the funds are appropriated towards expansion of Silli Unit resulting in low declaration of dividend during the current



## 27<sup>th</sup> Annual Report 2010-2011

year. The company is continuously paying appropriate amount of dividend since last 18 years.

The dividend tax liability of Rs. 12.43 lacs on dividend is declared for the current year. (Previous Year Rs. 19.53 lacs).

### **TRANSFER TO RESERVES:**

Your Company proposes to transfer Rs. 15 Lacs amount from Profit and Loss Account to General Reserve. An amount of Rs. 843.13 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 Lalit Mutreja, Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Shri Ram Kumar Sharma (Independent Director) resigned from the Directorship w.e.f 28th October, 2010. The Company appreciates the efforts contributed by Shri Ram Kumar Sharma.

### **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, 2011, 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, 2011 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, 2011 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 Governance forms part of the Annual Report. A certificate from the Practicing Company Secretary regarding

*Valson Dyed Yarn - Hallmark of Innovation*



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: August 27, 2011



## 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:

		Current Year	Previous Year
		31.03.2011	31.03.2010
<b>1. Electricity</b>			
(i) Purchased:			
Avg. Unit Rate (Rs./KWH)		<b>3.95</b>	4.45
Units (KWH/Lacs)		<b>127.89</b>	114.12
Total Amount (Rs. in Lacs)		<b>505.77</b>	508.11
<b>(ii) Own Generation through D. G. Sets:</b>			
Unit Rate (Rs./KWH)		<b>13.89</b>	12.24
Units (KWH/Lacs)		<b>0.54</b>	0.42
Total Amount (Rs. in Lacs)		<b>7.48</b>	5.09

		Current Year	Previous Year
		31.03.2011	31.03.2010
<b>2. Coal</b>			
Qty. (M. Tons)		<b>4396.59</b>	3798.35
Total Cost (Rs. in Lacs)		<b>243.58</b>	170.54
Avg. Rate (Rs./MT)		<b>5540.18</b>	4489.88

**3. Furnace Oil** Not Applicable

#### (B) Consumption per Unit of Production:

	Current Year	Previous Year
	31.03.2011	31.03.2010
Electricity (KWH per Tonne of Yarn)	<b>3028.51</b>	3027.10
Coal (MT per Tonne of Yarn)	<b>1.07</b>	1.01

### 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.

#### (C) Foreign Exchange earnings and outgo

	Current Year	Previous Year
	31.03.2011	31.03.2010
Total Foreign Exchange Earned	<b>Rs. in Lacs</b>	Rs. in Lacs
Export FOB Value	<b>82.84</b>	117.77
Total Foreign Exchange Used:		
a. Plant & Machinery		
Spare Part (CIF)	--	0.53
b. Travelling Expenses:	--	0.28

For and on behalf of the Board  
**VALSON INDUSTRIES LTD.**

**Suresh N. Mutreja**  
Managing Director

Place: Mumbai  
Date: August 27, 2011





## 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) Composition and category of Director :

The strength of the Board was 4 Directors as on 31st March, 2011. 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. Chandan Gupta	Non Executive	Independent	Not Related to any Director
Mr. Surendra Kumar Suri	Non Executive	Independent	Not Related to any Director

Mr. Ram Kumar Sharma resigned as Director w.e.f. 28th October, 2010

#### 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 <sup>th</sup> June, 2009	Present	Present	Present	Present	Present
29th April, 2010	Present	Present	Absent	Absent	Present
31st July, 2010	Present	Absent	Absent	Present	Present
4th September, 2010	Present	Present	Present	Present	Present
28th October, 2010	Present	Present	Present	Present	Present
31st January, 2011	Present	Present	N.A.	Present	Present
Total Attendance (Out of 5 Meetings.)	5	4	2	4	5
Attendance-Last AGM 30th September, 2010	Present	Present	Present	Present	Present

\*Mr. Ram Kumar Sharma resigned as Director w.e.f 28th October, 2010



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** AC - VIL*	2
Mr. Chandan Gupta	Nil	AC - VIL *	1	Nil	0
Mr. Surendra Kumar Suri	Nil	Nil	0	AC - VIL* SIGC - VIL**	2
Mr. Ram Kumar Sharma#	Nil	Nil	0	AC - VIL*	

#Mr. Ram Kumar Sharma resigned as Director w.e.f 28th October, 2010

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 31<sup>st</sup> March, 2011. 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 \$	Mr. Lalit Mutreja
29th April, 2010	Absent	Present	Present	--
31st July, 2010	Present	Absent	Present	Absent
4th September, 2010	Present	Present	Present	Present
28th October, 2010	Present	Present	Present	Present
31st January, 2011	Present	NA	Present	Present
Total (out of 5 meetings)	4	3	5	3

\* Mr. Ram Kumar Sharma (Non Executive Independent Director) resigned as Director w.e.f 28th October, 2010

# Chairman & Non Executive Independent Director

\$ Non Executive Independent Director



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.

Mr. Suresh Mutreja, Managing Director and Mr. Lalit Mutreja, Executive Director were re-appointed for a term of 3 years w.e.f 1st July, 2010. The re-appointment and remuneration payable to them was approved by the Board of Directors by circular resolution dated 14th June, 2010. The same was approved by the Shareholders at the Annual General Meeting held on 30th September, 2010.

##### 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, 2011, is as under;

Sr. No.	Name	Salary & Perqs Rs.	Meeting Fees Rs.	Professional Fees Rs.	Total Rs.
1.	Mr. Suresh Mutreja	1418086	-	-	1418086
2.	Mr. Lalit Mutreja	1068105	-	-	1068105
3.	Mr. Ram Kumar Sharma*	-	20000	245000*	265000
4.	Mr. Chandan Gupta	-	30000	-	30000
5.	Mr. Surendra Kumar Suri	-	35000	-	35000

\*Mr. Ram Kumar Sharma resigned as Director w.e.f 28th October, 2010

- 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	26th June, 1983	3 years	1st July, 2010	30th June, 2013
Shri Lalit N. Mutreja	9th September, 1995	3 years	1st July, 2010	30th June, 2013



## 27<sup>th</sup> Annual Report 2010-2011

E. Equity shares of Valson Industries Limited held by the Non-Executive Directors as on 31st March, 2011 are as follows:

Directors	No. of shares held as on 31 <sup>st</sup> March, 2011	No. of shares held as on 31 <sup>st</sup> March, 2010
Mr. Ram Kumar Sharma*	N.A	4800
Mr. Chandan Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	400

\*Mr. Ram Kumar Sharma resigned as Director w.e.f 28th October, 2010

### 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#	Mr. Surendrakumar Suri@
29th April, 2010	Present	Present	Present
31st July, 2010	Present	Absent	Present
28th October, 2010	Present	Present	Present
31st January, 2011	Present	Present	Present
Total (out of 4 meetings)	4	3	4

\* Chairman & Managing Director

# Executive Whole - Time Director

@ Independent Director

### B. COMPLIANCE OFFICER:

As required by the Listing Agreement, the Company has appointed Ms. Binita Gosalia as the Compliance Officer. Email address of Compliance Officer is [cs@valsonindia.com](mailto:cs@valsonindia.com)

A. Complaint Status for the year 01/04/2010 to 31/03/2011 (Equity Shares)

Category	No. of Compl. Received	No. of Compl Resolved	No. of Compl Pending
NON RECEIPT.OF CREDIT	NIL	NIL	NIL
NON RECEIPT OF DIVIDEND WARRANT	6	6	0
NON RECEIPT OF INTEREST WARRANT	NIL	NIL	NIL
NON RECEIPT OF ANNUAL REPORTS	NIL	NIL	NIL
SEBI	NIL	NIL	NIL
STOCK EXCHANGE	NIL	NIL	NIL
NON RECEIPT OF SHARE CERTIFICATE	NIL	NIL	NIL
NON RECEIPT OF SHARE TRANSFER	NIL	NIL	NIL
OTHERS	6	6	0
Total	12	12	0



## VI. GENERAL BODY MEETINGS

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

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date	Location	Time
31.03.2008	24th AGM	NIL	28.07.2008	Registered Office	11.30 a.m.
31.03.2009	25th AGM	NIL	22.08.2009	Registered Office	11.30 a.m.
31.03.2010	EGM	Issue of Bonus Shares	27.11.2009	Registered Office	11.30 a.m.
31.03.2010	26th AGM	Note 1*	30.09.2010	Registered Office	11.30 a.m.

- \*Note 1 1. Special Resolution for Re-appointment and payment of remuneration of Mr. Suresh Mutreja as Managing Director for a period of three years w.e.f 1st July, 2010.
2. Special Resolution for Re-appointment and payment of remuneration of Mr. Lalit Mutreja as Executive Director for a period of three years w.e.f 1st July, 2010.

Notes:

- 1) There were no resolutions passed through postal ballot last year.
- 2) No 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 2010 - 2011.
- 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 2010-11 were published in the News Papers. (Details given below):



## 27<sup>th</sup> Annual Report 2010-2011

Quarter	Results
June, 2010	Free Press Journal English, Navshakti, Marathi
September, 2010	Free Press Journal English, Navshakti, Marathi
December, 2010	Free Press Journal English, Navshakti, Marathi
March, 2011	Free Press Journal English, Navshakti, Marathi

- iii. The summarized balance sheet of the company has been displayed on company's website i.e. [www.valsonindia.com](http://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.
- v. All the shareholders are requested to register their e-mail address with M/s. Link Intime India Private Limited for the purpose of service of documents under Section 53 of the Companies Act, 1956 by e-mode instead of under posting certificate (UPC) in view of Circular No. 17/95/2011 CL-V.

### **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: August 27, 2011



**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 31<sup>st</sup> March, 2011.

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

Place: Mumbai  
Date: **August 27, 2011**

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**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: August 27, 2011**



## INVESTOR INFORMATION

<b>AGM Date, Time &amp; Venue:</b>	<b>Date:</b> 30 <sup>th</sup> September,2011 <b>Time:</b> 11.30 a.m. <b>Venue:</b> 28, Sanjay Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059.
<b>Financial Year:</b>	1 <sup>st</sup> April 2010 to to 31 <sup>st</sup> March 2011
<b>Book Closure Date:</b>	27 <sup>th</sup> September,2011 to 30 <sup>th</sup> September,2011
<b>Dividend Payment Date:</b>	On or before 29th October, 2011
<b>Listing on Stock Exchanges:</b>	The Bombay Stock Exchange Limited
<b>Stock Code &amp; Demat Scrip Code (ISIN)</b>	Bombay Stock Exchange: Stock Code: 530459 Demat Scrip Code: INE 808A01018
<b>Registrar &amp; Transfer Agents</b>	Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078, <b>Telephone:</b> (022) 25963838 <b>Fax:</b> (022) 25946969 <b>Email:</b> <a href="mailto:rtn.helpdesk@linkintime.co.in">rtn.helpdesk@linkintime.co.in</a>
Plant Location: <b>TEXTURISING AND TWISTING</b>	<b>SILVASSA - UNIT NO. 1:</b> 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. <b>SILVASSA - UNIT NO. 2:</b> 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. <b>DADRA UNIT:</b> Plot No. 7, Survey No. 207 Near Dadra Check Post, Dadra, U.T. - Dadra and Nagar Haveli 396230. <b>SILLI UNIT:</b> Survey No. 122/1, Village Silli, UT-Dadra & Nagar Haveli 396230. <b>DYEING VAPI UNIT:</b> Plot No. 1204 & 1705, GIDC, Phase III, Vapi, Gujarat 396 195.





Registered Office & Correspondence Address	<p><b>M/s. Valson Industries Limited.</b></p> <p>Ms Binita Gosalia Compliance Officer</p> <p><b>Address for Correspondence</b> 28, Sanjay Bldg. No. 6, Mittal Industrial Estate Sir M. V. Road, Andheri (East), Mumbai 400 059 Telephone: (022) 40661000 Facsimile: (022) 40661199 Email: <a href="mailto:cs@valsonindia.com">cs@valsonindia.com</a></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, 2011 97.93 % of the shares of the Company are dematerialized. All this shares are electronically transferred through the demat facility. 2.07 % 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	4	1800
30 – 60 days	1	300
Above 60 days	1	200
<b>Total</b>	<b>6</b>	<b>2300</b>

**Distribution of Shareholding as on March 31, 2011**

Shareholding of Shares	Number of Shareholders	Percentage of Total	Shares (Rs.)	Percentage of Total
1 - 5000	1839	67.0434	4065400	5.3068
5001 - 10000	441	16.0773	3712920	4.8466
10001 - 20000	238	8.6766	3736660	4.8776
20001 - 30000	62	2.2603	1607950	2.0989
30001 - 40000	43	1.5676	1543020	2.0142
40001 - 50000	27	0.9843	1286640	1.6795
50001 - 100000	47	1.7135	3331650	4.3490
100001 & Above	46	1.6770	57323760	74.8274
<b>Total</b>	<b>2743</b>	<b>100.0000</b>	<b>76608000</b>	<b>100.0000</b>



**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.

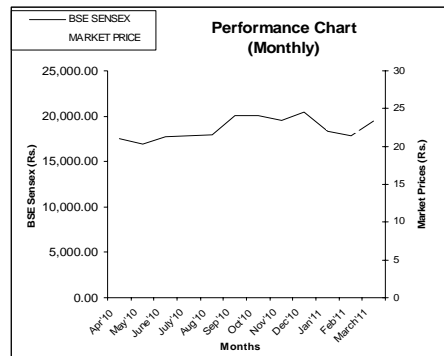
**Consolidation of Folios:**

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 :**



**Market Price Data :**

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	* Spread(Rs.)	
								H-L	C-O
Apr 10	23.50	33.30	22.55	27.70	6,94,814	4,695	1,95,21,895	10.75	4.20
May 10	27.20	30.00	24.10	25.40	1,65,366	1,450	43,77,445	5.90	-1.80
Jun 10	25.60	28.15	24.40	25.00	1,25,059	1,036	31,48,149	3.75	-0.60
Jul 10	25.00	28.60	24.75	25.45	2,19,033	1,874	58,10,818	3.85	0.45
Aug 10	25.90	28.10	25.05	26.00	2,67,138	2,056	70,64,050	3.05	0.10
Sep 10	26.40	31.00	26.00	26.90	5,34,794	3,425	1,54,46,850	5.00	0.50
Oct 10	26.60	27.95	25.00	25.20	2,50,434	1,554	65,00,598	2.95	-1.40
Nov 10	25.00	28.50	22.10	26.70	2,52,285	1,742	66,23,022	6.40	1.70
Dec 10	26.50	27.10	23.10	25.25	2,43,833	1,140	62,16,652	4.00	-1.25
Jan 11	25.75	26.50	22.00	22.50	1,22,373	1,157	29,48,799	4.50	-3.25
Feb 11	24.00	24.90	21.00	22.45	1,11,323	1,076	24,96,890	3.90	-1.55
Mar 11	22.30	23.00	19.90	20.75	1,76,455	1,057	36,97,181	3.10	-1.55
Apr 11	22.85	23.85	20.55	23.25	22,592	213	5,02,268	3.30	0.40

\* Spread, H-L: High-Low, C-O: Close-Open



**Shareholding Pattern as on 31<sup>st</sup> March, 2011:**

	<b>Category</b>	<b>No of Shares Held</b>	<b>% Of Share Holding</b>
<b>A.</b>	<b>Promoter (S) Holding</b>		
	Promoter (s)		
	- Indian Promoters	37,56,200	49.03
	- Foreign Promoters	0	0.00
	<b>Sub - Total (A)</b>	<b>37,56,200</b>	<b>49.03</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
	<b>Institutional Investors</b>		
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
	<b>Others</b>		
i.	Private Corporate Bodies	193525	2.53
ii.	Indian Public	3279119	42.80
iii.	NRI/OCBS	118,360	1.55
iv	Clearing Members	45,669	0.60
v	Hindu Undevided Family	267927	3.49
	<b>Sub - Total (B)</b>	<b>39,04,600</b>	<b>50.97</b>
	<b>GRAND TOTAL</b>	<b>76,60,800</b>	<b>100.00</b>

By order of the Board  
VALSON INDUSTRIES LTD.

Suresh N. Mutreja  
Chairman & Managing Director

Place: Mumbai  
Date: August 27, 2011



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW OF THE ECONOMY :**

India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012. Moreover, India attracted FDI equity inflows of US\$ 1,274 million in February 2011. The cumulative amount of FDI equity inflows from April 2000 to February 2011 stood at US\$ 193.7 billion, according to the data released by the Department of Industrial Policy and Promotion (DIPP). The humungous increase in investment mirrors the foreign investors' faith in the Indian markets.

The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India worth US\$ 2,987 million during the period April 2010 - January 2011, while telecommunications including radio paging, cellular mobile and basic telephone services attracted the second largest amount of FDI worth US\$ 1,332 million during the same period. Automobile industry was the third highest sector attracting FDI worth US\$ 1,191 million followed by Housing and Real Estate sector which garnered US\$ 1,048 million during the period April-January 2011.

The buoyancy in capital inflows continued during the second quarter of 2010-11 driven by large inflows under FII investments along with steady inflows under short-term trade credits and external commercial borrowings (ECBs), according to the report, "Macroeconomic and Monetary Developments Third Quarter Review 2010-11", released by RBI. As per preliminary data, the net capital flow from April 2010 - September 2011 is projected to reach US\$ 36.7 billion.

Textile Industry is providing one of the most basic needs of people and the holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy. 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:**

Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", "estimates", the negative of these terms and similar expressions to identify forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

### **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:**

The Textile industry occupies an important place in the Economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. The textile industry encompasses a

## *Valson Dyed Yarn - Hallmark of Innovation*



range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics. On a year-on-year basis, cotton textile industry has posted a growth of around 14.8% followed by the products produced by textile industry with a growth rate of above 11%. The textile sub-sector involved in the production of silk, wool and man-made fibres has also seen a steep increase in its growth amounting to 8.2% on a yearly basis. by textile industry with a growth rate of above 11%. The textile sub-sector involved in the production of silk, wool and man-made fibres has also seen a steep increase in its growth amounting to 8.2% on a yearly basis.

### **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 unit at Silli Village, 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 and concentration on optimum utilisation of capacity along with the better conversion and also monitoring; controlling and restricting the manufacturing expenses.

The company has its operating profit to Rs. 682.01 lacs as against Rs. 664.54 lacs - a growth of 2.6% over the previous year. Net Profit after tax increased to Rs. 267.86 lacs from Rs. 247.21 lacs in the previous year - a growth of 8.3%. The financial results of the Company have been discussed at length in the Director's Report to the members.

*Valson Dyed Yarn - Hallmark of Innovation*



**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: August 27, 2011**



## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of VALSON INDUSTRIES LIMITED as at 31st March, 2011 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, 2011 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, 2011;
    - 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: 27<sup>th</sup> August 2011





## **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, 2011)

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 Directors and their relatives covered in the Register maintained under Section 58A of the Companies Act, 1956 amounting to Rs. 297 Lacs. The maximum amount outstanding from the said parties is Rs. 297 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



## 27<sup>th</sup> Annual Report 2010-2011

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, 2011 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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13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. The Company has not issued any debentures.
20. The Company has not raised monies by public issue during the year.
21. 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: 27<sup>th</sup> August 2011



27<sup>th</sup> Annual Report 2010-2011

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2011**

	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR
		31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>				
<b>1. SHARE HOLDERS' FUNDS</b>				
Share Capital	1	76,608,000		76,608,000
Reserves & Surplus	2	129,014,015		111,087,180
			205,622,015	187,695,180
<b>2. LOAN FUNDS</b>				
Secured Loans	3	96,711,918		73,105,877
Unsecured Loans	4	36,271,928		10,000,000
			132,983,846	83,105,877
<b>3. DEFERRED TAX LIABILITY (NET)</b>				
	5		37,245,578	36,345,578
<b>TOTAL</b>			<b>375,851,439</b>	<b>307,146,635</b>
<b>APPLICATION OF FUNDS</b>				
<b>1. FIXED ASSETS</b>				
Gross Block	6	413,340,526		384,169,743
Less: Depreciation		160,061,940		146,996,937
Net Block		253,278,586		237,172,806
Capital Work in Progress		43,069,630		16,038,800
(Inclusive of Pre-operative Expenses)			296,348,216	253,211,606
<b>2. INVESTMENTS</b>				
	7		126,900	126,900
<b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	8	69,227,581		39,435,575
Sundry Debtors	9	61,742,980		59,294,285
Cash and Bank Balances	10	3,366,813		5,194,917
Loans and Advances	11	24,668,794		18,770,764
		159,006,168		122,695,541
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	12	69,966,445		54,062,088
Provisions	13	9,663,400		14,825,324
Net Current Assets			79,376,323	53,808,129
<b>TOTAL</b>			<b>375,851,439</b>	<b>307,146,635</b>
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 : August 27, 2011

**Suresh N. Mutreja**  
Managing Director

**Lalit N. Mutreja**  
Executive Director

**Kunal S. Mutreja**  
Chief Executive Officer



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

	SCHEDULE	CURRENT YEAR 31.03.2011 Rs.	PREVIOUS YEAR 31.03.2010 Rs.
<b>INCOME</b>			
Net Sales	14	819,227,649	677,759,988
Other Income	15	928,625	1,704,486
Increase/(Decrease) in Finished Goods	16	16,171,936	(1,981,930)
	<b>TOTAL</b>	<b>836,328,210</b>	<b>677,482,545</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	17	522,202,023	400,350,550
Manufacturing Expenses	18	192,796,977	164,339,695
Administrative & Selling Expenses	19	53,128,675	46,337,474
Interest	20	5,746,816	4,150,757
Depreciation		22,567,694	25,143,985
	<b>TOTAL</b>	<b>796,442,185</b>	<b>640,322,461</b>
<b>PROFIT BEFORE TAXATION</b>		<b>39,886,025</b>	<b>37,160,083</b>
Provision for Taxation		12,200,000	13,400,000
Provision for Deferred Tax		900,000	(961,000)
<b>PROFIT AFTER TAXATION</b>		<b>26,786,025</b>	<b>24,721,083</b>
Adjustment for taxation of earlier years		44,384	-
Balance brought forward		67,886,680	58,109,726
Profit available for Appropriation		<b>94,717,089</b>	<b>82,830,809</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		1,500,000	1,500,000
Proposed Dividend on Equity Shares		7,660,800	11,491,200
Tax on Dividend on Equity Shares		1,242,773	1,952,929
Balance carried to Balance Sheet		84,313,516	67,886,680
		<b>94,717,089</b>	<b>82,830,809</b>
<b>Accounting Policies &amp; Notes to Accounts</b>	21		
<b>Earning Per Share (See Note 17)</b>			
Basic & Diluted Earning per Share		3.50	3.23
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 : August 27, 2011

**Suresh N. Mutreja**  
 Managing Director

**Lalit N. Mutreja**  
 Executive Director

**Kunal S. Mutreja**  
 Chief Executive Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	39,886,025	37,160,083
<i>Add:-</i>		
Depreciation	22,567,694	25,143,985
Interest (net)	5,746,816	4,150,757
Loss on Sale of Fixed Assets	711,320	736,381
Loss by Fire	-	507,424
 Operating Profit Before Working Capital Changes	 68,911,855	 67,698,630
<i>Adjustment for:-</i>		
Decrease / (Increase) in Trade and Other Receivables	(8,346,725)	(11,129,016)
Decrease / (Increase) in Inventories	(29,792,006)	(853,057)
Increase / (Decrease) in Trade Payables	15,904,357	11,133,368
Cash Generated from Operations	46,677,481	66,849,925
Less : Direct Taxes Paid (Net)	(12,776,984)	(13,573,138)
<b>Net Cash flow from Operating Activities</b>	<b>33,900,497</b>	<b>53,276,786</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(72,035,328)	(23,789,709)
Interest received	2,281,289	899,685
Sale of Fixed Assets (Including Insurance Claim)	5,619,704	1,188,785
<b>Net Cash flow from Investing Activities</b>	<b>(64,134,335)</b>	<b>(21,701,239)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Equity Share Capital on conversion of warrents	-	38,304,000
Share Premium on conversion of warrents	-	(38,304,000)
Borrowings (Net) - Secured Loan	23,606,040	(8,337,605)
Borrowings (Net) - Unsecured Loan	26,271,928	(9,305,838)
Interest Paid	(8,028,105)	(5,050,442)
Dividend Paid	(11,491,200)	(9,576,000)
Dividend Tax Paid	(1,952,929)	(1,627,441)
<b>Net Cash flow from Financing Activities</b>	<b>(28,405,734)</b>	<b>(33,897,326)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,828,104)</b>	<b>(2,321,778)</b>
Cash and Cash Equivalents - Opening Balance	5,194,917	7,516,695
Cash and Cash Equivalents - Closing Balance	3,366,813	5,194,917

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 : August 27, 2011

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 31<sup>st</sup> MARCH 2011.**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b><u>SCHEDULE 1: SHARE CAPITAL</u></b>		
<b>Authorised Capital</b>		
12000000 (12000000) Equity Shares of Rs.10/- each	<b>120,000,000</b>	120,000,000
<b>TOTAL</b>	<b><u>120,000,000</u></b>	<b><u>120,000,000</u></b>
 <b>Issued, Subscribed &amp; Paidup</b>		
7660800 (7660800) 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>	<b>76,608,000</b>	76,608,000
<b>TOTAL</b>	<b><u>76,608,000</u></b>	<b><u>76,608,000</u></b>
 <b><u>SCHEDULE 2 : RESERVES &amp; SURPLUS</u></b>		
<b>Share Premium Account</b>		
As per Last Balance Sheet	<b>16,054,000</b>	54,358,000
Less : Utilised for issue of Bonus Shares	<u>-</u>	<u>(38,304,000)</u>
	<b>16,054,000</b>	16,054,000
 <b>General Reserve</b>		
As per last Balance Sheet	<b>27,146,500</b>	25,646,500
Add : Transferred from Profit & Loss Account	<u>1,500,000</u>	<u>1,500,000</u>
	<b>28,646,500</b>	27,146,500
 <b>Profit &amp; Loss Account</b>		
As per Annexed Account	<b>84,313,515</b>	67,886,680
<b>TOTAL</b>	<b><u>129,014,015</u></b>	<b><u>111,087,180</u></b>



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011.**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b>SCHEDULE 3 : SECURED LOANS</b>		
TERM LOAN FROM BANK OF INDIA	20,232,973	27,432,964
TERM LOAN FROM IDBI	38,991,677	30,691,673
<i>(Secured by First charge on Pari Passu basis between BOI &amp; 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. 72 lacs) IDBI Term Loan Rs. 127.00 lacs (Prev Year Rs. 127 lacs).</i>		
Bank of India - Over draft	9,553,292	
Cash Credit Account - with Bank of India	26,465,726	13,967,330
<i>(secured by hypothecation of stock and book debts of the Company and personal guarantee of the deposits of promoters)</i>		
VEHICLE LOAN - FROM HDFC BANK	949,599	519,987
VEHICLE LOAN - FROM ICICI BANK	73,651	493,923
VEHICLE LOAN - FROM KOTAK MAHINDRA BANK	445,000	-
<i>(Secured by hypothecation of specific assets)</i>		
<i>Note : The amount repayable within a year HDFC Bank Car Loan Rs.5.36 lacs (Prev. 2.46 lacs) , ICICI Bank Car loan Rs. 0.74 lacs (Prev. year Rs. 4.20 lacs) Kotak Mahindra Car loan Rs. 1.42 lacs (Previous year Rs. Nil)</i>		
<b>TOTAL</b>	<b>96,711,918</b>	<b>73,105,877</b>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Fixed Deposits	36,271,928	10,000,000
<i>(Including Interest Accrued but Rs. 15.72 lacs (Previous Year Rs.Nil) (From Directors maximum outstanding Rs.10.31 lacs including Accrued Interest (Previous year Rs. 5.34 lacs))</i>		
<b>TOTAL</b>	<b>36,271,928</b>	<b>10,000,000</b>
<b>SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Assets and Liabilities are attributable to the following items.		
<b>Liabilities</b>		
Depreciation	38,533,128	37,217,128
<b>Assets</b>		
Provision for Bonus / Gratuity	1,287,550	871,550
<b>TOTAL</b>	<b>37,245,578</b>	<b>36,345,578</b>





**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011**

**SCHEDULE 6 : FIXED ASSETS**

(Rs.)

DESCRIPTION	GROSS AMOUNT				DEPRECIATION				NET BLOCK	
	COST AS ON 01/04/2010	ADDITIONS	DEDUC- TIONS	COST AS ON 31/03/2011	UPTO 01/04/2010	FOR THE CURRENT YEAR	DEDUC- TIONS	TOTAL 31/03/2011	As on 31/03/2011	As on 31/03/2010
LAND	8,017,207	851,000	-	8,868,207	-	-	-	-	8,868,207	8,017,207
FACTORY BUILDING	54,572,692	2,225,406	-	56,798,098	14,523,323	1,876,507	-	16,399,830	40,398,268	40,049,369
OFFICE PREMISES *	4,383,140	-	-	4,383,140	500,115	71,445	-	571,560	3,811,580	3,883,025
STAFF QUARTERS	728,400	-	-	728,400	96,140	11,873	-	108,013	620,387	632,260
PLANT & MACHINERIES.	265,948,187	29,446,913	13,619,595	281,775,505	105,704,841	14,529,909	8,512,397	111,722,353	170,053,152	160,243,346
ELECTRICAL INSTALLATION	7,137,834	1,496,306	-	8,634,140	3,896,839	418,252	-	4,315,091	4,319,049	3,240,995
UTILITY EQUIPMENTS	23,190,700	6,819,228	-	30,009,928	12,507,674	3,962,989	-	16,470,663	13,539,265	10,683,026
OFFICE EQUIPMENTS	2,353,821	274,546	-	2,628,367	968,325	232,897	-	1,201,222	1,427,145	1,385,496
VEHICLES	7,429,690	1,467,020	2,214,120	6,682,590	2,018,877	665,611	990,294	1,694,194	4,988,396	5,410,813
COMPUTER	4,599,013	645,778	-	5,244,791	3,573,956	382,338	-	3,956,294	1,288,497	1,025,057
SOFTWARE **	885,811	422,222	-	1,308,033	488,204	114,376	-	602,580	705,453	397,607
FURNITURE & FIXTURES	4,923,248	1,356,079	-	6,279,327	2,718,643	301,497	-	3,020,140	3,259,187	2,204,605
<b>TOTAL</b>	<b>384,169,743</b>	<b>45,004,498</b>	<b>15,833,715</b>	<b>413,340,526</b>	<b>146,996,937</b>	<b>22,567,694</b>	<b>9,502,691</b>	<b>160,061,940</b>	<b>253,278,586</b>	<b>237,172,806</b>
PREVIOUS YEAR	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

\* 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. 0.58 Lacs(prev. year Rs. 0.67 Lacs )

**TOTAL**

**Current Year  
31/03/2011  
Rs.**

**Previous Year  
31/03/2010  
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**

**41,351,128**

25,179,192

**23,954,042**

12,535,392

**2,440,102**

1,184,445

**754,354**

355,726

**727,955**

180,820

**69,227,581**

39,435,575

**SCHEDULE 9 : SUNDRY DEBTORS**

**Unsecured Considered Good**

Debts exceeding six months

Others

**TOTAL**

**422,930**

2,458,098

**61,320,050**

56,836,187

**61,742,980**

59,294,285



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b>SCHEDULE 10 : CASH &amp; BANK BALANCES</b>		
Cash on Hand	251,340	96,166
Balance with Scheduled Banks :		
- Current Account	1,268,973	3,204,751
- Deposit Account	1,846,500	1,894,000
<b>TOTAL</b>	<b>3,366,813</b>	<b>5,194,917</b>
<b>SCHEDULE 11 : LOANS &amp; ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances recoverable in cash or in kind or for value to be received	17,898,567	14,390,649
Balance with Central Excise Authorities	1,353,077	140,979
Advance to Employees	1,737,353	1,318,467
Security Deposit	3,679,797	2,920,669
<b>TOTAL</b>	<b>24,668,794</b>	<b>18,770,764</b>
<b>SCHEDULE 12 : CURRENT LIABILITIES</b>		
Sundry Creditors		
- Due to Small Scale Industrial Undertakings	3,768,777	2,819,241
- Others	56,519,647	43,475,535
Advance Against Order	1,265,703	437,776
Unpaid Dividend	671,044	555,158
<i>(there are no amounts due and outstanding to be credited to Investor Education and Protection Fund)</i>		
Other Liabilities	7,714,638	6,768,127
Interest Accrued but not due	26,636	6,251
<b>TOTAL</b>	<b>69,966,445</b>	<b>54,062,088</b>
<b>SCHEDULE 13 : PROVISIONS</b>		
Provision for Taxation (Net of TDS & Advance Tax)	759,827	1,381,195
Provision for Dividend Distribution Tax	1,242,773	1,952,929
Proposed Dividend on Equity Shares	7,660,800	11,491,200
<b>TOTAL</b>	<b>9,663,400</b>	<b>14,825,324</b>



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b>SCHEDULE 14 : NET SALES</b>		
Sales	706,269,842	568,882,028
Export Sales	8,284,116	11,777,709
Processing Charges	109,896,472	103,260,814
<i>(Tax deducted at source Rs. 19.66 lacs (Prev. Year Rs. 20.63 lacs))</i>		
	<b>824,450,430</b>	683,920,550
Less : Excise Duty	5,222,781	6,160,562
<b>TOTAL</b>	<b>819,227,649</b>	677,759,988
<b>SCHEDULE 15 : OTHER INCOME</b>		
Miscellaneous Income	560,712	1,358,449
Sundry Balance Written Back	226,095	409,285
Foreign Exchange Gain	141,818	(63,248)
<b>TOTAL</b>	<b>928,625</b>	1,704,486
<b>SCHEDULE 16 : INCREASE/(DECREASE) IN FINISHED GOODS</b>		
Closing Stock	41,351,128	25,179,192
Less :Opening Stock	25,179,192	27,161,122
<b>TOTAL</b>	<b>16,171,936</b>	(1,981,930)
<b>SCHEDULE 17 : RAW MATERIALS CONSUMED</b>		
Opening Stock	12,535,392	9,552,296
Add: Purchases	533,620,673	403,333,646
	<b>546,156,065</b>	412,885,942
Less: Closing Stock	23,954,042	12,535,392
<b>TOTAL</b>	<b>522,202,023</b>	400,350,550
<b>SCHEDULE 18 : MANUFACTURING EXPENSES</b>		
Stores & Spares Consumed	6,292,946	6,469,894
Power, Fuel & Water Charges	81,098,466	70,766,385
Packing Materials Consumed	37,021,839	30,408,646
Salaries, Wages & Bonus	22,059,247	18,046,841
Contribution to ESIC, PF & Welfare Fund	2,421,521	2,343,291
Staff & Labour Welfare Expenses	1,876,102	1,711,012
Labour Charges	34,858,929	26,029,233
Factory Expenses	3,082,361	2,749,524
Processing Charges	280,004	1,815,406
Security Charges	1,532,992	1,375,613
Machinery Repairs	2,272,570	2,623,850
<b>TOTAL</b>	<b>192,796,977</b>	164,339,695

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011.**

	Current Year 31/03/2011 Rs.	Previous Year 31/03/2010 Rs.
<b>SCHEDULE 19 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Insurance Charges	243,406	170,339
Sales Tax	3,764,042	1,377,927
Office Electricity Charges	491,668	673,199
Legal & Professional Charges	4,022,110	3,508,882
Traveling Expenses	2,193,476	1,739,665
Conveyance Expenses	630,490	528,798
Vehicle Maintenance	1,526,003	1,220,682
Postage and Telephone	1,498,452	1,372,641
Printing & Stationery	1,946,647	1,506,482
Director's Remuneration	2,486,191	2,763,228
Director's Sitting Fees	85,000	88,000
Auditors Remuneration	198,540	198,540
Repairs - Building	240,418	645,028
Repairs - Others	2,228,616	2,542,412
Rates, Rent & Taxes.	572,835	1,114,449
Donation	6,000	5,000
Advertisement & Business Promotion	1,009,156	193,707
Brokerage & Commission Expenses	8,490,309	6,901,370
Bad Debts	-	511,652
Discounts	7,836,259	7,098,539
Freight & Transport Expenses	10,350,963	8,301,852
Bank Charges & Disc Comm	826,472	635,393
Miscellaneous Expenses	1,770,302	1,757,319
Loss on Sale of Fixed Assets (Net)	711,320	736,381
Loss By Fire	-	507,424
Previous Year Adjustments (Net)	-	238,566
<b>TOTAL</b>	<b>53,128,675</b>	<b>46,337,475</b>
<b>SCHEDULE 20 : INTEREST</b>		
- On Term Loan	<b>4,323,633</b>	3,536,238
- On Cash Credit Accounts & Overdrafts	<b>2,108,066</b>	1,304,699
- Fixed Deposits & Others	<b>1,596,406</b>	209,505
	<b>8,028,105</b>	5,050,442
Less : Interest Received (Gross)		
- On Fixed Deposit	<b>150,744</b>	115,579
- Delayed payment receivable and Others	<b>2,130,545</b>	784,106
(Tax Deducted at Source Rs 1.31 lacs (Prev. Year Rs. 1.05 lacs))		
<b>TOTAL</b>	<b>5,746,816</b>	<b>4,150,757</b>



## **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 Standards) 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 includes sale of waste yarn and excise duty but exclude discounts.Sales are accounted on despatch of goods to customers
- (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 prorata 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 removal 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.
- (xv) **INVESTMENT:**  
Long Term Investments are stated 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. 0.93 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 Financial year 2009-10, VAT authorities had 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. 45.09 Lacs (Previous year Rs. 89.89 Lacs).

3. Remuneration to Directors :

	<u>31/03/2011</u> ( Rs.)	<u>31/03/2010</u> ( Rs.)
i. Remuneration	2,100,000	2,100,000
Contribution to P.F.	165,600	165,600
Commission	-	300,000
perquisites	220,591	197,628
	<u>2,486,191</u>	<u>2,763,228</u>

4. Auditor's Remuneration :

	<u>31/03/2011</u>	<u>31/03/2010</u>
Statutory Audit Fees	137,875	137,875
Tax Audit Fees	38,605	38,605
Sales Tax Audit Fees & Certification Fees	22,060	22,060
	<u>198,540</u>	<u>198,540</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.

However 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,2011 Rs. NIL (Previous year Rs.Nil ) has been made for the same.

6. The Employee Benfit Schemes are as under :

i. Provident Fund

Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to specifeid percentage of the covered employees' salary. These contributions are made to the Funds administered and manged 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 benfit plan (the 'Gratuity Plan') covering eligible employees. Liabilites with



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

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. 6,86,866/- are as follow :

a) Discount Rate (Per Annum) (%)	8.00
b) Salary Excalation (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	(4500)	4171	(3736)	71	(49)
Twisting	N. A.	—	(—)	3900	(3400)	2757	(2537)***	38	(30)
Dyeing	N. A.	6100	(5900)	—	(—)	2690	(2491)	1436	(1271)

\*\*\* During previous year 2009-10twisting production of 89mt manufactured by contract manufacturer on job work basis.

Note : Basis of Installed capacity :- Texturising on 85 Denier and Twisting of 300 twist on 85 Denier Polyester 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.)	
<b>[I] Opening Stock</b>				
A. <b>Raw Materials :</b>				
Yarn	69,756	(51735)	62.16	(41.91)
Dyes & Chemicals	53,584	(44960)	63.19	(53.62)
B. <b>Finished Goods :</b>				
Dyed & Texturised Yarn	211,457	(235827)	251.79	(292.91)
<b>[II] Purchases :</b>				
Yarn	4,666,181	(4183541)	4572.94	(3375.36)
Dyes & Chemicals	1,601,868	(1097442)	763.27	(657.98)
<b>[III] Sales :</b>				
Dyed, Texturised Yarn & POY	4,615,428	(4199000)	7145.54	(5806.60)
Dyeing, Twisting & Texturising Charges	1,486,342	(1351193)	1098.96	(1032.61)
<b>[IV] Closing Stock :</b>				
A. <b>Raw Materials :</b>				
Yarn	112,958	(69756)	139.51	(62.16)
Dyes & Chemicals	85,555	(53584)	100.03	(63.19)
B. <b>Finished Goods :</b>				
Dyed & Texturised Yarn	242174	(211457)	413.51	(251.79)

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

## 9. Raw Materials Consumed

Class of Goods	Quantity (in Kg.)		Amount (Rs. in Lacs.)	
Yarn	4,622,979	(4165519)	4495.59	(3355.10)
Dyes & Chemicals	1,569,897	(1088818)	726.43	(648.40)

## 10. Value of Raw Materials &amp; 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	5222.02 (4003.51)	100.00 (100.00)	62.93 (64.70)	100.00 (100.00)

	(Rs. in Lacs)	
11 Foreign Exchange Transaction	<u>31/03/2011</u>	<u>31/03/2010</u>
a) Earnings in Foreign Currency FOB Value of Export Sales	78.11	117.77
b) Expenditure in Foreign Currency CIF Value of Plat & Machinery Spare Parts	-	0.53
c) Foreign Travelling	-	0.28

12. The total amount due to Small Scale Undertaking is Rs. 37.69 lacs (Previous Year 28.19 lacs). Out of which the name of SSI unit to whom the company owes a sum above Rs. 1 lakh which outstanding for more than 30 days are :

	<u>31/03/2011</u>	<u>31/03/2010</u>
Chem Sell	3,296,076	1,436,913
Raman Polymers	472,701	1,356,494
	<u>3,768,777</u>	<u>2,793,407</u>

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. 12,50,82,903/- (Previous Year Rs. 12,07,00,420/-) 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.





## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

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 31/03/2011 the Net Deferred Tax of Rs.9.00 lacs is dedited to the Profit & Loss Account.

	<u>31/03/2011</u>	<u>31/03/2010</u>
<b>Deferred Tax Liabilities</b>		
Depreciation	<b>1,316,000</b>	(826,800)
<b>Less: Deferred Tax Assets</b>		
Provision for Bonus/Gratuity	<b>416,000</b>	134,200
	<u><b>900,000</b></u>	<u>(961,000)</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 7660800)

	<u>31/03/2011</u>	<u>31/03/2010</u>
No. of Equity Shares (Weighted Avg.)	<b>7,660,800</b>	7,660,800
Basic & Diluted Earning per share	<b>3.50</b>	3.23
Face Value of Equity Share	<b>10.00</b>	10.00

### 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
(II) Kajal L. Mutreja	Wife
(III) Tina K. Mutreja	Daughter in law

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

Name of Transactions	31.03.2011	31.03.2010
(I) Outstanding balance included in Unsecured Loans (Fixed Deposits)	<b>3,885,662</b>	800,000



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

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

Name of Transactions	31.03.2011	31.03.2010
(I) Directors Remuneration	2,486,191	2,763,228
(II) Interest on Deposits paid to Key Management Personnel	34,356	43,068
(III) Interest on Deposits paid to relatives of Key Management Personnel	283,047	134,794
(IV) 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 : August 27, 2011

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



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I REGISTRATION DETAILS

Registration No.	30117	State Code	011
Balance Sheet	31.03.2011		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement*	NIL

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

Total Liabilities	375851	Total Assets	375851
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#### SOURCES OF FUNDS

Equity Share Capital	76608	Secured Loans	96712
Pref. Share Capital	0	Unsecured Loans	36272
Reserves & Surplus	129014	Deferred Tax Liability	37246

#### APPLICATION OF FUNDS

Net Fixed Assets	253279	Investments	127
Capital Working Progress	43070	Net Current Assets	79376
Accumulated Losses	NIL	Misc. Expenditure	NIL

### IV PERFORMANCE OF THE COMPANY (Amount in Rs.Thousands)

Turnover & Other Inc.	820156	Total Expenditure	780270
Profit/(Loss) before Tax	39886	Profit/(Loss) after Tax	26786
Basic & Diluted EPS in (Rs.)	3.50	Dividend Rate (%)	10%

### V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	5402
Product Description	Synthetic Filament Yarn



## FINANCIAL PERFORMANCE HIGHLIGHTS

(Rs. in Lacs)

Year Ended March	2011	2010	2009	2008	2007
Turnover	8,192.28	6,777.60	5,911.87	6083.52	5,536.58
Profit/ (Loss) on sale of Fixed Assets	-	-	-	-	-
Total Expenditure	7,519.56	6,130.10	5,447.59	5607.96	5,122.67
Operating Profit	672.72	647.50	464.28	475.57	413.92
Other Income	9.29	17.04	15.09	16.41	5.86
Interest	57.47	41.51	50.71	27.60	14.07
Gross Profit (EBDT)	624.54	623.04	428.67	464.37	405.71
Depreciation	225.68	251.44	186.05	190.66	168.72
Profit Before Tax	398.86	371.60	242.62	273.71	236.99
Tax	122.00	134.00	70.00	105.25	47.25
Deferred Tax	9.00	(9.61)	12.16	(9.29)	32.37
FBT	-	-	4.25	3.10	3.00
Net Profit After Tax	267.86	247.21	156.21	174.65	154.37
<b>Source of Funds</b>					
Equity Share Capital	766.08	766.08	383.04	383.04	358.04
10% Deposit against Share Warrants	-	-	-	-	12.75
Preference Share Capital	-	-	-	100.00	100.00
Reserves	1,290.14	1,110.87	1,381.14	1,338.59	1,183.04
<b>Net Worth</b>	<b>2,056.22</b>	<b>1,876.95</b>	<b>1,764.18</b>	<b>1,821.63</b>	<b>1,653.83</b>
Secured Loans	967.12	731.06	814.43	784.44	1,099.66
Unsecured Loans	362.72	100.00	193.06	-	-
Deferred Tax Liability	372.46	363.46	373.07	360.91	370.20
Capital Employed	<u>3,758.51</u>	<u>3,071.47</u>	<u>3,144.74</u>	<u>2,966.98</u>	<u>3,123.69</u>
<b>Application of Funds</b>					
Gross Block	4,133.41	3,841.70	3,688.54	3,536.52	3,444.52
Net Block	2,532.79	2,371.73	2,429.06	2,364.05	2,386.36
Capital Work in Progress	430.70	160.39	140.92	19.38	-
Investments	1.27	1.27	1.27	1.27	-
Cur. Assets, Loans & Advances	1,590.06	1,226.96	1,130.35	1,022.80	1,109.92
Less: Current Liabilities	796.30	688.87	556.86	440.52	372.59
Net Current Assets	<u>793.76</u>	<u>538.08</u>	<u>573.49</u>	<u>582.28</u>	<u>737.33</u>
Total Asstes	<u>3,758.51</u>	<u>3,071.47</u>	<u>3,144.74</u>	<u>2,966.98</u>	<u>3,123.69</u>

*Valson Dyed Yarn - Hallmark of Innovation*



Year Ended March	2011	2010	2009	2008	2007
<b>Important Ratios</b>					
<b>(A) Measures of Performance</b>					
Operating Profit (Excl. Other income)	8.21%	9.53%	7.83%	7.80%	7.50%
Interest / Sales	0.70%	0.61%	0.86%	0.45%	0.25%
Gross Profit Margin	7.62%	9.19%	7.25%	7.63%	7.33%
Net Profit	3.27%	3.65%	2.64%	2.87%	2.79%
Return of Network	13.03%	13.17%	8.85%	9.59%	9.33%
<b>(B) Measures of Financial Status</b>					
Debt / Equity Ratio	0.6	0.4	0.6	0.4	0.7
Interest Coverage	11.9	16.0	9.5	17.8	29.8
Raw Material Inventory Period (in days)	12.8	10.1	11.3	11.2	10.7
Debtors Period (in Days)	27.5	31.9	27.9	23.8	35.6
Fixed Assets to Turnover	2.8	2.7	2.3	2.6	2.3
Working Capital to Turnover	10.3	12.6	10.3	10.4	7.5
<b>(C) Measures of Investments</b>					
Earnings Per Share (EPS/Diluted)	3.50	3.23	4.04	4.33	4.12
Cash Earnings per Share	6.44	6.51	8.89	9.32	9.15
Dividend per Share	1.5	1.5	2.5	2.5	2.5
Dividend Payout (%)	42.9%	46.5%	62.2%	59.4%	67.1%
Profit Ploughback (%)	57.1%	53.5%	37.8%	40.6%	32.9%
Book Value*	26.84	24.50	46.06	44.95	43.40

\*(1:1 Bonus share issued on Dec, 09, 2009)

# VALSON INDUSTRIES LIMITED

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

Dear Shareholder,

Sub: "GO GREEN" initiative of the Ministry of Corporate Affairs ("MCA"), Government of IndiaThe Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011, in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if services of documents have been made through electronic mode. Accordingly, the companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. Accordingly, henceforth, the Company proposes to send all the Annual Reports, Notices and other shareholder communications etc in electronic form to those members who have registered their email address with their Depository Participants ("DP") and made available to us by the depositories. The members who are holding shares in electronic form but who have not registered their email id with the DP are requested to register their email address with DP. Shareholders are requested to intimate the change in email address to your DP.

For shares held in physical form, shareholders are requested to register their email address with M/s. Link Intime (India) Private Limited by furnishing their name and folio number at their email address at anita.pate@linkintime.co.in or by writing at M/s. Link Intime (India) Private Limited, C-13 Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078 or at the Company's registered office / email address at cs@valsonindia.com.

Those shareholders who have not registered their email address shall be sent all the documents in physical form by post.

Further, please note that all the documents shall also be posted on the Company's website i.e. at [www.valsonindia.com](http://www.valsonindia.com).

Kindly also note that if you still wish to get a hard copy of the above documents, the Company will sent the same free of cost upon receipt of request from you.

We are sure that you will welcome the "Green Initiative" taken by the MCA and your company's desire to participate in the same.

We look forward to your support in this initiative.

Thanking you,  
Yours faithfully,

For Valson Industries Limited.  
(Suresh Mutreja)  
Chairman and Managing Director  
Dated: August 27, 2011

# 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 **27<sup>th</sup> Annual General Meeting** of the Company held on Friday, 30th September, 2011, 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 **27<sup>th</sup> Annual General Meeting** of the Company to be held on Friday the 30th day of September, 2011, 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 of .....2011

No. of Shares held : .....

Affix 1 Re.  
Revenue  
Stamp

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.