



**INDUSTRIES LIMITED**

***28<sup>TH</sup> ANNUAL REPORT***  
***2011-2012***



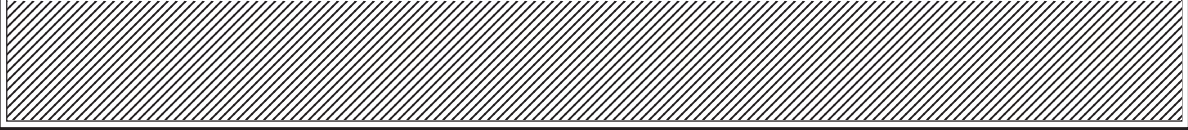
## MISSION STATEMENT

Valson Industries Limited, **A CUSTOMER DRIVEN COMPANY**, will continuously improve upon the services rendered to customers, Meet customers needs in the shortest lead time, Introduce new range of shades by Continuous Colour Innovation, Bolster R & D activities to develop Newer Application areas for its products and will continue to enjoy privileged status as a **Preferred Supplier**.

Valson Industries Limited, **A SHAREHOLDER DRIVEN COMPANY**, will remain focused in the areas of its Core Competency, Emphasis on the quality of business rather than the size of the business, Maintain Profit related Growth Policy, Implement Corporate Governance, Regard Shareholder wealth creation to be the key driver of all actions and policies of the Company and its people.

Valson Industries Limited, **A BRAND DRIVEN COMPANY**, will maintain and improve upon **VALSON** Brand name and will create **VALSON** Brand awareness in International Markets through export of Quality Products.

Valson Industries Limited, **A PEOPLE DRIVEN COMPANY**, will Train, Empower and Create a superior pool of intellect, capable of leading its Innovation Drive. Valson Industries Limited, **AN ENVIRONMENT FRIENDLY COMPANY**, will continue to adhere to environment friendly manufacturing process and set new standards in fighting pollution.





## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

Shri Chandan Gupta  
Shri Surendra Kumar Suri  
Shri Lalit N. Mutreja

### 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.

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

on Friday, 28th day of September, 2012  
at 4.30 p.m. at 28, Bldg. No. 6,  
Mittal Industrial Estate, Sir M. V. Road,  
Andheri (East), Mumbai 400 059.

### REGISTERED OFFICE

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

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### SILVASSA - TEXTURISING AND TWISTING

#### Silvassa 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.

#### Silvassa 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.

#### YARN DYEING UNIT - Vapi :

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



## 28<sup>TH</sup> ANNUAL REPORT 2011-2012

### NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **Valson Industries Limited** will be held on Friday, 28<sup>th</sup> day of September, 2012 at 4.30 p.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, 2012 and the Statement of Profit and Loss and Cash Flow for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Surendra Kumar Suri, who retires by rotation and being eligible, offers him-self for re-appointment.
3. 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.**

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

**Date: 13<sup>th</sup> August, 2012**

**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 24<sup>th</sup> day of September, 2012 to 28<sup>th</sup> day of September, 2012 (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, 2005 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 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
Final Dividend 2010 - 2011	30.09.2011	05.11.2018

*Valson Dyed Yarn - Hallmark of Innovation*



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 & Share Transfer Agent, Link Intime India Private Limited 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 issued by the Ministry of Corporate Affairs.



## DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting the 28<sup>th</sup> Annual Report on the business operations of your Company together with Audited Financial Accounts for the year ended March 31, 2012.

### FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	Year ending 31.03.12	Year ending 31.03.11
<b>Revenue from operations (net)</b>	<b>8308.98</b>	<b>8192.28</b>
Operating Profit (PBIDT)	483.26	704.82
Finance Cost	122.88	80.28
Depreciation	217.95	225.68
Profit before Tax	142.43	398.86
Taxes	25.67	130.56
Profit after Tax	116.76	268.30
Balance of Profit brought forward	843.13	678.87
Amount available for appropriations	<b>959.89</b>	<b>947.17</b>
<b>Appropriations:</b>		
Transfer to General Reserve	15.00	15.00
Dividend on Equity Shares	0.00	76.61
Dividend Tax on Equity Shares	0.00	12.43
Balance carried forward to Balance Sheet	944.89	843.13
Total	<b>959.89</b>	<b>947.17</b>
EPS (Basic & Diluted)	<b>1.52</b>	<b>3.50</b>

(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:

During the year the Company has achieved marginal improvement in turnover. However it witnessed decline in operating Profit. The Turnover increased to Rs. 8308.98 Lacs from Rs. 8192.28 lacs - a growth of 1.42% and the Net Profit after tax declined to Rs. 116.76 lacs from Rs. 268.30 lacs in the previous year - a decline of 56.48% mainly due to fluctuations in Raw-materials prices (crude base), increase in Power & fuel, Manpower cost and uncertainty in global markets.

The export (FOB value) have however increased to Rs. **144.10** Lacs from Rs. **82.84** Lacs in the previous year.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the 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 completed its surveillance audit for the ISO 9001-2008 Certification from AGSI Certification Pvt. Ltd.

**EXPANSION:**

During the year the company has implemented substantial expansion by setting up a new unit at Silli Village, Union Territory, D. & N. H. The Company has incurred the CAPEX of Rs. 804.69 Lacs (approx) against the envisaged project cost of Rs. 1504 lacs.

**FIXED DEPOSITS:**

The Company has accepted deposit from the Promoters, their relatives, friends and associates for the expansion of Silli Unit.

**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, U K, Egypt, Mexico and other European markets.

**APPROPRIATIONS:**

**DIVIDEND:**

The Board of Directors have decided to skip the Dividend for the Financial Year 2011-12 in order to augment the resources for ongoing expansion.

Last year the company had paid equity dividend @ 10% i.e. Re. 1 per Equity Share of Rs. 76.61 Lacs and Rs.12.43 Lacs as dividend tax there on for the Financial Year 2010-11.



**TRANSFER TO RESERVES:**

The Company has transferred Rs. 15 lacs to General Reserve.

**TAXATION:**

Provision for Current 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 Surendra Kumar Suri, Non Executive Independent Director retires by rotation and being eligible, offers himself for re-appointment.

**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, 2012, all the applicable accounting standards have been followed along with proper explanation 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, 2012 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, 2012 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 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.

**For and On behalf of the Board**

**Place: Mumbai**  
**Date: 13<sup>th</sup> August, 2012**

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

**ANNEXURE I TO THE DIRECTOR'S REPORT**

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

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

		<b>Current Year 31.03.2012</b>	Previous Year 31.03.2011
<b>1. Electricity</b>			
<b>(i) Purchased:</b>			
Avg. Unit Rate (Rs./KWH)		<b>4.73</b>	3.95
Units (KWH/Lacs)		<b>123.666</b>	127.89
Total Amount (Rs. in Lacs)		<b>585.34</b>	505.77
<b>(ii) Own Generation through D. G. Sets:</b>			
Unit Rate (Rs./KWH)		<b>15.01</b>	13.89
Units (KWH/Lacs)		<b>0.46</b>	0.54
Total Amount (Rs. in Lacs)		<b>6.95</b>	7.48

		<b>Current Year 31.03.2012</b>	Previous Year 31.03.2011
<b>2. Coal</b>			
Qty. (M. Tons)		<b>4814.64</b>	4396.59
Total Cost (Rs. in Lacs)		<b>289.02</b>	243.58
Avg. Rate (Rs./MT)		<b>6002.90</b>	5540.18

**3. Furnace Oil** Not Applicable

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

	<b>Current Year 31.03.2012</b>	Previous Year 31.03.2011
Electricity (KWH per Tonne of Yarn)	<b>3163.42</b>	3028.51
Coal (MT per Tonne of Yarn)	<b>1.26</b>	1.07

**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.

**For and on behalf of the Board**

**Suresh N. Mutreja  
Managing Director**

**Place: Mumbai  
Date: 13<sup>th</sup> August, 2012**



## 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, 2012. 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	Chairman and Managing Director	Promoter	Brother of Mr. Lalit Mutreja
Mr. Lalit N. Mutreja	Executive Director	Promoter	Brother of Mr. 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

#### 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. Chandan Gupta	Mr. Surendra Kumar Suri
30 <sup>th</sup> April, 2011	Present	Present	Present	Present
10 <sup>th</sup> July, 2011	Present	Present	Present	Present
30 <sup>th</sup> July, 2011	Present	Present	Present	Present
27 <sup>th</sup> August, 2011	Present	Present	Present	Present
14 <sup>th</sup> November, 2011	Present	Present	Present	Present
17 <sup>th</sup> December, 2011	Present	Present	Absent	Absent
14 <sup>th</sup> February, 2012	Present	Present	Present	Present
Total Attendance (Out of 7 Meetings.)	7	7	6	6
<b>Attendance – Last AGM</b>				
<b>30<sup>th</sup> September, 2011</b>	<b>Present</b>	<b>Present</b>	<b>Present</b>	<b>Present</b>



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

\* 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, 2012. 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 Committee Meeting	Mr. Chandan Gupta#	Mr. Surendra Kumar Suri \$	Mr. Lalit N. Mutreja*
30 <sup>th</sup> April, 2011	Present	Present	Present
30 <sup>th</sup> July, 2011	Present	Present	Present
27 <sup>th</sup> August, 2011	Present	Present	Present
12 <sup>th</sup> November, 2011	Present	Present	Present
14 <sup>th</sup> February, 2012	Present	Present	Present
<b>Total (out of 5 meetings)</b>	<b>5</b>	<b>5</b>	<b>5</b>

# Chairman & Non Executive Independent Director

\$ Non Executive Independent Director

\* Executive Whole Time 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, 2012, is as under;

Sr. No.	Name	Salary & Perqs Rs.	Meeting Fees Rs.	Total Rs.
1.	Mr. Suresh Mutreja	1547588	-	1547588
2.	Mr. Lalit Mutreja	1238149	-	1238149
3.	Mr. Chandan Gupta	-	40000	40000
4.	Mr. Surendra Kumar Suri	-	40000	40000

- 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	26.06.1983	3 years	01.07.2010	30.06.2013
Shri Lalit N. Mutreja	09.09.1995	3 years	01.07.2010	30.06.2013



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E. Equity shares of Valson Industries Limited held by the Non-Executive Directors as on 31st March, 2012 are as follows:

Directors	No. of shares held as on 31 <sup>st</sup> March, 2012	No. of shares held as on 31 <sup>st</sup> March, 2011
Mr. Chandan Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	400

### 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 Committee Meeting	Mr. Suresh Mutreja*	Mr. Lalit Mutreja#	Mr. Surendrakumar Suri@
30th April, 2011	Present	Present	Present
30th July, 2011	Present	Present	Present
27th August, 2011	Present	Present	Present
14th November, 2011	Present	Present	Present
14th February, 2012	Present	Present	Present
<b>Total (out of 5 meetings)</b>	<b>5</b>	<b>5</b>	<b>5</b>

\* Chairman & Managing Director      # Executive Whole - Time Director      @ non executive 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 01/04/2011 to 31/03/2012 (Equity Shares)

Category	Complaint Received	Complaint Resolved	Complaint Pending
NON RECEIPT.OF CREDIT OF DIVIDEND	NIL	NIL	NIL
NON RECEIPT OF DIVIDEND WARRANT	3	3	0
NON RECEIPT OF INTEREST WARRANT	NIL	NIL	NIL
NON RECEIPT OF ANNUAL REPORTS	NIL	NIL	NIL
SEBI	1	1	0
STOCK EXCHANGE	NIL	NIL	NIL
NON RECEIPT OF SHARE CERTIFICATE	NIL	NIL	NIL
NON RECEIPT OF SHARE TRANSFER	NIL	NIL	NIL
OTHERS	NIL	NIL	NIL
Total	4	4	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
31.03.2009	25th AGM	NIL	22.08.2009	Registered Office	11.30 a.m.
	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.
31.03.2011	27th AGM	NIL	30.09.2011	Registered Office	11.30 a.m.

\*Note 1 a. 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.

b. 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 2011 - 2012.
- 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. Limited Review is performed by the statutory auditors for all the quarters for the financial year. The annual financial results, post completion of audit are approved by the Board of Directors (after review by Audit Committee) and the same are then submitted to the Stock Exchange.



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- ii. The quarterly results for the financial year 2011-12 were published in the News Papers. (Details given below):

Quarter Result	News Paper
June, 2011	Free Press Journal English, Navshakti, Marathi
September, 2011	Free Press Journal English, Navshakti, Marathi
December, 2011	Free Press Journal English, Navshakti, Marathi
March, 2012	Free Press Journal English, Navshakti, Marathi

- iii. The quarterly and year to date financial result 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.

**For and On Behalf of the Board**

**Place: Mumbai**  
**Date: 13th August, 2012**

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





**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, 2012.

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

**Place: Mumbai**  
**Date: 13th August, 2012**

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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** for the financial year ended 31<sup>st</sup> March 2012 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: 13th August, 2012**



## INVESTOR INFORMATION

<b>AGM Date, Time &amp; Venue:</b>	<b>Date:</b> 28 <sup>th</sup> September,2012 <b>Time:</b> 4.30 p.m. <b>Venue:</b> 28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059.
<b>Financial Year:</b>	1 <sup>st</sup> April 2011 to to 31 <sup>st</sup> March 2012
<b>Book Closure Date:</b>	24 <sup>th</sup> September, 2012 to 28 <sup>th</sup> September, 2012
<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> rtn.helpdesk@linkintime.co.in
Plant Location: <b>TEXTURISING AND TWISTING</b>          <b>YARN DYEING</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>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, 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, 2012 97.99% of the shares of the Company are dematerialized. All this shares are electronically transferred through the demat facility. 2.01% 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	3	1400
30 – 60 days	-	-
Above 60 days	-	-
<b>Total</b>	<b>3</b>	<b>1400</b>

**Distribution of Shareholding as on March 31, 2012**

Range (Rs. in lacs)	Number of Shareholders	Percentage of Total Holders	Total Share Holding (in Rs.)	Percentage to Capital
1 - 5000	1728	66.00	3793330	4.94
5001 - 10000	422	16.12	3561010	4.67
10001 - 20000	227	8.67	3544770	4.54
20001 - 30000	74	2.83	1907480	2.43
30001 - 40000	48	1.83	1715360	2.36
40001 - 50000	22	0.84	1041630	1.36
50001 - 100000	49	1.87	3402890	4.6
100001 & Above	48	1.84	57641530	75.1
<b>Total</b>	<b>2618</b>	<b>100.00</b>	<b>76608000</b>	<b>100.00</b>



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### 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 11	22.85	27.95	20.55	23.20	68,277	562	15,60,869	7.40	0.35
May 11	23.00	23.85	21.20	22.20	25,707	260	5,70,700	2.65	-0.80
Jun 11	22.90	23.90	20.20	21.50	54,133	506	11,60,231	3.70	-1.40
Jul 11	23.20	23.75	21.10	22.25	63,150	747	14,03,841	2.65	-0.95
Aug 11	22.00	22.50	16.80	20.35	53,017	746	10,65,742	5.70	-1.65
Sep 11	20.10	23.00	17.80	18.20	53,747	665	10,71,438	5.20	-1.90
Oct 11	18.25	19.75	17.10	18.20	23,362	275	4,21,656	2.65	-0.05
Nov 11	18.30	20.40	14.20	16.05	26,778	224	4,54,583	6.20	-2.25
Dec 11	16.10	17.00	13.85	15.40	13,562	237	2,09,108	3.15	-0.70
Jan 12	16.35	18.20	14.75	16.60	25,003	307	4,04,750	3.45	0.25
Feb 12	17.00	19.30	15.45	15.95	98,358	583	16,45,843	3.85	-1.05
Mar 12	16.00	18.00	14.05	14.65	35,692	495	5,53,947	3.95	-1.35
Apr 12	14.75	16.93	14.00	14.99	17,895	233	2,63,992	2.93	0.24

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



**Shareholding Pattern as on 31<sup>st</sup> March, 2012:**

	<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	151,346	1.98
ii.	Indian Public	32,14,464	41.96
iii.	NRI/OCBS	119,802	1.56
iv	Clearing Members	45,032	0.59
v	Market Maker	1,362	0.02
vi	Hindu Undivided Family (HUF)	372,594	4.86
	<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>

**For and On behalf of the Board**

**Place: Mumbai**  
**Date: 13th August, 2012**

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of the Economy:

India is projected to see a faster growth of 7.5 per cent this fiscal, on the back of higher savings and investment rates, even as most of the Asia-Pacific economies are likely to expand at a slower pace, as per a United Nations (UN) report. Today India is among the most attractive destinations globally, for investments and business and FDI had increased over the last few years. The Indian economy has continuously recorded high growth rates.

Clean energy investment, excluding research and development, has grown by 600 per cent since 2004. India's clean energy sector continued to flourish in 2011, with private investment increasing 54 per cent to US\$ 10.2 billion, placing the country at sixth position among the G-20 nations. This was the second highest growth rate among the G-20 nations.

The World Economic Forum (WEF) plans to establish permanent physical presence in India by setting up an office in the next twelve months. Today, India is amongst the most important G-20 economies and this underscores Forum's commitment to the country as a partner.

Indian Textile Industry is one of the leading textile industries in the world. The government is planning to give incentives to the textiles sector with retrospective effect as it seeks to revive India's second largest manufacturing sector. Companies that become eligible for subsidy will receive an interest waiver. The Ministry is now under pressure to change the norms so that investments become eligible for the scheme.

### Company's Business

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

Our products are covered under Focus Scheme as declared by Ministry of Commerce, we are getting incentives on the same for export of our goods. The new Silli project which has been partly financed by Promoter's contribution and partly by Term loan from Bank of India is entitled for getting 5% Interest Subsidy. The said new Silli Unit has a Sales Tax exemption till 2017.

### Industry Structure & Developments:

The Government is planning to give incentives to the textiles sector in order to revive India's second largest manufacturing sector. The Union Textile Ministry has revised the textile and readymade garment export target for the current financial year to \$ 40.5 billion from \$ 33 billion set earlier this year. Even though there is slowdown in US and EU markets, the revised target will be achievable in view of the announcement of SOPs in the recent foreign trade policy and other measures taken by the Government.

### Opportunities & Outlook:

The biggest growth opportunity for the textile industry arises from the changed global scenario of quota free business environment. Valson Industries Limited has grabbed the opportunity and is rapidly growing in huge domestic and export market. India's strong performance and growth in the textiles sector is aided by several key advantages that the country enjoys, in terms of easy availability of labour and material, large market demand, presence of supporting industries and supporting policy initiatives from the government.

With the expansion plans of newly set up unit at Silli Village, Union Territory, D. & N. H. 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. Fresh demand from other markets, such as Latin America, African and some Southeast Asian countries has also helped this increase in export registrations.

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

### 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.



**Risks, Concerns & Threats:**

There are few areas of concerns. 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.

Along with the opportunity that the quota free regime offers, there lies the threat of stiff global competition which indirectly would result in pressure on margin. Indian textile exporters are facing stiff competition and they lack policy and labour law reforms. But the Company through its quality production competes well with other players in this sector.

**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 the Company has achieved marginal improvement in turnover. However it witnessed decline in operating Profit. The Turnover increased to **Rs. 8308.98** Lacs from **Rs. 8192.28** lacs - a growth of **1.42%** and the Net Profit after tax declined to **Rs. 116.76** lacs from **Rs. 268.30** lacs in the previous year - a decline of **56.48%** mainly due to fluctuations in Raw-materials prices (crude base) and increase in Power & fuel, Manpower cost and uncertainty in global markets.

**Material developments in Human Resources / Industrial Relations front:**

The Company believes that the quality of the employees is the key to success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, enabling them to adopt contemporary technological advancements. The industrial relations continued to be extremely cordial during the year.

During the year, the Company has organized training programs for all categories of employees in different areas such as technical/skill development, behavioral, business excellence, customer orientation, safety, company values, code of conduct and product training.

**For and On behalf of the Board  
Valson Industries Limited**

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

**Place : Mumbai  
Date : 13<sup>th</sup> August, 2012**



## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **VALSON INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012;
    - 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: 13<sup>th</sup> August, 2012**





## **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, 2012)

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. 293.50 Lacs. The maximum amount outstanding from the said parties is Rs. 312.50 Lacs.  
(e) The rate of interest and other terms & conditions of fixed deposits taken are prima facie not prejudicial to the interest of the company.  
(f) The Company is regular in payment of interest and the principal repayment was not due during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) On the basis of an examination of the books of accounts, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the



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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 directors, their relatives, friends and associates 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 31<sup>st</sup> March, 2012 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. 646.80** 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	Gujarat Vat Authorities	Entry Tax	Dy. Commissioner of Commercial Tax Appeal, Division 05	Financial Year 2006-2007 and 2007-2008	532.35
4	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.

*Valson Dyed Yarn - Hallmark of Innovation*



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: 13<sup>th</sup> August, 2012**



## 28<sup>TH</sup> ANNUAL REPORT 2011-2012

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2012

	NOTE NO.	AS AT 31.03.2012 Rs. in Lacs	AS AT 31.03.2011 Rs. in Lacs
<b>A) EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share capital	3	766.08	766.08
(b) Reserves and surplus	4	1,406.91	1,290.15
		<b>2,172.99</b>	<b>2,056.23</b>
<b>2) Non-current liabilities</b>			
(a) Long-term borrowings	5	1,132.39	747.46
(b) Deferred tax liabilities (net)	6	370.42	372.45
		<b>1,502.81</b>	<b>1,119.91</b>
<b>3) Current liabilities</b>			
(a) Short-term borrowings	7	405.59	360.19
(b) Trade payables	8	572.54	602.88
(c) Other current liabilities	9	304.92	318.97
(d) Short-term provisions	10	-	96.63
		<b>1,283.05</b>	<b>1,378.67</b>
	<b>TOTAL</b>	<b>4,958.85</b>	<b>4,554.81</b>
<b>B) ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		3,037.92	2,525.73
(ii) Intangible assets		25.42	7.05
(iii) Capital work-in-progress - Tangible		103.04	430.70
		<b>3,166.38</b>	<b>2,963.48</b>
(b) Non Current Investments		1.27	1.27
451 (451) equity shares of Reliance Power Ltd - (Rs.10/- Face Value) (Market Value Rs. 0.53 Lacs (prev. year Rs. 0.58 Lacs)			
(c) Long-term loans and advances	12	93.19	72.80
		<b>3,260.84</b>	<b>3,037.55</b>
<b>2) Current assets</b>			
(a) Inventories	13	600.90	692.28
(b) Trade receivables	14	773.37	617.43
(c) Cash and cash equivalents	15	94.41	33.67
(d) Short-term loans and advances	16	109.36	53.47
(e) Other Current Assets	16	119.97	120.41
		<b>1,698.01</b>	<b>1,517.26</b>
	<b>TOTAL</b>	<b>4,958.85</b>	<b>4,554.81</b>

Accompanying notes 1 to 25 are forming part of the financial statements.

In terms of our report attached  
For Mehta Chokshi & Shah  
Chartered Accountants

For and on behalf of the Board of Directors

ABHAY R. MEHTA

Partner

Membership No. 46088

Firm Registration No. 106201W

Place : Mumbai

Date : 13<sup>th</sup> August, 2012

Suresh N. Mutreja  
Chairman and  
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 2012**

	NOTE NO.	FOR THE YEAR ENDED 31.03.2012 Rs. in Lacs	FOR THE YEAR ENDED 31.03.2011 Rs. in Lacs	
1	Revenue from operations (gross)	17	8,356.01	8,244.50
	Less: Excise duty		47.03	52.22
	Revenue from operations (net)		8,308.98	8,192.28
2	Other Income	18	49.15	32.10
3	<b>Total revenue (1+2)</b>		<b>8,358.13</b>	<b>8,224.38</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed	19	5,219.26	5,222.02
	(b) Changes in inventories of finished goods	20	13.95	(161.72)
	(c) Employee benefits expense	21	544.65	263.57
	(d) Finance costs	22	122.88	80.28
	(e) Depreciation and Amortisation expense	11	217.95	225.68
	(f) <b>Other expenses</b>	23	<b>2,097.01</b>	2,195.69
	<b>Total Expenses</b>		<b>8,215.70</b>	<b>7,825.52</b>
5	<b>Profit before tax (3 - 4)</b>		<b>142.43</b>	<b>398.86</b>
6	<b>Tax expense:</b>			
	(a) Current tax expense for current year		30.00	122.00
	(c) Current tax expense relating to prior years		(2.30)	(0.44)
	(d) Net current tax expense		27.70	121.56
	(e) Deferred tax		(2.03)	9.00
			25.67	130.56
7	<b>Profit for the year (5 - 6)</b>		<b>116.76</b>	<b>268.30</b>
8	<b>Earnings per share (of Rs.10/- each):</b>			
	Basic & Diluted - EPS		1.52	3.50

Accompanying notes 1 to 25 are forming part of the financial statements

In terms of our report attached  
For Mehta Chokshi & Shah

For and on behalf of the Board of Directors

**Chartered Accountants**

**ABHAY R. MEHTA**  
Partner  
Membership No. 46088  
Firm Registration No. 106201W  
Place : Mumbai

Suresh N. Mutreja  
Chairman and  
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 2012**

Particulars	For the year ended 31 March, 2012 (Rs. In Lacs)	For the year ended 31 March, 2011 (Rs. In Lacs)
<b>A. Net Cash flow from operating activities :</b>		
Net profit before tax	142.43	398.86
<i>Adjustments for:</i>		
Depreciation and amortisation	217.95	225.68
Loss on sale / Extinguishment of assets	(10.40)	7.11
Finance costs (net of Interest income)	102.96	57.47
	310.52	290.26
<b>Operating Profit before working capital changes</b>	<b>452.95</b>	<b>689.12</b>
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	91.38	(297.92)
Trade receivables	(155.94)	(24.49)
Long-term loans and advances	(20.39)	(72.80)
Short-term loans and advances	(55.89)	134.24
Other Current Assets	0.44	(120.41)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(30.34)	139.94
Other current liabilities	(14.05)	35.63
	(184.78)	(205.82)
Cash generated from operations	268.17	483.30
Less :- Direct Tax Paid (Net of Refund)	35.29	127.77
<b>Net cash flow from operating activities (A)</b>	<b>232.88</b>	<b>355.53</b>
<b>B. Net Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(455.88)	(720.35)
Proceeds from sale of fixed assets	45.42	56.20
Interest Income	19.91	22.81
<b>Net cash flow from investing activities (B)</b>	<b>(390.55)</b>	<b>(641.34)</b>
<b>C. Net Cash flow from financing activities :</b>		
Net Increase / (decrease) of long-term borrowings	384.92	261.74
Net increase / (decrease) in short term borrowings	45.40	220.52
Finance cost	(122.88)	(80.28)
Dividends paid	(76.61)	(114.91)
Tax on dividend	(12.43)	(19.53)
<b>Net cash flow from financing activities (C)</b>	<b>218.41</b>	<b>267.53</b>
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	60.74	(18.28)
Cash and cash equivalents at the beginning of the year	33.67	51.95
<b>Cash and cash equivalents at the end of the year</b>	<b>94.41</b>	<b>33.67</b>
<i>Reconciliation of Cash and cash equivalents with the Balance Sheet:</i>		
Cash on hand	5.90	2.51
Balances with Banks	88.51	31.16
<b>Cash and cash equivalents at the end of the year</b>	<b>94.41</b>	<b>33.67</b>

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

For and on behalf of the Board of Directors

ABHAY R. MEHTA  
Partner

Membership No. 46088  
Firm Registration No. 106201W  
Place : Mumbai  
Date : 13<sup>th</sup> August, 2012

Suresh N. Mutreja  
Chairman and  
Managing Director

Lalit N. Mutreja  
Executive Director

Kunal S. Mutreja  
Chief Executive Officer



**Notes forming part of the financial statements for the year ended 31st March 2012**

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**Note 1 : Corporate Information**

Valson Industries Limited was incorporated on 2nd June, 1983 with Registrar of Companies, Maharashtra State. Its processing manufacturing Units are located at Vapi in Gujarat and Silvassa in UT. Dadra Nagar & Haveli. It is engaged in Texturising, Twisting of Polyester yarns and Dyeing of Polyester, Cotton and other fancy Yarns.

**Note 2 : Significant accounting policies :**

**2.1 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.

**2.2 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 results and estimates are recognised in the period in which results are known materialised.

**2.3 REVENUE RECOGNITION:**

Sales includes sale of waste yarn and excise duty but exclude discounts. Sales are accounted on despatch of goods to customers.

**2.4 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.

**2.5 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.

**2.6 DEPRECIATION:**

Depreciation is provided on a Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition in respect of assets.

The company is providing incremental depreciation on Texturising machines due to shortening of its useful life on account of technological changes.

**2.7 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.

**2.8 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.

**2.9 TAXES ON INCOME:**

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.

**2.10 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.

The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on



Notes forming part of the financial statements for the year ended 31st March 2012

removal of goods and accordingly provision for excise duty on closing stock as on 31st March, 2012 Rs. 0.39 Lacs (Previous year Rs. Nil) has been made for the same.

**2.11 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.

**2.12 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

**2.13 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

**2.14 IMPAIRMENT OF ASSETS:**

The Company has assessed that on the Balance Sheet date there are no assets which requires provision for impairment.

**2.15 INVESTMENT:**

Long Term Investments are stated at cost in accordance with the Accounting Standard on "Accounting for Investments (AS - 13) issued by ICAI.

**2.16 GOVERNMENT GRANTS, SUBSIDIES:**

Government grants in the nature of TUF's Interest subsidy on the Rupee Term Loan availed from the Banks under the Technology Upgradation Fund Scheme @5% on the balance outstanding, which is reduced from the finance cost of the relevant Term Loan.

**2.17 EMPLOYEE BENEFITS:**

**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 specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India. The Company's monthly contributions are charged to revenue in the period they are incurred.

**ii. Gratuity:**

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

The actual assumptions is arriving at the provision of gratuity liabilities which are as follows:

- a) Mortality Rate LIC (1994-96)
- b) Discounting Rate 8.5%
- c) Salary Escalation 6.0%
- d) Retirement Age 60

**iii. Provision for Unutilized 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.

**2.18 SEGMENT REPORTING:**

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.

**2.19 EARNINGS PER SHARE:**

Basic earnings per share has been calculated by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.





**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 3 - Share capital :**

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares (in Lacs)	Rs. in Lacs	Number of shares (in Lacs)	Rs. in Lacs
<b>(a) Authorised</b> Equity shares of Rs.10 each with voting rights	120.00	1,200.00	120.00	1,200.00
<b>(b) Issued</b> Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
<b>(c) Subscribed and fully paid up</b> Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
<b>Total</b>	<b>76.61</b>	<b>766.08</b>	<b>76.61</b>	<b>766.08</b>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
<b>Equity shares with voting rights</b>				
<b>Year ended 31 March, 2012</b>				
- Number of shares( in lacs)	76.61	-	-	76.61
- Amount (Rs. in lacs)	766.08	-	-	766.08
<b>Year ended 31 March, 2011</b>				
- Number of shares( in lacs)	76.61	-	-	76.61
- Amount (Rs. in lacs)	766.08	-	-	766.08

**(ii) Details of shares held by each shareholder holding more than 5% shares: (No. in Lacs)**

Class of shares / Name of shareholders	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares helds	% holding in that class of shares	Number of shares helds	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Suresh N. Mutreja	7.02	9.16	7.02	9.16
Lalit N. Mutreja	6.571	8.58	6.571	8.58

**(iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:**

Particulars	Aggregatenumeroof shares (in lacs)	
	As at 31 March, 2012	As at 31 March, 2011
<b>Equity shares with voting rights</b> Fully paid up by way of Bonus shares as on 9th December 2009.	38.30	38.30



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 4 Reserve and Surplus :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>(a) Securities premium Reserve</b>		
Opening balance	160.54	160.54
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	<b>160.54</b>	<b>160.54</b>
<b>(b) General Reserve</b>		
Opening balance	286.47	271.47
Add: Transferred from Statement of Profit and Loss	15.00	15.00
Less: Utilised / transferred during the year	-	-
Closing balance	<b>301.47</b>	<b>286.47</b>
<b>(c) Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	843.14	678.87
Add: Profit for the year	116.76	268.31
Less: Proposed Dividend on equity shares	-	76.61
Tax on dividend	-	12.43
Transferred to General Reserve	15.00	15.00
Closing balance	<b>944.90</b>	<b>843.14</b>
<b>Total</b>	<b>1,406.91</b>	<b>1,290.15</b>

**Note 5 Long-term borrowings :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>SECURED:</b>		
<b>Term Loan from Banks</b>		
Bank of India	428.06	130.33
IDBI Bank Ltd.	259.64	262.92
	687.70	393.25
<b>Vehicle Loans</b>	10.69	7.21
<b>Total</b>	<b>698.39</b>	<b>400.46</b>
<b>UNSECURED:</b>		
Deposits from Related Parties (Refer note 25)	72.00	36.00
Deposits from Others	362.00	311.00
<b>Total</b>	<b>434.00</b>	<b>347.00</b>
<b>Total</b>	<b>1,132.39</b>	<b>747.46</b>

**Term Loan - Security:** (Secured by First charge on Pari Passu basis between BOI & IDBI of Immovable properties situated at various manufacturing locations and further secured by Hypothecation of Movable assets of the company both present and future (Save and except Book-debts) subject to prior charge on certain movable assets created in favour of Bank of India for securing working capital requirements and personal guarantee of Director.

**Vehicle Loan - Security:** (Secured by hypothecation of specific assets).



**Notes forming part of the financial statements for the year ended 31st March 2012**

a) The Repayment scheduled maturity of the long term borrowings is summeried as under:

Particulars	Term Loan Rs. in Lacs	Vehicle Loan Rs. in Lacs
In first year (refer Note 9)	159.92	9.99
	<b>159.92</b>	<b>9.99</b>
In Second year	208.67	9.03
In Third to fifth year	459.39	1.66
After Five years	19.64	-
	<b>687.70</b>	<b>10.69</b>

**Note 6 Deferred Tax Liability (Net):**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>Attributable to the following items:</b>		
Liabilities - Depreciation	383.96	385.33
Assets - Provision for Bonus & Leave salary	13.54	12.88
<b>Total</b>	<b>370.42</b>	<b>372.45</b>

**Note 7 Short-term borrowings:**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>SECURED:</b>		
<b>Facilities from Bank of India:</b>		
Cash Credit facilities	387.79	251.14
Overdraft facilities	-	95.53
Packing Credit facilities	17.80	13.52
<b>Total</b>	<b>405.59</b>	<b>360.19</b>

**Security :- Working Capital Facility**

(Secured by First charge on Pari Passu basis between BOI & IDBI of Immovable properties situated at various manufacturing locations and further secured by Hypothecation of Movable assets of the company both present and future (Save and except Book-debts) subject to prior charge on certain movable assets created in favour of Bank of India for securing working capital requirements.)

(Secured by hypothecation of stock and book debts of the company, personal guarantee of the directors and deposits of Promoters)

**Notes forming part of the financial statements for the year ended 31st March 2012****Note 8 Trade Payables:**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>Trade payables:</b>		
Micro, Small & Medium Enterprises (Refer Note 24.2)	30.07	37.69
Others	542.47	565.19
<b>Total</b>	<b>572.54</b>	<b>602.88</b>

**Note 9 Other current liabilities :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
(a) Current maturities of long-term debt from Banks. (Refer Note 5 for Security.)	169.91	206.47
(b) Interest accrued & due on deposits	8.37	15.72
(c) Interest accrued & due on Term Loan	5.67	-
(d) Other payables :		
(i) Statutory Liabilities	34.20	39.24
(ii) Advances from customers	8.06	12.66
(iii) interest accrued and due	-	0.26
(iv) Unpaid Dividend	5.72	6.71
(iv) Other Liabilities	72.99	37.91
<b>Total</b>	<b>304.92</b>	<b>318.97</b>

**a) Details of Current maturities of Long Term Debts.**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>SECURED:</b>		
<b>Term Loan from:</b>		
Bank of India	72.00	72.00
IDBI Bank Ltd	87.92	127.00
<b>Vehicle Loans</b>	<b>9.99</b>	<b>7.47</b>
<b>Total</b>	<b>169.91</b>	<b>206.47</b>

**Note 10 Short-term provisions:**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
Provision for Taxation - (Net of TDS & Advance Tax)	-	7.59
Provision for proposed Equity Dividend	-	76.61
Provision for Tax on dividend	-	12.43
<b>Total</b>	<b>-</b>	<b>96.63</b>



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 11 FIXED ASSETS**

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT 1/04/2011	ADDITIONS DURING THE YEAR	DISPOSAL DURING THE YEAR	BALANCE AS AT 31/03/2012	BALANCE AS AT 01/04/2011	FOR THE CURRENT YEAR	ELIMINATED ON DISPOSAL OF ASSETS	BALANCE AS AT 31/03/2012	BALANCE AS AT 31/03/2011
<b>A) Tangible Assets</b>									
Land - Freehold	37.03	-	-	37.03	-	-	-	37.03	37.03
Land - Leasehold	48.65	-	-	48.65	-	-	-	48.65	48.65
Factory Building	567.98	386.00	-	953.98	164.00	23.91	-	187.91	766.07
<b>Plant &amp; Machineries</b>									
Basic Machineries	2,817.76	215.09	256.01	2,776.84	1,117.22	149.91	220.99	1,046.14	1,730.70
Utility Ancillary Equipments and Expenses Capitalised	300.10	33.27	-	333.37	164.71	18.25	-	182.95	150.42
Electrical Installation	86.34	102.56	-	188.90	43.15	6.67	-	49.82	139.08
Office Premises *	43.83	-	-	43.83	5.72	0.71	-	6.43	37.40
Staff Quarters	7.28	-	-	7.28	1.08	0.12	-	1.20	6.08
Office Equipments	26.28	1.36	-	27.64	12.01	1.83	-	13.84	13.80
Computer	52.45	5.73	-	58.18	39.56	4.12	-	43.68	14.50
Vehicles - Car	64.01	20.30	-	84.31	15.48	7.03	-	22.51	61.80
Vehicles - Scooter	2.82	-	-	2.82	1.46	0.25	-	1.71	1.10
Furniture & Fixtures	62.79	2.76	-	65.55	30.20	4.06	-	34.26	31.29
<b>Total - A</b>	<b>4,117.32</b>	<b>767.07</b>	<b>256.01</b>	<b>4,628.38</b>	<b>1,594.59</b>	<b>216.86</b>	<b>220.99</b>	<b>1,590.46</b>	<b>3,037.92</b>
<b>Previous Year - A</b>	<b>3,832.84</b>	<b>445.82</b>	<b>158.34</b>	<b>4,120.32</b>	<b>1,465.09</b>	<b>224.53</b>	<b>95.03</b>	<b>1,594.59</b>	<b>2,525.73</b>
<b>B) Intangible Assets</b>									
Software **	8.86	23.69	-	32.54	6.03	1.10	-	7.12	25.42
<b>Total - B</b>	<b>8.86</b>	<b>23.69</b>	<b>-</b>	<b>32.54</b>	<b>6.03</b>	<b>1.10</b>	<b>-</b>	<b>7.12</b>	<b>25.42</b>
<b>Previous Year - B</b>	<b>8.86</b>	<b>4.22</b>	<b>-</b>	<b>13.08</b>	<b>4.88</b>	<b>1.14</b>	<b>-</b>	<b>6.03</b>	<b>7.05</b>
<b>Total - A + B</b>	<b>4,126.18</b>	<b>790.75</b>	<b>256.01</b>	<b>4,660.92</b>	<b>1,600.62</b>	<b>217.95</b>	<b>220.99</b>	<b>1,597.58</b>	<b>3,063.34</b>
<b>Previous Year - A+B</b>	<b>3,841.70</b>	<b>450.04</b>	<b>158.34</b>	<b>4,133.41</b>	<b>1,469.97</b>	<b>225.68</b>	<b>95.03</b>	<b>1,600.62</b>	<b>2,532.79</b>

\* 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.

**Note 12 Long-term loans and advances:**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>Unsecured, considered good :</b>		
Deposits with Govt. Authorities	68.98	65.27
Deposits for Raw-materials Utility and Service providers	7.56	7.53
Advance Tax (Net of Provisions)	16.65	-
<b>Total</b>	<b>93.19</b>	<b>72.80</b>

**Notes forming part of the financial statements for the year ended 31st March 2012****Note 13 Inventories :****(Value includes duties and taxes - taken, valued and certified by the Management)**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
Raw materials (At Cost)	145.75	239.54
Finished goods (lower of cost or market value)	399.56	413.51
Packing Materials (At cost)	34.21	24.40
Stores and Spares (At cost)	9.26	7.55
Coal and Diesel (At cost)	12.12	7.28
<b>Total</b>	<b>600.90</b>	<b>692.28</b>

**Note 14 Trade receivables :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>Unsecured, considered good:</b>		
Debts exceeding six months	30.14	25.95
Others	743.23	591.48
<b>Total</b>	<b>773.37</b>	<b>617.43</b>

**Note 15 Cash and cash equivalents :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
(a) Cash on hand	5.90	2.51
(b) Balances with banks		
(i) In current accounts	60.29	5.92
(ii) For Unpaid dividend accounts	5.74	6.77
(iii) In earmarked deposit accounts		
Balances held as margin money against guarantees and other commitments. All the deposits are for period exceeding 12 months	22.48	18.47
<b>Total</b>	<b>94.41</b>	<b>33.67</b>



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 16 Short-term loans and advances and Other Current Assets:**

Particulars	As At 31 March, 2012 Rs. in Lacs	As At 31 March, 2011 Rs. in Lacs
<b>A) Short term Loans &amp; Advances: Unsecured, considered good</b>		
(i) Loans and advances to employees	31.33	17.37
(ii) Advances to Others Suppliers	44.22	36.10
(iii) Advances against Capital Goods	33.81	-
	109.36	53.47
<b>B) Others Current Assets :</b>		
<b>Unsecured, considered good</b>		
(i) Balances with government authorities	6.97	13.53
(ii) Prepaid expenses	26.17	30.67
(iii) Others	86.83	76.21
	119.97	120.41
<b>Total</b>	<b>229.33</b>	<b>173.88</b>

**Note 17 Revenue from operations :**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
(a) Sale of Manufactured Goods (Texturised, Twisted, Dyed & Fancy Yarn)		
Domestic Sales	7,069.18	7,049.40
Export Sales	151.50	82.84
	<b>7,220.68</b>	<b>7,132.24</b>
(b) Sale of Waste Yarn	6.22	13.30
(c) Processing Charges (Texturising, Twisting & Dyeing)	1,129.11	1,098.96
<b>Total</b>	<b>8,356.01</b>	<b>8,244.50</b>

**Note 18 Other income:**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
(i) Interest received	19.91	22.81
(ii) Sundry balances written back	3.31	2.26
(iii) Export Incentives	12.49	2.38
(iv) Foreign exchange fluctuation gain	1.10	1.42
(v) Profit on sale of Fixed assets	10.40	-
(v) Other Misc Income	1.94	3.23
<b>Total</b>	<b>49.15</b>	<b>32.10</b>

**Notes forming part of the financial statements for the year ended 31st March 2012****Note 19 Cost of Materials Consumed :**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
<b>Indigenous</b>		
Opening stock	239.54	125.35
Add: Purchases	5,125.47	5,336.21
	5,365.01	5,461.56
Less: Closing stock	145.75	239.54
<b>Total</b>	<b>5,219.26</b>	<b>5,222.02</b>

**a) Cost of Materials consumed**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
Yarns	4,435.40	4,495.59
Dyes & Chemicals	783.86	726.43
<b>Total</b>	<b>5,219.26</b>	<b>5,222.02</b>

**Note 20 Changes in inventories of finished goods:**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
<b>Inventories at the end of the year:</b>		
Finished goods	399.56	413.51
<b>Inventories at the beginning of the year:</b>		
Finished goods	413.51	251.79
<b>Total</b>	<b>13.95</b>	<b>(161.72)</b>

**Note 21 Employee benefits expense :**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
Salaries and wages	485.63	220.59
Contributions to provident funds / ESIC & LWF	40.39	24.22
Staff welfare expenses	18.63	18.76
<b>Total</b>	<b>544.65</b>	<b>263.57</b>





**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 22 Finance costs :**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
<b>(a) Interest expense on:</b>		
On Term Loans (Net of Tuf's subsidy)	60.49	43.24
On Working Capital	42.23	21.08
On Unsecured Loans & Others	20.16	15.96
<b>Total</b>	<b>122.88</b>	<b>80.28</b>

**Note 23 Other Expenses :**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
<b>a) Manufacturing Expenses:</b>		
Stores and spare part consumptions (Refer Note below)	73.70	62.93
Packing Materials consumptions	337.40	370.22
Power and fuel	927.37	810.98
Machinery Repairs and maintenance	26.82	22.73
Processing & Labour Charges	28.20	351.39
Security Charges	21.68	15.33
Factory Expenses	28.80	30.82
<b>Total</b>	<b>1,443.97</b>	<b>1,664.40</b>
<b>b) Administrative &amp; Selling Expenses:</b>		
Freight and forwarding	185.75	103.51
Brokerage and Commission	85.50	84.90
Discounts	86.72	78.36
Sales Tax (VAT)	75.25	37.64
Advertisement & Business Promotion expenses	13.18	10.09
Rent	3.84	3.20
Repairs - Buildings	2.18	2.41
Repairs - Others	23.23	22.29
Insurance	3.06	2.43
Rates and taxes	0.49	5.73
Travelling	26.43	21.94
Conveyance	5.36	6.30
Printing and stationery	19.83	19.47
Bank Charges & Commission	5.83	8.26
Postage & Telephone Courier Charges	16.86	14.99
Vehicle Maintenance Exps	16.50	15.26
Office Electricity	5.22	4.92
Donations	0.28	0.06
Legal and professional fees	30.38	40.22
Director's Remuneration	29.51	24.86
Director's Sitting Fees	0.80	0.85
Payments to Auditors: (Refer Note below)	2.69	1.99
Miscellaneous Expenses	14.16	14.50
Loss on Sale of fixed assets.	-	7.11
<b>Total</b>	<b>653.05</b>	<b>531.29</b>
<b>Total (a+b)</b>	<b>2,097.02</b>	<b>2,195.69</b>



**Notes forming part of the financial statements for the year ended 31st March 2012**

**a) Stores and Spares consumed**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
Indigenous	73.70	62.93
Imported	-	-
<b>Total</b>	<b>73.70</b>	<b>62.93</b>

**b) Payments to the Auditors:**

Particulars	For the year ended 31 March, 2012 Rs. in Lacs	For the year ended 31 March, 2011 Rs. in Lacs
Statutory & Tax Audit Fees	2.35	1.77
Certification fees	0.34	0.22
<b>Total</b>	<b>2.69</b>	<b>1.99</b>



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 24 Additional information to the financial statements :**

Particulars	As at 31 March, 2012 Rs. in Lacs	As at 31 March, 2011 Rs. in Lacs
<b>24.1 Contingent Liabilities and Commitments</b>		
<b><u>i) Claims against the Company not acknowledged as debts :</u></b>	643.48	643.48
The disputed demands of VAT & Entry Tax on the Yarn received for Dyeing Job Work by the Vapi Unit no longer holds good in view of the representation by Vapi Industries Association to the VAT Authorities & Government of Gujarat for explaining that yarn remains yarn at the end of dyeing process & the matching quantity of such Dyed Yarn is returned back to the sender. Therefore it does not constitute "Sale, Consumption or Use" within the state of Gujarat. The Gujarat VAT Authorities have prima-facie understood the matter & have assured to do the needful in the matter. Meanwhile, the Deputy Commissioner of Commercial Tax (Appeals), Division -V, Surat, has granted <i>sine-die</i> Stay against the recovery of demands & also has referred the matter to the pre-audit section for clearance after framing the Appellate Orders for remanding the erroneous assessments back to Assessing Officer.		
Textile Cess claim against the claim not admitted as debts	2.39	2.39
Excise duty claim against the company not admitted as debts	0.93	0.93
	<b>646.80</b>	<b>646.80</b>
<b><u>ii) Commitments :</u></b>		
<b>Estimated amount of contracts remaining to be executed on capital account and not provided for :</b>		
(a) <b>Tangible Assets</b>	Nil	45.09
(b) <b>Intangible Assets</b>	Nil	Nil
<b>24.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	30.07	37.69
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(d) The amount of interest due and payable for the year	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil
Note :- Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
<b>24.3 Value of Imports (calculated on CIF basis) :</b>		
(a) Capital goods (Capital WIP)	28.06	-
(b) Machinery Spares	0.40	-
<b>24.4 Expenditure in foreign currency (on accrual basis) :</b>		
Travelling Expenses	8.11	-
<b>24.5 Earnings in foreign exchange (calculated on FOB value) :</b>		
Export of goods calculated on FOB basis	144.10	82.84



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Note 25 Disclosures under Accounting Standards :**

**Segment information**

As the Company's business activities falls within a single business segment i.e. Yarns the disclosure requirements of accounting standard (AS 17) "segment reporting" issued by The Institute of Chartered Accounts of India are not applicable.

**Inter divisional transfer**

Inter divisional transfer for Sales/ Processing charges for Texturising, Twisting and Dyeing of Rs. 13,07,40,984/- (Previous Year Rs. 12,50,82,903/-) are not considered for sales as well as manufacturing expenses as per Accounting Standard (AS-9) 'Revenue Recognition' issued by The Institute of Chartered Accountants of India.

**Related party disclosures as per (AS-18)**

Details of related parties:	
Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Suresh Mutreja (Chairman & Managing Director) Mr. Lalit Mutreja (Executive Director)
Relatives of Key Management Personnel	Mrs. Sheeladevi Mutreja - Mother of CMD  Mrs. Kajal Mutreja - Wife of Executive Director Mrs. Tina Mutreja - Daughter in law of CMD Mr. Kunal Mutreja - Son of CMD Mr. Varun Mutreja - Son of CMD Mr. Ankit Mutreja - Son of CMD
Note: Related parties have been identified by the Management. Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:	

**Related party transactions Contd....**

(Rs. in lacs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities in which KMP / relatives of KMP have significant influence	Total
Sale of Product	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.00 (0.00)
Rent Paid	Nil (Nil)	3.60 (3.20)	0.00 (Nil)	3.60 (3.20)



**Notes forming part of the financial statements for the year ended 31st March 2012**

**Related party transactions Contd....**

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities in which KMP / relatives of KMP have significant influence	Total
Remuneration	29.51 (24.86)	11.15 (7.66)	Nil (NIL)	40.66 (32.52)
Interest Payment	1.37 (0.34)	3.33 (2.83)	Nil (NIL)	4.70 (3.17)
<u>Balances outstanding at the end of the year :</u>				
Borrowings - Deposits (unsecured)	25.00 (10.00)	47.00 (26.00)	Nil (NIL)	72.00 (36.00)

**Earnings per share:**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
<b>Basic &amp; Diluted EPS</b>		
Net profit after Tax for the year from continuing operations attributable to the equity shareholders (Rs. In Lacs)	116.76	268.30
Weighted average number of Equity Shares (shares in Lacs)	76.61	76.61
Nominal Value per share	10.00	10.00
<b>Earnings per share - Basic &amp; Diluted</b>	<b>1.52</b>	<b>3.50</b>

**Deferred tax (liability) / Assets:**

Particulars	As At 31 March, 2012 Rs. in Lacs	As At 31 March, 2011 Rs. in Lacs
<b>Tax effect of items constituting deferred tax liability</b>		
On difference between book and tax depreciation	383.96	385.33
On expenditure deferred in the books but allowable for tax purposes		
Tax effect of items constituting deferred tax liability	383.96	385.33
<b>Tax effect of items constituting deferred tax assets</b>		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	13.54	12.88
Tax effect of items constituting deferred tax assets	13.54	12.88
<b>Net deferred tax (liability) / asset</b>	<b>370.42</b>	<b>372.45</b>

**Previous year's figures :**

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



**FINANCIAL PERFORMANCE HIGHLIGHTS**

(Rs. in Lacs)

Particulars	2012	2011	2010
Revenue from operations (net)	8308.98	8192.28	6777.60
Expenses	7874.87	7519.56	6130.10
Earnings before other Income Interest, Tax, Depreciation (EBITDA)	434.11	672.72	647.50
Other Operating Income	49.15	32.10	26.04
Earnings before Interest, Tax, Depreciation (EBITDA)	483.26	704.82	673.55
Finance costs	122.88	80.28	50.50
Earnings before Tax, Depreciation (EBTDA)	360.39	624.54	623.04
Depreciation and amortisation expense	217.95	225.68	251.44
Earnings before Tax	142.43	398.86	371.60
Taxes	25.67	130.56	124.39
Earnings after Tax	116.76	268.30	247.21
<b>A) EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	766.08	766.08	766.08
(b) Reserves and surplus	1,406.91	1,290.15	1,110.87
<b>Non-current liabilities</b>			
(a) Long-term borrowings	1,132.39	747.46	485.73
(b) Deferred tax liabilities (net)	370.42	372.45	363.46
<b>Current liabilities</b>			
(a) Short-term borrowings	405.59	360.19	139.67
(b) Trade payables	572.54	602.88	462.95
(c) Other current liabilities	304.92	318.97	283.33
(d) Short-term provisions	-	96.63	148.25
	<b>4958.85</b>	<b>4554.81</b>	<b>3760.34</b>
<b>B) ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	3,037.92	2,525.73	2,367.75
(ii) Intangible assets	25.42	7.05	3.98
(iii) Capital work-in-progress - Tangible	103.04	430.70	160.39
(b) Non Current Investments	1.27	1.27	1.27
(c) Long-term loans and advances	93.19	72.80	35.20
<b>Current assets</b>			
(a) Inventories	600.90	692.28	394.36
(b) Trade receivables	773.37	617.43	592.94
(c) Cash and cash equivalents	94.41	33.67	51.95
(d) Short-term loans and advances	109.36	53.47	68.98
(e) Other Current Assets	119.97	120.41	83.52
	<b>4958.85</b>	<b>4554.81</b>	<b>3760.34</b>

*Valson Dyed Yarn - Hallmark of Innovation*



Particulars	2012	2011	2010
<b>Important Ratios</b>			
<b>(A) Measures of Performance</b>			
Operating Profit	5.22%	8.21%	9.55%
Interest / Sales	1.48%	0.98%	0.75%
Gross Profit Margin	4.34%	7.62%	9.19%
Net Profit	1.41%	3.28%	3.65%
Return of Net worth	5.37%	13.05%	13.17%
<b>(B) Measures of Financial Status</b>			
Debt / Equity Ratio (LT & ST)	0.7	0.5	0.3
Current Ratio	1.3	1.1	1.2
Interest Coverage	3.7	7.2	10.9
Debtors Period (in Days)	34.0	27.5	31.9
Fixed Assets to Turnover	2.6	2.8	2.7
<b>(C) Measures of Investments</b>			
Earnings Per Share (EPS/Diluted)	1.52	3.50	3.23
Cash Earnings per Share	4.37	6.45	6.51
Dividend per Share	-	1.00	1.5
Dividend Payout (%)	0.0%	28.6%	46.5%
Profit Plough back (%)	100.0%	71.4%	53.5%
Book Value*	28.37	26.84	24.50

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





# VALSON INDUSTRIES LIMITED

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

## ATTENDANCE SLIP

To be handed over at the entrance of the meeting venue

Name of the Shareholder : .....

Shareholder's Folio No. / DP Client ID : .....

Number of Share(s) held : .....

Name of the Proxy : .....

(to be filled if the Proxy attends instead of the Member)

I hereby record my presence at the **28<sup>th</sup> Annual General Meeting** of the Company held on Friday, 28th September, 2012, Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 4.30 p.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 **28<sup>th</sup> Annual General Meeting** of the Company to be held on Friday the 28th day of September, 2012, at Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 4.30 p.m. or at any adjournment thereof.

Signed this ..... day of .....2012

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.



# **VALSON INDUSTRIES LIMITED**

Regd. Office : Unit No.28, 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 India**

The 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 [rtn.helpdesk@linkintime.co.in](mailto:rtn.helpdesk@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](mailto: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 13, 2012**

BOOK - POST



**VALSON INDUSTRIES LIMITED**

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