



INDUSTRIES LIMITED

CIN:L17110MH1983PLC030117

33RD ANNUAL REPORT
2016-2017

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's 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

Mr. Suresh N. Mutreja, Chairman & Mg. Director
Mr. Varun S. Mutreja, Director - CFO
Mrs. Asha S. Mutreja, Woman Director
*Mr. Kunal S. Mutreja, Director-CEO
Mr. Chandan S. Gupta, Independent Director
Mr. Surendra Kumar Suri, Independent Director
Mr. Pradip C. Shah, Independent Director

*Appointed as Director on May 27, 2017

AUDIT COMMITTEE

Mr. Chandan S. Gupta
Mr. Surendra Kumar Suri
Mr. Varun S. Mutreja
Mr. Pradip C. Shah

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Pradip C. Shah
Mr. Surendra Kumar Suri
Mr. Varun S. Mutreja

AUDITORS

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

BANKERS

Kotak Mahindra Bank
Bank of India
IDBI Bank
ICICI Bank

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REGISTERED OFFICE

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

MANUFACTURING UNIT AT:

Vapi, Gujarat
Silvassa, UT of Dadra & Nagar Haveli

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai 400 083.

33rd ANNUAL GENERAL MEETING

On 5th August, 2017 at 1.00 P.M at
28, Bldg. No. 6, Mittal Industrial Estate,
Sir M. V. Road, Andheri (East),
Mumbai - 400 059.



NOTICE

NOTICE is hereby given that the Thirty-Third Annual General Meeting of the members of **VALSON INDUSTRIES LIMITED** will be held on Saturday, 5th day, August, 2017 at 1.00 P.M. at 28, Bldg. 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 an Audited Financial Statement of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors' thereon.
2. To declare dividend on Equity Shares @ 10% i.e. Re. 1/- per Equity Share.
3. To appoint a Director in place of Mrs. Asha S. Mutreja (DIN: 07092404), who retires by rotation and being eligible, offers herself for re-appointment.
4. Appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. M. A. Parikh & Co., Chartered Accountants, Mumbai having ICAI Firm Registration No. 107556W, who have offered themselves for appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditor M/s. Mehta Chokshi & Shah, Chartered Accountants, the outgoing auditors who has completed his term as auditor pursuant to Section 139(2) of the Act at the end of conclusion of the 33rd Annual General Meeting, be appointed as auditors of the company and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and re-imbursment of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company."

SPECIAL BUSINESS:

5. To appoint Mr. Kunal S. Mutreja (DIN: 07022857) as a Director and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Kunal S. Mutreja (DIN: 07022857), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 27th May, 2017 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To appoint Mr. Kunal S. Mutreja (DIN: 07022857) as a Director & Chief Executive Officer(CEO) and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the said Act) including Schedule V of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the appointment and payment of remuneration and perquisites to Mr. Kunal S. Mutreja as the Director-CEO of the Company for a period of five years with effect from 01st June, 2017 to 31st May, 2022.

RESOLVED FURTHER THAT Mr. Kunal S. Mutreja shall be paid remuneration of Rs. 1,50,000/- per month excluding the perquisites as permissible under Schedule V of the Companies Act, 2013 and shall be eligible for yearly increments as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors from time to time, if permissible as per the provisions of the Act.



RESOLVED FURTHER THAT the terms and conditions of the Letter of Appointment which is placed before the meeting and signed by Mr. Suresh N. Mutreja, Managing Director of the company for the purpose of identification is approved.

RESOLVED FURTHER THAT Mr. Kunal S. Mutreja is authorized to represent the Company as Director-CEO before various statutory authorities as may be required from time to time and accordingly, authorized to make submissions, written or oral, sign documents, forms, etc as may be required.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration to the extent recommended by the Nomination & Remuneration Committee and approved by the Board of Directors and as may be authorized in accordance with any provision under the Act for the time being in force provided, however, that the remuneration and perquisites payable to Mr. Kunal S. Mutreja shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re enactment(s) thereof and/or any rules or regulations framed there under provided that the terms of the Letter of Appointment between the Company and Mr. Kunal S. Mutreja shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Kunal S. Mutreja as Director-CEO of the Company, the remuneration and perquisites set out in the aforesaid Letter of Appointment be paid or granted to Mr. Kunal S. Mutreja as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II (A) of Schedule V to the said Act or such other amount and perquisites as may be provided in the said Schedule V whether or not amended from time to time or any equivalent statutory re-enactment(s) thereof."

7. To appoint M/s. Kedia & Co., Cost Accountants as a Cost Auditors of the Company and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re enactment(s) thereof, for the time being in force), M/s Kedia & Co., Cost Accountants (Regd. No.000198), the Cost Auditors be appointed by the Board of Directors of the company, to conduct the audit of the cost records of the company for the financial year ended 31st March, 2018, be paid remuneration of Rs. 80,000/- as also the payment of service tax as applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of the businesses under Item Nos. 4, 5, 6 & 7 of the accompanying Notice are annexed hereto.
2. A statement giving the additional details of the Directors seeking appointment & re-appointment as set out in resolution at Item Nos. 3, 5 & 6 is annexed herewith as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company. The instrument appointing a proxy, in order to be effective, should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting i.e. by 1.00 p.m. on Thursday, 3rd August, 2017. As per Secretarial Standard 2 on General Meeting, the proxy should carry a valid photo-id card to the venue to tender vote.
4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.



5. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
9. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company shall remain closed on all days from Saturday, 29th July, 2017 to Saturday, 5th August, 2017, both days inclusive.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
11. Members desiring any relevant information on the Accounts at the Annual General Meetings are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready. Members can also email their queries at the email address of the Compliance Officer, Mr. Pritesh H. Shah (pritesh@valsonindia.com)
12. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agents to facilitate better service:
 - i. Any change in their address;
 - ii. Particulars of their bank accounts in case the same have not been sent earlier, for dividend payment through ECS mode and
 - iii. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such holdings into one account.
13. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. NSDL and CDSL will be printed on the dividend warrants. Members are requested to inform the concerned Depository Participants of any change in address, dividend mandate, etc.
14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH - 13 for this purpose.
15. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form.
16. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred on due dates, the unpaid or unclaimed dividends for the financial year ended 31st March, 2009 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 13, 2016 (date of the last Annual General Meeting) on the website of the Ministry of Corporate Affairs (www.mca.gov.in).



For Equity Shareholders:

Financial Year	Date of Declaration of Dividend	Last Date of Claiming un-paid Dividend
Final Dividend 2009 - 2010	30.09.2010	04.11.2017
Final Dividend 2010 - 2011	30.09.2011	04.11.2018
Final Dividend 2012 - 2013	13.08.2013	17.09.2020
Final Dividend 2013 - 2014	13.09.2014	18.10.2021
Final Dividend 2014 - 2015	14.08.2015	18.09.2022
Final Dividend 2015 - 2016	13.08.2016	17.09.2023

Members who have not so far received / encashed dividend for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Share Transfer Agent i.e. M/s. Link Intime India Private Limited.

17. Information required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting relating to Documents & Information to Shareholders with respect to the Director being appointed and Director retiring by rotation and being eligible, seeking re-appointment are as under:

Item No. 3:

Mrs. Asha S. Mutreja

Mrs. Asha S. Mutreja was born on 9th October, 1961. She joined Valson Industries Limited on 14th February, 2015 as a Woman Director of the Company. She was inducted on the Board with effect from 22nd May, 2015 as a Whole - Time Director of the Company for looking after the administration at the Registered Office of the Company.

Mrs. Asha S. Mutreja is not a member of any Committees of the Company. She is a wife of Mr. Suresh N. Mutreja, Executive Chairman and mother of Mr. Varun S. Mutreja, Director & Chief Financial Officer and Mr. Kunal S. Mutreja, Director & Chief Executive Officer of the Company. She is holding 6,79,000 Equity Shares (8.86%) of the Company.

Mrs. Asha S. Mutreja is not a Director or a Member of any Committees in any Listed Company as on 31st March, 2017.

Item No. 5 & 6:

Mr. Kunal S. Mutreja

Mr. Kunal S. Mutreja was born on 11th March, 1981. He joined Valson Industries Limited on 14th November, 2014 as a Chief Executive Officer of the Company. He was inducted on the Board with effect from 01st June, 2017 as a Director & Chief Executive Officer of the Company for looking after the Production and Administration of Vapi Unit of the Company.

Mr. Kunal S. Mutreja is not a member of any Committees of the Company. He is a son of Mr. Suresh N. Mutreja, Executive Chairman and Mrs. Asha S. Mutreja, Whole-Time Director and brother of Mr. Varun S. Mutreja, Director & Chief Financial Officer of the Company. He is holding 8,00,682 Equity Shares (10.45%) of the Company.

Mr. Kunal S. Mutreja is not a Director or a Member of any Committees in any Listed Company as on 31st March, 2017.



PROCESS FOR MEMBERS OPTING FOR E-VOTING

For Members whose e-mail addresses are registered with the Company/Depositories:

Voting through electronic means:

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules 2015, Secretarial Standard 2 on General Meeting and Regulation 44 of the SEBI (LODR) Regulations 2015, the Company is pleased to provide shareholders facility to exercise their right to vote on resolution proposed to be considered at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e Voting Services. The facility of casting the votes by the shareholders using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
2. The facility for voting through ballot papers shall also be made available at the venue of the AGM and the shareholders attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right at the meeting through ballot papers at the venue.
3. The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The remote e-voting period commences on Wednesday, 2nd August, 2017 (9:00 am) and ends on Friday, 4th August, 2017 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-Off Date of Saturday, 29th July, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the shareholder casts his vote on a resolution, the shareholder shall not be allowed to change it subsequently.
5. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
 - i. Open email and open PDF file viz. "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii. Click on Shareholder - Login
 - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - vii. Select "EVEN" of "Valson Industries Limited".
 - viii. Now you are ready for remote e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e mail to noticetome@gmail.com with a copy marked to evoting@nsdl.co.in.

Valson Yarns - Creation Never Ends Here



- B. In case a shareholder receives physical copy of the Notice of AGM (for shareholders whose Email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):
- i. Initial password is provided as below/ at the bottom of the Attendance Slip of the AGM:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
6. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the downloads section of www.evoting.nSDL.com or call on toll free no.: 1800-222-990.
 7. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 8. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s) related to e-voting process.
 9. Any person, who acquires shares of the Company and become shareholder of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Saturday, 29th July, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nSDL.com or contact NSDL at the following toll free no.: 1800-222-990.
 10. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 11. Mr. Punit P. Shah, Practicing Company Secretary (Membership No. A20536) has been appointed as Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 12. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 13. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 14. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
 15. Route Map showing directions to reach to the venue of the 33rd AGM is given at the end of this Notice as per the requirement of the Secretarial Standards 2 on General Meetings.

**By order of the Board
For Valson Industries Limited**

**Place: Mumbai
Date: 27th May 2017**

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



ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item No. 4, 5, 6 & 7 of the accompanying Notice dated 27th May 2017.

ITEM NO. 4 - Appointment of Statutory Auditor.

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act. Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. Mehta Chokshi & Shah, the present Auditors of the Company complete their term as Auditors.

M/s. Mehta Chokshi & Shah, Chartered Accountants was re-appointed as Statutory Auditors of the Company for the Company's financial year 2016 - 17. They have continued in the office as Statutory Auditors of the Company for more than ten years as on 31st March, 2014. The Ministry of Corporate Affairs has implemented the new Companies Act w.e.f. 1st April, 2014. Pursuant to Section 139(2) of the Companies Act, 2013, they can continue as Statutory Auditors for further period of three years from 1st April, 2014 up to financial year 2016 - 17. Accordingly, their term as Statutory Auditors is completing on the conclusion of 33rd Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. Mehta Chokshi & Shah for their association with the Company as its auditors.

In view of the above, M/s. M. A. Parikh & Co., Chartered Accountants, having Registration No. 107556W, proposed to be appointed as Auditors of the Company for the Company's financial year 2017 - 18 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration plus applicable taxes, out-of-pocket expenses, etc. incurred in connection with the Audit as may be decided by the Board of Directors in consultation with the Auditors.

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

ITEM NO. 5 - Appointment of Mr. Kunal S. Mutreja as a Director.

Mr. Kunal S. Mutreja was appointed as an Additional Director of the Company at the Board Meeting held on 27th May, 2017.

In terms of provisions of Section 161(1) of the Act, Mr. Kunal S. Mutreja would hold office up to the date of the ensuing Annual General Meeting. The Company has received notices in writing from members along with a deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Kunal S. Mutreja for the office of Director of the Company.

It is proposed to appoint Mr. Kunal S. Mutreja as a Director under Section 152 of the Act, liable to retire by rotation.

Mr. Kunal S. Mutreja is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director.

Brief resume of Mr. Kunal S. Mutreja, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships / chairmanships of Board, Committees, shareholding and relationships between directors inter-se as stipulated under the SEBI (LODR) Regulations, 2015, are provided in the notice of the Annual General Meeting and Corporate Governance Report forming part of the Annual Report.

None of the Directors except Mr. Kunal S. Mutreja is concerned or interested to the extent of his appointment as Director and Mr. Suresh N. Mutreja, Mrs. Asha S. Mutreja & Mr. Varun S. Mutreja are concerned or interested as relatives of him.

The Board commends the Resolutions set out at Item No. 5 of the Notice for approval by the shareholders.

ITEM NO. 6 - Appointment of Mr. Kunal S. Mutreja as Director-Chief Executive Officer (CEO)

The Nomination and Remuneration Committee has recommended the appointment of Mr. Kunal S. Mutreja as



Director-CEO of the Company. Accordingly, the Board of Directors at its meeting held on 27th May, 2017 has considered the appointment of Mr. Kunal S. Mutreja, as Director-CEO of the Company for the period of 5 years w.e.f. 01st June, 2017.

The terms and conditions of their appointment are given below:

Sr. No.	Name of Director	Designation	Responsibility
1.	Mr. Kunal S. Mutreja	Director - CEO	Production and Administration of Vapi Unit of the Company

A. REMUNERATION & PERQUISITES

Sr. No.	Name of Director	Designation	Remuneration and perquisites
1.	Mr. Kunal S. Mutreja	Director - CEO	Rs. 1,50,000/- per month and shall be eligible for yearly increments as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors from time to time, if permissible as per the provisions of the Act

The perquisites shall be classified by the Board of Directors from time to time.

B. INCREMENTS

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

C. PERQUISITES

Non monetary ceiling perquisites

The following perquisites shall be payable to Mr. Kunal S. Mutreja and which shall not be included in the computation of the ceiling of remuneration as per Schedule V of the Companies Act, 2013.

i. Provident Fund:

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

ii. Gratuity:

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

iii. Leave Encashment:

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

D. MINIMUM REMUNERATION

The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the Audited Financial Statements as on 31st March, 2016 and has been fixed as provided in Part II of Schedule V to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may



be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re enactment(s) thereof and shall be considered as minimum remuneration.

During the tenure of his appointment, if the Company earns profits in excess of the limits prescribed under Schedule V or if the profits are adequate in any financial year, as per the provisions of Section 196, 197 and any other applicable provisions of the, Companies Act, 2013 then the remuneration of Mr. Kunal S. Mutreja shall be paid as per the profits earned by the Company in that particular financial year.

E. OTHER CONDITIONS:

- i. For all other terms and conditions not specifically spelt out above, the rules and order of the Company shall apply.
- ii. The Director-CEO shall hold office as such, subject to the provisions of Section 164 & 167 of the Companies Act, 2013.
- iii. The appointment of Director-CEO has been approved by the Nomination and Remuneration Committee of the Company.

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

None of the Directors except Mr. Kunal S. Mutreja is concerned or interested to the extent remuneration is payable to him. Mr. Suresh N. Mutreja, Mrs. Asha S. Mutreja & Mr. Varun S. Mutreja are concerned or interested as relatives of him.

The Board commends the Ordinary resolution set out at Item No. 6 for approval by shareholders.

ITEM NO. 7 - Appointment of M/s. Kedia & Co. as Cost Auditor

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Kedia & Co., Cost Accountant (Regd. No. 000198), as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 as set out in the resolution, excluding applicable taxes and out of pocket expenses, which shall be paid on actual basis.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2018.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at item No. 7 of the Notice for approval by the shareholders.

**By order of the Board
For Valson Industries Limited**

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

**Place: Mumbai
Date: 27th May 2017**



BOARD'S REPORT

TO THE MEMBERS OF
VALSON INDUSTRIES LIMITED

The Directors take pleasure in presenting the Thirty Third Annual Report together with the audited financial statements for the year ended 31st March, 2017. The Management Discussion and Analysis has also been incorporated into this report.

1 FINANCIAL RESULTS :

Key highlights of financial results for Valson Industries Limited for the financial year 2016-17 are tabulated below

(Rs. in Lacs)

Particulars	Year ending 31.03.17	Year ending 31.03.16
Revenue from operations (net)	10028.27	9162.69
Operating Profit (PBOEIDT) before other income and extra ordinary activity (i.e. profit on Sale of Fixed Assets)	464.19	508.04
Finance Cost	43.87	71.23
Depreciation	262.29	276.38
Operating Profit before other income and extra ordinary activity (i.e. profit on Sale of Fixed Assets)	158.03	160.43
Other Income	187.39	122.60
Operating Profit before extraordinary activity	345.42	283.03
Profit on sale of Fixed Assets (i.e. profit on Sale of Fixed Assets)	-	251.97
Profit before Tax	345.42	535.00
Taxation	(108.18)	(143.34)
Profit after Tax	237.24	391.66
Balance of Profit brought forward	1433.78	1149.40
Amount available for appropriations	1671.02	1541.07
Appropriations:		
Transfer to General Reserve	15.00	15.00
Dividend on Equity Shares	-	76.61
Dividend Tax on Equity Shares	-	15.68
Balance carried forward to Balance Sheet	1656.02	1433.78
Total	1671.02	1541.07
EPS (Basic & Diluted)	3.10	5.11

2. HIGHLIGHTS OF PERFORMANCE

- ◆ Net sales for the year were Rs. 10028.27 Lakhs as compared to Rs. 9162.69 Lakhs in 2015-16.
- ◆ Export sales for the year were Rs. 1010.44 Lakhs as compared to last year Rs. 586.01 Lakhs increase 72.4%.



- ◆ Company has reduce its power cost
- ◆ Finance cost has been reduced to Rs. 43.97 Lakhs as compared to last year Rs. 71.23 Lakhs.
- ◆ Profit before extraordinary activity was Rs. 345.42 Lakhs as compared to last year Rs. 283.03 Lakhs.

3. BUSINESS OPERATIONS

The company is one of the leading manufacturers of Polyester Texturised Dyed Yarn and Processors of Cotton and other Fancy yarns with Customers having diverse uses. Quality Products and Services has been the top most priority and after continuous research and efforts, the company has ventured into the dyeing of various qualities of yarns. The Company today has wide range of Polyester Dyed Yarn with a strong market acceptance and niche position for exclusive shades and grades.

After the continuous efforts and research this year the company has focus on producing and marketing its value added products i.e. dyed yarns compare to white yarn and it has also focus on denier wise costing / profitability which will result into the best product mix to sell season wise so that the company always gets the better profitability.

During the financial year 2016-2017 the company has improved its performance in many ways:

- 1) There is a growth of 10.7% in Texturising production (4763 MT) compare to last year (4304 MT).
- 2) There is a growth of 5.3% in Dyeing production (4911 MT) compare to last year (4665 MT).
- 3) There is a growth of 18.1% in Sales in terms of quantitative (5153 MT) compare to last year (4343 MT).
- 4) There is increase in 9.5% in terms of net turnover (Rs. 10028.27 Lakhs) compare to last year (Rs. 9162.69 Lakhs).
- 5) There is increase in 72.4% in terms of Export turnover (Rs. 1010.44 Lakhs) compare to last year (Rs. 586.01 Lakhs).
- 6) The Power cost has been reduced by 2.4% in terms of amount (Rs. 949.18 Lakhs) compare to last year (Rs. 972.27 Lakhs).
- 7) The Company has repaid its remaining term loan and manage the working capital efficiently which results in reduction in finance cost drastically to Rs. 43.87 Lakhs from Rs. 71.23 Lakhs (i.e. reduction of 38.4%).
- 8) The Depreciation is Rs. 262.29 Lakhs its lower compare to last year (Rs. 276.38 Lakhs).
- 9) The Operating Profit before extraordinary activity is increase by 22.0% (Rs. 345.42 Lakhs) compare to last year (Rs. 283.03 Lakhs).

There was no change in nature of business of the Company, during the year under review.

4. DIVIDEND

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30th March, 2016, Company has not accounted for proposed dividend as a liability as at 31st March, 2017. Proposed Dividend was however accounted for as a liability as at 31st March, 2016 in line with the existing accounting standard applicable at that time. Accordingly, there is no provision required to be made in the accounts.

The Board of Directors of the Company has recommended a dividend of Re. 1/- per equity share for approval by shareholders at the 33rd Annual General Meeting, if approved the total liability arising to the



Company would be Rs. 92.20 Lakhs (including Dividend Tax Rs. 15.60 Lakhs) in Financial Year 2017-18.

During the previous year (March 31, 2016) the company has declared a final dividend of Re. 1/- per equity share of Rs. 10/- each amounting to Rs. 92.29 Lakhs including dividend distribution tax of Rs. 15.68 Lakhs.

5. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

During the year 2016 – 17, unclaimed Dividend of Rs. 47,010/- was transferred to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. The said amount represent Dividend for the year 2008 – 09 which remain unclaimed for a period of 7 years from its due date of payment.

6. TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 15 Lakhs to the General Reserves.

7. CAPITAL EXPENDITURE

The company has made the need base Capital Expenditure during the year 2016-17 towards Tangible & Intangible Assets, amounted to Rs. 639.10 Lakhs, a major part of which was spent on Land and Building and Plant & Machinery. The details as under:

Sr. No.	Nature of Assets	Place	Amount	Remarks
1	Land	Amaravati, Maharashtra	188.30	Land procure at Amaravati for future expansion
2	Factory Building	Vapi	243.53	Approx. 30000 sq. ft. building constructed for need base expansion
3.	Plant and Machinery	Vapi	86.94	ETP Plant, Hydro Extractors and Conning Machines
4.	Utility Equipment's	Vapi & Silli	13.60	Need base utilities has procure
5.	Electrical Installation	Vapi & Silli	33.74	
6.	Other Ancillary Assets	Vapi & Silli	59.14	
	(Total (A))		625.25	
7.	Capital Work in Process - Building	Vapi	0.33	
8.	Capital Work in Process - Machinery	Vapi	13.53	
			639.10	

8. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 766.08 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. There was no change in the Company's share capital during the year under review.

9. DEPOSITS

The Company has not accepted deposits from Public. The Company has accepted deposit from the members and directors falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. The details relating to Deposits, covered under Chapter V of the Companies Act, 2013 are tabled below:



Sr. No.	Particulars	Amount in Rs.
1.	Accepted during the year	Nil
2.	Remained unpaid or unclaimed as at the end of the year	60,00,000
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:- (i) at the beginning of the year (ii) maximum during the year (iii) at the end of the year	Nil Nil Nil
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Companies Act	Nil

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

11. SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company.

12. DIRECTORS

12.1 Retirement by Rotation

Pursuant to Section 152 (6) of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mrs. Asha S. Mutreja, Director, retires by rotation at the forthcoming Annual General Meeting. Being eligible, she offers herself for re-appointment.

12.2 Appointment of Director and Chief Executive Officer (CEO)

Pursuant to Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company, Mr. Kunal S. Mutreja was appointed as an Additional Director of the Company at the Board Meeting held on 27th May, 2017. In terms of provisions of Section 161(1) of the Act, Mr. Kunal S. Mutreja would hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from member along with a deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Kunal S. Mutreja for the office of Director of the Company. It is proposed to appoint Mr. Kunal S. Mutreja as a Director under Section 152 of the Act, liable to retire by rotation and resolution has been proposed at Item No. 5 of the Notice of 33rd Annual General Meeting.

The Company has at its Board Meeting held on 27th May, 2017 appointed Mr. Kunal S. Mutreja as Director-CEO of the Company w.e.f. 01st June, 2017. The necessary item of resolution has been proposed at Item No. 6 of the Notice of 33rd Annual General Meeting.

12.3 Declaration by Independent Directors

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both, under Sub-Section 6 of Section 149 of the Companies Act, 2013 and under Regulation 17 of the SEBI (LODR) Regulations, 2015.

12.4 Familiarisation Program for Independent Directors

The Program intends to provide insights into the Company so that the Independent Directors can understand the Company's business in depth and the roles, rights, responsibility that they are expected to perform/enjoy in the



Company to keep them updated on the operations and business of the Company thereby facilitating their active participation in managing the affairs of the Company. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, SEBI (LODR) Regulations, 2015 with regards to their roles, rights and responsibilities as Directors of the Company.

12.5 Annual Board Evaluation

The Board carried out an annual performance evaluation of its own performance, the individual Directors as well as the Board Committees, in due compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The performance evaluation of the Independent Directors was carried by the entire Board and the performance evaluation of the Chairman and Non - Independent Directors was carried out by the Independent Directors.

The Board evaluation was carried out in accordance with the criteria laid down in the Nomination and Remuneration Policy of the Company.

12.6 Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014 framed there under:

1. Mr. Suresh N. Mutreja, Chairman - Managing Director
2. Mrs. Asha S. Mutreja, Whole - Time Director
3. Mr. Varun S. Mutreja, Director - CFO
4. Mr. Kunal S. Mutreja, Director - CEO

None of the Key Managerial Personnel have resigned during the year under review.

12.7 Remuneration Policy

The Board has in accordance with the provisions of Sub-Section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management Employees. The detail of the same has been disclosed in the Corporate Governance Report.

12.8 Board Meetings

A calendar of Board Meetings is prepared and circulated in advance to the Directors.

During the year the Company has held 4 (Four) Board Meetings which were held on 28th May, 2016; 13th August, 2016; 12th November, 2016 and 14th February, 2017. The maximum interval between any two meetings did not exceed 120 days.

13. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in



accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

14. PLEDGE OF SHARES

None of the equity shares of the Directors of the Company are pledged with any banks or financial institutions.

15. RELATED PARTY TRANSACTIONS

A Related Party Policy has been adopted by the Board of Directors at its meeting held on 14th August, 2014 for determining the materiality of transactions with related parties and dealings with them. The said policy may be referred to, at the Company's official website at the web link, <http://valsonindia.com/investor-relations/>. The Audit Committee reviews all related party transactions quarterly.

Further the members may note that the Company has not entered into the following kinds of related party transactions:

- Contracts/arrangement/transactions which are not at arm's length basis
- Any Material contracts/arrangement/transactions [as per Regulation 23 of the SEBI (LODR) Regulations, 2015]

16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

17. DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

18. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has in place a Policy for Prevention of Sexual Harassment of Women at Work Place and constituted an Internal Complaints Committees (ICC). No complaint has been raised during the year ended 31st March, 2017.

19. COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

There are no companies which have become or ceased to be its Subsidiaries, Joint Venture or Associate Companies during the financial year 2016 - 17.

20. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The criteria prescribed for the applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable to the Company.

21. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

In line with the regulatory requirements, the Company has framed a Risk Management Policy to identify and access the key business risk areas and a risk mitigation process. A detailed exercise is being carried out at regular intervals to



identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

The inherent risks to the business of the company are as follows:

- a) Foreign Exchange Risk
- b) Yarn Price Risk
- c) Stiff Global Competition
- d) Government Policy on incentives for exports
- e) Risk elements in business transactions
- f) Success of Cotton Crop

All the above risk has been discussed in the Management Discussion and Analysis Report. The Chairman and Managing Director, CEO & CFO mitigate the risk with the help of their depth of knowledge of market, assistance of senior management and forecast based on various data available with the Company. The Company has developed the analysis of market data which helps in decision making and to ensure the mitigation of the risk.

The Company has not formed Risk Management Committee as it is not applicable under regulation 21 of the SEBI (LODR) Regulations, 2015.

22. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit department carried out audits in different areas of your Company's operations. Post audit reviews were carried out to ensure that audit recommendations were implemented and they monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented quarterly and yearly reports to the chairman of Audit Committee of the Board to maintain its objectivity and independence.

The Audit Committee reviewed the audit program and findings of the Internal Audit department and the Company when needed takes corrective actions.

23. INFORMATION SYSTEM

In a business where information is critical, Information Technology plays a vital role, facilitating informed decision making to grow the business. Over the years, the Company has invested extensively in infrastructure, people and processes with the objective to capture, protect and transmit information with speed and accuracy.

To align with the Company's requirement, the Company has installed SAP ERP suite for a reliable, high end, comprehensive, disciplined and integrated business solution.

24. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy are explained in the Corporate Governance Report.

25. AUDITORS

25.1 Statutory Auditors

M/s. Mehta Chokshi & Shah, Chartered Accountants, the outgoing auditors has completed his term as Auditor pursuant to Section 139(2) of the Act at the end of conclusion of the 33rd Annual General Meeting.



It is proposed to appoint M/s. M. A. Parikh & Co., Chartered Accountant as Statutory Auditor of the Company for the Company's financial year 2017 - 18 to hold office from the conclusion of this Annual General Meeting of the Company till the conclusion of the next Annual General Meeting in place of M/s. Mehta Chokshi & Shah, Chartered Accountants. The Company has received a letter from M/s. M. A. Parikh & Co., Chartered Accountant to the effect that their appointment if made would be maintain be within the prescribed limit under Section 141(1)(g) of the Companies Act, 2013 and that they are willing to act as Statutory Auditors of the Company. As required under Regulation 33 of the SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

25.2 Statutory Auditors' Observations

The notes on financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report is an Un-Modified Report and does not contain any qualification, reservation, adverse remark or disclaimer.

25.3 Cost Audit

Vide notification dated 31st December, 2014; the Ministry of Corporate Affairs has issued Companies (Cost Records and Audit) Amendment Rules, 2014. Further, vide notification dated 14th July, 2016, the Ministry of Corporate Affairs has amended the said rules. As per the said amendment, the following are the limits applicable to cost records (Rule 3) and cost audit (Rule 4):

a) Limit under Rule 3 for Cost Records-

- ◆ The applicable limit prescribed in respect of production of goods or providing services shall be Rs. 35 Crore or more during the immediately preceding financial year shall maintain cost records for such product or services in their Books of Accounts.

b) Limit under Rule 4 for Cost Audit-

- ◆ The applicable limit prescribed in respect of specified in Item (B) of Rule 3 is Rs. 100 Crore or more during the immediately preceding financial year shall get its cost records audited in accordance with this rules.

By virtue of above limits specified, the net turnover of the Company for manufacturing of dyed yarns is Rs. 100.28 Crores during the year financial year ended 31st March 2017. Hence, the Company does required to get its cost records audited for manufacturing of dyed yarns.

The Board appointed M/s. Kedia & Co., Cost Accountants, as Cost Auditors of the Company for the financial year 2017-18 at a fee of Rs. 80,000/- plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the 33rd Annual General Meeting.

25.4 Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Punit P. Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure A".

25.5 Qualifications in Secretarial Audit Report

a) Appointment of Company Secretary:

As per section 203 (1) (ii), the Company is required to appoint Company Secretary. *The Company has not appointed Company Secretary; consequently the annual audited financial statements are not signed by Company Secretary.* In this regard the management of the Company has provided the following reply:

- i. The Company has appointed Mr. Pritesh Shah, Compliance Officer of the Company to ensure compliance of the Companies Act, 2013 and SEBI Act and rules made there under.
- ii. The Company has availed of the services of Practicing Company Secretary for advise on the compliance of the Companies Act, 2013 and the SEBI Act and rules made there under.



- iii. The Volume and Scope of work for the Company Secretary is less and it is not a full time work and the job of Company Secretary is not attractive commensurate with the scope of work and salary.

26. CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investors' protection and maximizing long-term shareholders value. The certificate from Mr. Punit P. Shah, Practicing Company Secretary, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V (E) of the Securities and Exchange Board of India (LODR) Regulations, 2015 of the Stock Exchanges is annexed.

27. MANAGEMENT DISCUSSION AND ANALYSIS

As required under the Schedule V (B) of SEBI (LODR) Regulations, 2015, report on "Management Discussion and Analysis" is attached and form part of this Annual Report.

28. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure B".

29. LISTING WITH STOCK EXCHANGES

Your Company is listed with one Stock Exchange i.e. BSE Limited and the Company has duly paid the listing fees to the Exchange.

30. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C".

31. PARTICULARS OF EMPLOYEES

During the year, there was no employee in receipt of remuneration as prescribed in the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The prescribed particulars of Employees as required under Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure D" and form part of this Report.

However, in accordance with the provisions contained in the proviso to Section 136(1) of the Companies Act, 2013, the Annual Report and accounts excluding the aforesaid information are being sent to the shareholders of the Company. Any member interested in obtaining such particulars may write to the Compliance Officer at the Registered Office of the Company for the same.

32. HUMAN RESOURCES

The industrial relations at the manufacturing facilities of the Company have been cordial during the year. Employees are considered to be team members being one of the most critical resources in the business which maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. The Company maintains healthy, cordial and harmonious relations with all personnel and thereby enhancing the contributory value of the Human Resources.

33. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.



34. ENHANCING SHAREHOLDERS VALUE

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

35. GREEN INITIATIVES

Electronic copies of the Annual Report 2016 - 17 and Notice of the 33rd Annual General Meeting are sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016 - 17 and the Notice of the 33rd Annual General Meeting under Section 101 of the Companies Act, 2013 are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

Your Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

36. ACKNOWLEDGEMENTS

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

37. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

For and on behalf of the Board of Directors

**(Mr. Suresh N. Mutreja)
Chairman & Managing Director**

**(Mr. Varun S. Mutreja)
Director - Chief Financial Officer**

**(Mr. Kunal S. Mutreja)
Director - Chief Executive Officer**

**Place: Mumbai
Date: 27th May 2017**



MANAGEMENT DISCUSSION AND ANALYSIS

Economy Overview:

Textile and Apparel sector is a major sector globally. Since the initial stages of global industrialization, Textile and Apparel sector has remained at the forefront in generating employment and adding significantly to manufacturing output and exports for countries.

The textile industry comprises establishments that manufacture fiber, yarn, threads, carpets, rugs, linens and other textile products. This industry also comprises establishments engaged in processing fiber, yarn and fabric to produce finished products.

Asia was the largest region in the textiles manufacturing market in 2016, accounting for 71% market share. This is largely due to the presence of many fabrics, apparels manufacturing and home furnishings facilities in the region. The Americas was the second largest region accounting for 12% market share. Europe was the third largest region accounting for 11% market share.

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

The key initiatives announced to boost the textiles sector are listed below:

- ◆ Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from Rs 1,36,000 crore (US\$ 20.4 billion) to Rs 2,44,000 crore (US\$ 36.6 billion).
- ◆ Upgrade labour skills by allocating Rs 2,200 crore (US\$ 330 million)

Some of initiatives taken by the government to further promote the industry are as under:

- ◆ The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and up-gradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- ◆ The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer.
- ◆ Memorandum of Understanding (MoU) worth Rs 8,835 crore (US\$ 1.3 billion) in areas such as textile parks, textile processing, machinery, carpet development and others, were signed during the Vibrant Gujarat 2017 Summit.



- ◆ The Union Minister for Textiles inaugurated Meghalaya's first-ever apparel and garment making centre to create employment opportunities in the region. The Union Minister for Textiles also mentioned Meghalaya has been sanctioned Rs 32 crore (US\$ 4.8 million) for promotion of handlooms.
- ◆ The Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of Rs 80,630 crore (US\$ 12.09 billion) in the next three years.
- ◆ The Clothing Manufacturers' Association of India (CMAI) has signed a memorandum of understanding (MOU) with China Chamber of Commerce for Import and Export of Textiles (CCCT) to explore potential areas of mutual co-operation for increasing apparel exports from India
- ◆ The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.

Outlook:

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

The Union Ministry of Textiles, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalising guidelines for the revised Textile Upgradation Fund Scheme (TUFS).

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand*.

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

Risks and concerns:

There are some areas of concerns, which need to be stated here. Along-with recovery, the textile industry is also facing increase in input prices in sync with the global trends and appreciating rupee. 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.

Company's Business

The company has established its brand name "VALSON" in polyester texturised yarn since 1983. Today we are one of the leading manufacturers of Polyester Texturised & Twisted Yarn and Processors of Cotton, Polyester and other Fancy yarns in India with Customers having diverse uses its end-users comprise players from the shirting, suiting's, label, upholstery,



hosiery, furnishings, automotive and ready-made garments industries etc. Quality Products and Services has been our top most priority and after continuous research, we have ventured into the dyeing of various qualities of yarns. We have more than 65000 shades in our data bank.

The Company is into manufacturing and exporter of Polyester Dyed Yarn and processors of Cotton and other fancy yarn. It has activities like Texturising, Twisting, Coning and Dyeing Plants to produce Quality Polyester Texturised Twisted Yarn and other fancy yarn. The Manufacturing process is as under:

The basic raw material used for texturising is Partially Oriented Yarn popularly known as POY. It is fragile, weak, delicate and easily breakable. POY does not have any purposeful use as it lacks the stability, strength, and therefore it cannot be directly used for weaving or knitting.

The term texturising means the production of a permanent crimp in the initially straight fiber or filament yarn. It increases the bulk and improves the elasticity of yarn. This activity fully draws POY yarn to comply with the market requirement and therefore it is different commercial commodity. The POY after the texturising process is known as "Weft Yarn". The twisted crimp yarn is hard, strong and not easily breakable. It gives the yarn a feel of natural like cotton or wool.

The "Weft Yarn" is further twisted for the purpose of imparting the required strength, which is necessary to withstand the high speed run on looms for the purpose of weaving. The twisted yarn is known in commercial parlance as "Warp Yarn".

The Texturised and twisted yarn is properly washed and thereafter is dyed under quality parameters to get Colour Strength, Tone, Dispersion and Sublimation fastness.

The Dyed Yarn is wound around standard size cones before they are packed for dispatch.

The Company has established its brand as reputed manufacturer of quality, polyester dyed yarn and processors of cotton and other fancy yarn. It has been supplying its products through the network of agents in market. There are about 10 to 15 major agents spread over in Maharashtra, Delhi, Punjab, Northern and Southern India.

There scope of activity of agents will also include the following: -

- 1) To book the orders and to render various incidental services including the monitoring of the follow up of the same.
- 2) To obtain the general market information and acquaint the Company from time to time.
- 3) To receive the payment and statutory forms for and on behalf of the Company in respect of direct invoice raised on the customers for supply of material delivered as per their instruction at anywhere in India.

The 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.

We are getting incentives like duty drawback for export of our goods and have covered our products under Focus Scheme declared by Ministry of Commerce as an additional incentive to increase the export and capture global market.

Opportunities:

The biggest growth opportunity for the textile industry arises from the changed global scenario of quota free business environment. Valson Industries Limited has already grabbed the opportunity and is rapidly growing in the 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.

Threats:

Along with the opportunity that the quota free regime offers, there lies the threat of stiff global competition which indirectly would result in price pressure. 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.



Segment-wise performance:

The Company falls within a single business segment viz. 'Yarns'. The sales are substantially in the domestic market, and the financial statements are reflective of the information required by Accounting Standard 17 "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006.

Human Resources:

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

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

Insurance:

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

Safety, Health and Environment

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

Environmental Preservation:

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

Material developments in Human Resources / Industrial Relations:

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

Internal control systems and their adequacy:

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit department carried out audits in different areas of your Company's operations. Post audit reviews were carried out to ensure that audit recommendations were implemented and they monitors and evaluates the efficacy and



adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented quarterly and yearly reports to the chairman of Audit Committee of the Board to maintain its objectivity and independence.

The Audit Committee reviewed the audit program and findings of the Internal Audit department and the Company when needed takes corrective actions.

Discussion on financial performance with respect to operational performance:

During the year, your company has performed substantially well mainly due to it's rich experience and concentration on optimum utilisation of capacity along with better conversion and also monitoring, controlling and restricting the manufacturing expenses. FY 2016-17 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. Despite these constraints and challenging environment, the company performed well and the highlights of the performance are as under:

- 1) There is a growth of 10.7% in Texturising production (4763 MT) compare to last year (4304 MT).
- 2) There is a growth of 5.3% in Dyeing production (4911 MT) compare to last year (4665 MT).
- 3) There is a growth of 18.1% in Sales in terms of quantitative (5153 MT) compare to last year (4343 MT).
- 4) There is increase in 9.5% in terms of net turnover (Rs. 10028.27 Lakhs) compare to last year (Rs. 9162.69 Lakhs).
- 5) There is increase in 72.4% in terms of Export turnover (Rs. 1010.44 Lakhs) compare to last year (Rs. 586.01 Lakhs).
- 6) The Power cost has been reduced to 2.4% in terms of amount (Rs. 949.18 Lakhs) compare to last year (Rs. 972.27 Lakhs).
- 7) The Company has repaid it's remaining term loan and manage the working capital efficiently which results in reduction in finance cost drastically to Rs. 43.87 Lakhs from Rs. 71.23 Lakhs (i.e. reduction of 38.4%).
- 8) The Depreciation is Rs. 262.29 Lakhs it's lower compare to last year (Rs. 276.38 Lakhs).
- 9) The Operating Profit before extraordinary activity is increase by 22.0% (Rs. 345.42 Lakhs) compare to last year (Rs. 283.03 Lakhs).

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

For and on behalf of the Board of Directors

**Suresh N Mutreja
Chairman & Managing Director**

**Place : Mumbai
Date: 27th May 2017**



ANNEXURE 'A' TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Valson Industries Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Valson Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during audit period).**
 - (e) The Securities Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008. **(Not Applicable to the Company during audit period).**
 - (f) The Securities Exchange Board of India (Registrar to an Issue and Share Transfer Agent), Regulations, 1993. Regarding the Companies Act, 2013 and dealing with the clients.
 - (g) The Securities Exchange Board of India (Delisting of Equity Shares), Regulations, 2009. **(Not Applicable to the Company during audit period).**
 - (h) The Securities Exchange Board of India (Buyback of Securities), Regulations, 1998. **(Not Applicable to the Company during audit period).**



I have also examined compliance with the applicable clauses of the following:

- 1) Secretarial Standards issued by The Institute of Company Secretaries of India i.e. Secretarial Standards - 1 for Board Meetings and Secretarial Standards - 2 for General Meetings.
- 2) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following qualifications:

A. Appointment of Company Secretary:

As per section 203 (1) (ii), the Company is required to appoint Company Secretary. The Company has not appointed Company Secretary, consequently the annual audited financial statements are not signed by Company Secretary. In this regard the management of the Company has provided the following reply:

- i. The Company has appointed Mr. Pritesh Shah, Compliance Officer of the Company to ensure compliance of the Companies Act, 2013 and SEBI Act and rules made there under.
- ii. The Company has availed of the services of Practicing Company Secretary for advise on the compliance of the Companies Act, 2013 and the SEBI Act and rules made there under.
- iii. The Volume and Scope of work for the Company Secretary is less and it is not a full time work and the job of Company Secretary is not attractive commensurate with the scope of work and salary

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

1. Public / Right / Preferential issue of shares / Debentures / Sweat Equity, etc.
2. Redemption / Buy-Back of Securities
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
4. Merger / Amalgamation / Reconstruction, etc.
5. Foreign Technical Collaborations
5. Foreign technical collaborations

Place: Mumbai

Date: 27th May 2017

Punit Shah
Practicing Company Secretary
ACS No. 20536, C P No.: 7506



**ANNEXURE 'B' TO BOARD'S REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

<p>Disclosure under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988</p> <p>FORM A</p> <p>(A) Power and Fuel Consumption:</p> <p>1. Electricity</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">Current Year</th> <th style="text-align: center;">Previous Year</th> </tr> <tr> <th></th> <th style="text-align: center;">31.03.2017</th> <th style="text-align: center;">31.03.2016</th> </tr> </thead> <tbody> <tr> <td>(i) Purchased:</td> <td></td> <td></td> </tr> <tr> <td>Avg. Unit Rate (Rs./KWH)</td> <td style="text-align: right;">5.34</td> <td style="text-align: right;">5.46</td> </tr> <tr> <td>Units (KWH/Lacs)</td> <td style="text-align: right;">125.45</td> <td style="text-align: right;">118.19</td> </tr> <tr> <td>Total Amount (Rs. in Lacs)</td> <td style="text-align: right;">669.67</td> <td style="text-align: right;">645.85</td> </tr> <tr> <td>(ii) Own Generation through D. G. Sets:</td> <td></td> <td></td> </tr> <tr> <td>Unit Rate (Rs./KWH)</td> <td style="text-align: right;">19.82</td> <td style="text-align: right;">17.81</td> </tr> <tr> <td>Units (KWH/Lacs)</td> <td style="text-align: right;">0.16</td> <td style="text-align: right;">0.30</td> </tr> <tr> <td>Total Amount (Rs. in Lacs)</td> <td style="text-align: right;">3.27</td> <td style="text-align: right;">5.27</td> </tr> <tr> <td>2. Coal</td> <td style="text-align: center;">Current Year</td> <td style="text-align: center;">Previous Year</td> </tr> <tr> <td></td> <td style="text-align: center;">31.03.2017</td> <td style="text-align: center;">31.03.2016</td> </tr> <tr> <td>Qty. (M. Tons)</td> <td style="text-align: right;">5115.50</td> <td style="text-align: right;">5122.63</td> </tr> <tr> <td>Total Cost (Rs. in Lacs)</td> <td style="text-align: right;">253.71</td> <td style="text-align: right;">254.33</td> </tr> <tr> <td>Avg. Rate (Rs./MT)</td> <td style="text-align: right;">4959.57</td> <td style="text-align: right;">4964.92</td> </tr> <tr> <td>3. Furnace Oil</td> <td colspan="2" style="text-align: center;">Not Applicable</td> </tr> <p>(B) Consumption per Unit of Production:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">Current Year</th> <th style="text-align: center;">Previous Year</th> </tr> <tr> <th></th> <th style="text-align: center;">31.03.2017</th> <th style="text-align: center;">31.03.2016</th> </tr> </thead> <tbody> <tr> <td>Electricity (KWH per Tonne of Yarn)</td> <td style="text-align: right;">2637.91</td> <td style="text-align: right;">2754.08</td> </tr> <tr> <td>Coal (MT per Tonne of Yarn)</td> <td style="text-align: right;">1.10</td> <td style="text-align: right;">1.10</td> </tr> </tbody> </table> </tbody></table>		Current Year	Previous Year		31.03.2017	31.03.2016	(i) Purchased:			Avg. Unit Rate (Rs./KWH)	5.34	5.46	Units (KWH/Lacs)	125.45	118.19	Total Amount (Rs. in Lacs)	669.67	645.85	(ii) Own Generation through D. G. Sets:			Unit Rate (Rs./KWH)	19.82	17.81	Units (KWH/Lacs)	0.16	0.30	Total Amount (Rs. in Lacs)	3.27	5.27	2. Coal	Current Year	Previous Year		31.03.2017	31.03.2016	Qty. (M. Tons)	5115.50	5122.63	Total Cost (Rs. in Lacs)	253.71	254.33	Avg. Rate (Rs./MT)	4959.57	4964.92	3. Furnace Oil	Not Applicable			Current Year	Previous Year		31.03.2017	31.03.2016	Electricity (KWH per Tonne of Yarn)	2637.91	2754.08	Coal (MT per Tonne of Yarn)	1.10	1.10	<p>Form B</p> <p>(I) Development</p> <p>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.</p> <p>(II) Technology Absorption, Adaptation & Innovation</p> <p>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.</p> <p align="right">For and on behalf of the Board</p> <p align="right">Mr. Suresh N. Mutreja Chairman & Managing Director</p> <p>Place: Mumbai Date: 27th May, 2017</p>
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**ANNEXURE 'C' TO BOARD'S REPORT
EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9

I. REGISTRATION AND OTHER DETAILS

CIN	L17110MH1983PLC030117
Registration Date	2nd June, 1983
Name of the Company	VALSON INDUSTRIES LIMITED
Category	Company limited by Shares
Sub-Category of the Company	Indian Non-Government Company
Address of the Registered Office and contact details	28, Bldg.No.6, Mittal Industrial Estate, Sir M. V. Road, Andheri (E), Mumbai - 400059 Tel. No. 022 40661000 Fax No. 022 40661199 Email : pritesh@valsonindia.com
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West) Mumbai - 400083. Tel: 022 49186000 Fax : 02249186060 Email : rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Manufacture of synthetic or artificial filament yarn, tenacity yarn whether or not textured including high tenacity yarn.	20203	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Nil	Nil	Nil	Nil	Nil



IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4507477	0	4507477	58.84	4666159	0	4666159	60.91	+2.07
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total(A) (1):	4507477	0	4507477	58.84	4666159	0	4666159	60.91	+2.07
(2) Foreign									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub- Total (A) (2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	4507477	0	4507477	58.84	4666159	0	4666159	60.91	+2.07
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	0	0	0	0.00	0	0	0	0.00	0.00



Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	113840	0	113840	1.49	112259	0	112259	1.48	-0.01
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals*									
i) Individual shareholders holding nominal share capital up to Rs. 2 Lacs	1611829	141810	1753639	22.89	1514338	138410	1652748	21.57	-1.32
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs	750396	0	750396	9.80	721732	0	721732	9.42	-0.38
c) Others (specify)									
i) NRI / OCBs	150075	0	150075	1.96	138940	0	138940	1.81	-0.15
ii) Clearing Members / Clearing House	94820	0	94820	1.24	44195	0	44195	0.58	-0.66
iii) Hindu Undivided Family	288053	0	288053	3.76	324767	0	324767	4.24	+0.48
iv) Market Makers	2500	0	2500	0.03	0	0	0	0.00	-0.03
Sub-Total (B)(2):	3011513	141810	3153323	41.16	2856231	138410	2994641	39.09	-2.07
Total Public Shareholding Public									
Group (B)= (B)(1)+(B)(2)	3011513	141810	3153323	41.16	2856231	138410	2994641	39.09	-2.07
Total (A) + (B)	7518990	141810	7660800	100.00	7522390	138410	7660800	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	7518990	141810	7660800	100.00	7522390	138410	7660800	100.00	0.00



ii) Shareholding of Promoters

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Suresh N. Mutreja	1587000	20.72	0.00	1587000	20.72	0.00	0.00
2.	Kunal S. Mutreja	757000	9.88	0.00	800682	10.45	0.00	+0.57
3.	Asha S. Mutreja	679000	8.86	0.00	679000	8.86	0.00	0.00
4.	Varun S. Mutreja	362200	4.73	0.00	362200	4.73	0.00	0.00
5.	Suresh N. Mutreja (HUF)	495200	6.46	0.00	495200	6.46	0.00	0.00
6.	Ankit S. Mutreja	172968	2.26	0.00	224968	2.94	0.00	+0.68
7.	Nanakchand D. Mutreja (HUF)	92500	1.21	0.00	92500	1.21	0.00	0.00
8.	Tina K. Mutreja	157000	2.05	0.00	157000	2.05	0.00	0.00
9.	Kunal S. Mutreja (HUF)	134000	1.75	0.00	134000	1.75	0.00	0.00
10.	Shweta V. Mutreja	70609	0.92	0.00	95609	1.25	0.00	+0.33
11.	Saachi A. Mutreja	0	0.00	0.00	38000	0.50	0.00	+0.50
	Total	4507477	58.84	0.00	4666159	60.91	0.00	+2.07

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (As on 31.03.2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	ASHA S. MUTREJA				
	At the beginning of the year	172968	2.26		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+50000 Aquisition on (14/09/2016)	+0.68	52000	0.68
	At the end of the year	224968	2.94	224968	2.94
2.	SAANCHI A. MUTREJA				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+38000 Aquisition on (14/09/2016)	+0.50		
	At the end of the year	38000	+0.50	38000	+0.50



Sr. No.		Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (As on 31.03.2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3.	SHWETA V. MUTREJA				
	At the beginning of the year	70609	0.92		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+25000 Aquisition on 14/9/2016	+0.33	25000	0.33
	At the end of the year	95609	1.25	95609	1.25
4.	KUNAL S. MUTREJA				
	At the beginning of the year	757000	9.88		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+43682 Aquisition on 14/09/2016	+0.57	43682	0.57
	At the end of the year	800682	10.43	800682	10.43

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2016)		Shareholding at the end of the year (As on 31.03.2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Seema D. Mutreja	177000	2.31	177000	2.31
2.	Sunil N. Mutreja	170264	2.22	164315	2.14
3.	Nitesh N. Mutreja	158682	2.07	0	0.00
4.	Madan Bhagchand Melwani	107518	1.40	107518	1.40
5.	Sunil N. Mutreja (HUF)	105200	1.37	105050	1.37
6.	Mahendra Chandulal Dharu	8135	0.11	77255	1.01
7.	Rita Sunil Mutreja	88993	1.16	60993	0.80
8.	Angel Fincap Private Limited	67265	0.88	6468	0.08
9.	Vinod N. Mutreja	62172	0.81	56946	0.74
10.	Kalpana Gupta	46672	0.61	54869	0.72
11.	Mahendra R. Shah	45500	0.59	45500	0.59
12.	Premilaben Mahendra Kumar Dharu	0	0.00	54666	0.71
13.	Shashi Rani Gupta	0	0.00	47813	0.62



v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors	Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (As on 31.03.2017)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
A. DIRECTOR	Promoter Director Shareholding and their changes have already been given in the earlier table. Mr. Chandan Gupta and Mr. Pradip C. Shah (Independent Directors) do not hold any shares in the Company. Mr. Surendra Kumar Suri holds only 400 Shares at the beginning and at the end of the year.			
At the beginning of the year				
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/sweat equity etc)				
At the end of the year				
B. KEY MANAGERIAL PERSONNEL	NOT APPLICABLE			
At the beginning of the year				
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/sweat equity etc)				
At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount . In Lacs)

	Secured Loans excluding deposits	Un Secured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	308.86	0.00	60.00	368.86
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	308.86	0.00	60.00	368.86
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction	(308.86)	0.00	0.00	(308.86)
Net Change	(308.86)	0.00	0.00	(308.86)
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	0.00	0.00	60.00	60.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	0.00	0.00	60.00	60.00



VI. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/ or Manager.

Sr. No.	Particulars of Remuneration	Suresh N. Mutreja	Asha S. Mutreja	Varun S. Mutreja	Total Amount Rs. in Lacs
		WTD	WTD	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	30.00	6.00	18.00	54.00
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Options	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify.....	0.00	0.00	0.00	0.00
5.	Others, please specify (Providend Fund)	2.52	0.36	1.22	4.10
	TOTAL (A)	32.52	6.36	19.22	58.10
	Ceiling As per The Act	Minimum Remuneration upto Rs. 14,00,000 per month	Minimum Remuneration upto Rs. 700,000 per month	Minimum Remuneration upto Rs. 700,000 per month	--

B. Remuneration to other Directors:

1. Independent Directors

Particulars of Remuneration	Mr. Chandan S. Gupta	Mr. Surendra Kumar Suri	Mr. Pradip C. Shah	Total Amount (In Rs.)
- Fee for attending Board / Committee Meetings	90,000	90,000	90,000	2,70,000
- Commission	0.00	0.00	0.00	0.00
- Others, please specify	0.00	0.00	0.00	0.00
Total (B)(1)	90,000	90,000	90,000	2,70,000



2. Other Non Executive Directors

(Rs. in Lacs)

Particulars of Remuneration	Name of Director	Total Amount (In Rs.)
- Fee for attending Board / Committee Meetings	0.00	0.00
- Commission	0.00	0.00
- Others, please specify	0.00	0.00
Total (B)(2)	0.00	0.00
Total (B) = (B)(1) + (B)(2)		2,70,000
Overall Ceiling as per the Act		Not Exceeding Rs.1,00,000/- Per Meeting

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Mr. Kunal S. Mutreja	Mr. Pritesh H. Shah	Total Amount (In Lacs)
		Chief Executive Officer	Head Compliance	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	20.00	9.02	29.02
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	2.40	0.00	2.40
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2	Stock Options	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	TOTAL (C)	22.40	9.02	31.42



VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty Punishment Compounding			None		
B. DIRECTORS					
Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			None		



ANNEXURE 'D' TO BOARD'S REPORT

DISCLOSURES PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

PARTICULAR OF EMPLOYEES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197 (12) of the Companies Act, 2013 read with Rule (5) (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Details	Requirements
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. Suresh N. Mutreja – Chairman – 12:1 Mrs. Asha S. Mutreja – WTD – 2:1 Mr. Varun S. Mutreja – Director – 7:1
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Key Managerial Personnel Mr. Suresh N. Mutreja - Chairman - MD - 1.38% Mrs. Asha S. Mutreja - WTD - Nil Mr. Varun S. Mutreja - Director - CFO - 51.13 *Mr. Kunal S. Mutreja -Director - CEO - Nil
3.	The percentage increase in the median remuneration of employees in the financial year	-4.20%
4.	The number of permanent employees on the rolls of company as on 31st March, 2017	811 Employees
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in salary of eligible employees other than managerial personnel is 0.44% Remuneration of managerial personnel i.e. KMPs was increased by 15.98%. Increase in salary of managerial personnel i.e. KMPs was as to keep pace with the industry norms.
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year ended 31st March, 2017 is as per the Remuneration Policy of the Company

*Appointed on 27th May, 2017



CORPORATE GOVERNANCE REPORT

Under SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015
For The Financial Year 31st March, 2017

The Director present the Company's Report on Corporate Governance Code is given below :

1) CORPORATE GOVERNANCE

1.1 Company's Philosophy on Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct. We look upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholders value creation. Good Corporate Governance is about enhancing value for all our stakeholders. The Company is committed to adopt best practices in corporate governance and disclosures. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, a timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, place of work, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since the inception have contributed to the Company's sustained growth. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

The Company believes that sound corporate governance is critical to enhance and retain investors' trust. The Company's corporate governance philosophy is based on the following principles:

1. Primary responsibility of a good corporate entity is maximizing shareholders value.
2. Be transparent and maintain a high degree of disclosures level.
3. Sound system of risk management and internal control.
4. Principles of integrity, transparency, disclosures, accountability and fairness.
5. Upholding the highest standards of professionalism.
6. Management is the trustee of the shareholders capital and not the owner.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

1.2 The Governance Structure

Valson's Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

- a. Board of Directors** - The Valson Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company; ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.
- b. Committee of Directors** - With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. Each of these Committees has been mandated to operate within a given framework.



- c. **Management Structure** - Management structure for running the business as whole is in place with appropriate delegation of powers and responsibilities to the functional heads. The Managing Director and CFO are in overall control and responsible for day-to-day working of the Company. They give strategic direction, laydown policy guidelines and ensure implementation of the Board of Directors and its various committees

2. BOARD OF DIRECTORS

2.1 Composition and Category of Directors:

The Board consists of 7 Directors, out of which 3 are Independent Directors. Composition of the Board and category of Directors are as follows:

Name of the Director	Category	Promoter / Independent	Relationship With Other Directors
Mr. Suresh N. Mutreja	Chairman & Managing Director	Promoter	Father of Mr. Varun S. Mutreja and Mr. Kunal S. Mutreja and Husband of Mrs. Asha S. Mutreja
Mr. Varun S. Mutreja	Director- Chief Financial Officer	Promoter	Son of Mr. Suresh N. Mutreja and Mrs. Asha S. Mutreja and Brother of Mr. Kunal S. Mutreja
*Mr. Kunal S. Mutreja	Director- Chief Executive Officer	Promoter	Son of Mr. Suresh N. Mutreja and Mrs. Asha S. Mutreja & brother of Mr. Varun S. Mutreja
Mrs. Asha S. Mutreja	Whole-Time Director	Promoter	Wife of Mr. Suresh N. Mutreja and Mother of Mr. Varun S. Mutreja and Mr. Kunal S. Mutreja
Mr. Chandan S. Gupta	Non Executive	Independent	Not Related to any Directors
Mr. Surendra Kumar Suri	Non Executive	Independent	Not Related to any Directors
Mr. Pradip C. Shah	Non Executive	Independent	Not Related to any Directors

**Appointed on 27th May, 2017*

The Company has received declaration from Independent Directors that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Company is also compliant with composition of Board of Directors with minimum two Independent Directors as prescribed under Section 149(4) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. The Company has also complied with Regulation 17 of SEBI Regulations with 3 Promoter Executive Directors and 3 Non-Executive Independent Directors.

2.2 Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him / her, which inter alia explains the role, function, duties and responsibilities expected of him / her as a Director of the Company. The Director is also explained in detail the compliances required from him / her under the Companies Act, SEBI Regulations and other relevant regulations and his affirmation taken with respect to the same. The CEO & MD also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him / her to effectively fulfill his / her role as a Director of the Company.



2.3 Board Meetings held during the Year

Dates on which the Board Meetings were held	Total Strength of the Board	No. of Directors Present
28th May, 2016	6	6
13th August, 2016	6	6
12th November, 2016	6	6
14th February, 2017	6	6

Attendance of each Director at the Board Meeting and Last Annual General Meeting:

Date of Board Meetings	Mr. Suresh N. Mutreja	Mr. Varun S. Mutreja	Mrs. Asha S. Mutreja	Mr. Chandan S. Gupta	Mr. Surendra Kumar Suri	Mr. Pradip C. Shah
28th May, 2016	Present	Present	Present	Present	Present	Present
13th August, 2016	Present	Present	Present	Present	Present	Present
12th November, 2016	Present	Present	Present	Present	Present	Present
14th February, 2017	Present	Present	Present	Present	Present	Present
Total Attendance (out of 4 Board Meetings)	4	4	4	4	4	4
Attendance at Last AGM	Present	Present	Present	Present	Present	Present

- 2.4 a. Number of other Companies where director (of VIL) hold memberships on the Board of Directors:**
b. Number and Name of Committees in which the Directors (of VIL) hold Memberships or Chairmanships:

Name of Director	No. of Directorship held in Indian Public Limited Companies (Including VIL)	*Number & Name of Committee Memberships / Chairmanships(Including VIL)	
		Chairman	Member
Mr. Suresh N. Mutreja	1	0	0
Mr. Chandan S. Gupta	1	1	0
Mr. Surendra Kumar Suri	1	0	2
Mr. Varun S. Mutreja	1	0	2
Mrs. Asha S. Mutreja	1	0	0
Mr. Pradip C. Shah	1	1	1

**Only Public Limited Companies (Listed and Unlisted) have been taken into consideration while calculating Other Directorships, Committee Memberships and Committee Chairmanships.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance, and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards



the set goals and seeks accountability. It also sets standards of corporate behavior, ensures transparency in corporate dealings and compliance with laws and regulations. The Agenda for the Board Meeting covers items set out as guidelines in SEBI Regulations to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

3. COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

3.1 Audit Committee

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its overall responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The Committee is governed by Terms of Reference which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI Regulations. Some of the important functions performed by the Committee are:

3.1.1 Financial Reporting and Related Processes

- * Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- * Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- * Review the Management Discussion & Analysis of financial and operational performance.
- * Discuss with the Statutory Auditor its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- * Review the investments made by the Company.

3.1.2 Internal Controls and Governance Processes

- * Review the adequacy and effectiveness of the Company's system and internal controls.
- * Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- * To oversee and review the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

3.1.3 Audit

- * Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.



- * Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- * Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- * Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- * To recommend to the Board the remuneration of the Statutory Auditors/Cost Auditors.
- * To discuss with the Statutory Auditors/Chief Internal Auditors any significant difficulties encountered during the course of the Audit.
- * Review annual Cost Audit Report submitted by the Cost Auditor.

3.1.4 Other Duties

- * To approve the appointment, removal and terms of remuneration of the Chief Internal Auditor and to approve the appointment of the Chief Financial Officer.
- * To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve such transactions subject to the approval of the Board.

The composition of the Audit Committee as at 31st March, 2017 and details of the Members participation at the Meetings of the Committee are as under:

Date of Meeting	Mr. Chandan S. Gupta*	Mr. Surendra Kumar Suri#	Mr. Varun S. Mutreja®	Mr. Pradip C. Shah\$
28th May, 2016	Present	Present	Present	Present
13th August, 2016	Present	Present	Present	Present
12th November, 2016	Present	Present	Present	Present
14th February, 2017	Present	Present	Present	Present
Total (out of 4 meetings)	4	4	4	4

*Chairman & Non Executive Independent Director

#Member & Non- Executive Independent Director

@Member & Executive Director - CFO

\$Member & Non- Executive Independent Director

The present constitution of the audit committee is compliant with section 177(2) of the Companies Act, 2013. The Company has adopted at its Board meeting held on May 30, 2014 the terms of reference of Audit Committee as prescribed under section 177(4) of the Companies Act, 2013 w.e.f. 1st April, 2014. All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

M/s. Mehta Chokshi & Shah, Statutory Auditors are invited to attend the Audit Committee Meetings. Also Ms. Madhuri Dhanak, Internal Auditors from 01st April, 2016 to 12th November, 2016 and M/s. N. R. Agarwal & Co., Internal Auditors from 13th November, 2016 onwards are invited to attend the Audit Committee Meetings.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.

The Chairman of the Audit Committee will be present at the Annual General Meeting, to answer the shareholders queries, if any.



3.2 Stakeholders' Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Regulations, The Stakeholders' Relationship Committee comprises three Members of which two Members are an Independent Directors.

3.2.1 Terms of Reference of the Committee

- * transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- * issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- * issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- * issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- * to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- * to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- * to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- * to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non receipt of annual reports, notices, non receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- * monitoring expeditious redressal of investors/ stakeholders grievances;
- * all other matters incidental or related to shares, debentures and other securities of the Company.

The composition of the Stakeholders' Relationship Committee as at 31st March, 2017 and details of the Members participation at the Meetings of the Committee are as under:

Date of Meeting	Mr. Pradip C. Shah*	Mr. Surendra Kumar Suri#	Mr. Varun S. Mutreja@
28 th May, 2016	Present	Present	Present
13 th August, 2016	Present	Present	Present
12 th November, 2016	Present	Present	Present
14 th February, 2017	Present	Present	Present
Total (out of 4 meetings)	4	4	4

*Chairman & Non- Executive Independent Director

#Member & Non- Executive Independent Director

@Member & Executive Director - CFO

3.2.2 Compliance Officer

As required by the SEBI Regulations, the Company has appointed Mr. Pritesh H. Shah as the Compliance Officer. Email address of Compliance Officer is pritesh@valsonindia.com.

3.2.3 Status of Transfers

During the year ended 31st March, 2017, 800 shares in physical form were processed for transfer. There were no pending share transfers as on 31st March, 2017.



3.2.4 Complaints

During the year ended 31st March, 2017, the Company had received no complaints and no complaints were pending for redressal either at the beginning or at the end of the year.

3.3 Nomination and Remuneration Committee (NRC)

In compliance with Section 178 of the Companies Act, 2013 and SEBI Regulations, the Nomination and Remuneration Committee (NRC) comprises of three Members out of which all three Members are Independent Directors.

3.3.1 Terms of Reference

- * The Committee shall identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal and shall carry out evaluation of every directors performance.
- * Lay down the criteria for determining the qualifications, positive attributes and independence of a Director and further recommend to the Board the policy for remuneration of Director, Key Managerial Personnel and Employees.

3.3.2 Remuneration Policy

While formulating the policy the Committee has to ensure that:

- * The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- * Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- * Remuneration to directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The composition of the Nomination and Remuneration Committee as at 31st March, 2017 and the details of Members participation at the Meetings of the Committee are as under:

Date of Meeting	Mr. Chandan S. Gupta*	Mr. Surendra Kumar Suri#	Mr. Pradip C. Shah@
28th May, 2016	Present	Present	Present
Total (out of 1 meetings)	1	1	1

*Chairman & Non Executive Independent Director

#Member & Non- Executive Independent Director

@Member & Non- Executive Independent Director

3.4 Corporate Social Responsibility (CSR) Committee

The criteria prescribed for the applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable to the Company.

3.5 Risk Management Committee (Non-Mandatory)

In line with the regulatory requirements, the Company has framed a Risk Management Policy to identify and access the key business risk areas and a risk mitigation process. A detailed exercise is being carried out at regular intervals to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

The inherent risks to the business of the company are as follows:

- a) Foreign Exchange Risk



- b) Yarn Price Risk
- c) Stiff Global Competition
- d) Government Policy on incentives for exports
- e) Risk elements in business transactions
- f) Success of Cotton Crop

All the above risk has been discussed in the Management Discussion and Analysis Report. The Chairman and Managing Director, CEO & CFO mitigate the risk with the help of their depth of knowledge of market, assistance of senior management and forecast based on various data available with the Company. The Company has developed the analysis of market data which helps in decision making and to ensure the mitigation of the risk.

The Company has not formed Risk Management Committee as it is not applicable under regulation 21 of the SEBI (LODR) Regulations, 2015.

3.6 Independent Directors' Meeting

As per the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Independent Directors are required to hold at least one meeting in a year to discuss the following:

- ❖ Review the performance of non-independent directors and the Board as a whole.
- ❖ Review the performance of the Chairperson of the Company taking into account the views of executive directors and non-executive directors.
- ❖ Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Nomination and Remuneration Committee in its meeting held on 14th February, 2015 had adopted the performance evaluation criteria for the Independent Directors and the same had been applied by the Board in its meeting held on 14th February, 2017 for evaluating the performance of the Independent Directors. All the Independent Directors attended the meeting held on 14th February, 2017 and discussed the above points.

3.7 Policy for Selection and Appointment of Directors and their Remuneration

The Nomination and Remuneration Committee (NRC) has adopted a Policy which, inter alia, deals with the manner of selection of Board of Directors and CEO, CFO, Whole-Time Director & Managing Director and their remuneration. The said Policy has been outlined below:

3.7.1 Criteria of Selection of Non Executive Directors

- * The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- * In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- * The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- * The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - ◆ Qualification, expertise and experience of the Directors in their respective fields;
 - ◆ Personal, Professional or business standing;
 - ◆ Diversity of the Board.
- * In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.



3.7.2 Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- * A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- * The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

3.7.3 Whole-Time Director, Managing Director, Chief Executive Officer & Chief Financial Officer - Criteria for Selection / Appointment

For the purpose of selection of the WTD, MD, CEO & CFO, the NRC shall recommend the Promoter Directors as WTD, MD, CEO & CFO who are persons of integrity who possess relevant expertise, experience and leadership qualities required for the position.

Remuneration for the Whole-Time Director, Managing Director, Chief Executive Officer & Chief Financial Officer

- * At the time of appointment or re-appointment, the WTD, MD, CEO & CFO shall be paid such remuneration as may be mutually agreed between the Company (which includes the NRC and the Board of Directors) and the WTD, MD, CEO & CFO within the overall limits prescribed under the Companies Act, 2013.
- * The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- * The remuneration of the WTD, MD, CEO & CFO is broadly divided into fixed components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

3.7.4 Remuneration Policy for the Senior Management Employees

- * In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the NRC shall ensure / consider the following:
 - ◆ the relationship of remuneration and performance benchmark is clear;
 - ◆ the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - ◆ the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - ◆ the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- * The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the NRC for its review and approval.

3.8 Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Board Committees. A structured questionnaire was prepared after taking into consideration inputs received



from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as Managing Relationships, Leadership, Strategy Formulation and execution, financial planning / performance, Relationships with the Board, External Relations, Human Resources Management/Relations, Succession, Product/Service Knowledge, and Personal Qualities, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

3.9 Details of Remuneration paid to all Directors

The aggregate remuneration paid to the Directors for the year ended 31st March, 2017 is as under:

(Rs. in Lacs)

Name of Director	Designation	Salary & Perquisites	Commission	Sitting Fees	Total
Mr. Suresh N. Mutreja	Managing Director	32.52	0.00	0.00	32.52
Mr. Varun S. Mutreja	Director - CFO	19.22	0.00	0.00	19.22
Mr. Chandan S. Gupta	Independent Director	0.00	0.00	0.90	0.90
Mr. Surendra Kumar Suri	Independent Director	0.00	0.00	0.90	0.90
Mrs. Asha S. Mutreja	Whole-Time Director	6.36	0.00	0.00	6.36
Mr. Pradip C. Shah	Independent Director	0.00	0.00	0.90	0.90

Note: The Company does not pay any allowances, perquisites, performance bonus, sign-on amount to Executive and Non-Executive Directors.

Details of Service Contracts:

Name and Designation	Current tenure	From	To
Mr. Suresh N. Mutreja Managing Director	3 years	1 st July, 2016	30 th June, 2019
Mr. Varun S. Mutreja Director - CFO	5 years	14 th November, 2014	13 th November, 2019
Mrs. Asha S. Mutreja Whole-Time Director	5 years	1 st June, 2015	31 st May, 2020

Equity Shares of Valson Industries Limited Held By The Non-Executive Directors Are As Follows:

Non Executive Directors	No. of shares held as on 31 st March, 2017	No. of shares held as on 31 st March, 2016
Mr. Chandan S. Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	400
Mr. Pradip C. Shah	Nil	Nil

Details of Remuneration paid to the Directors are given in Form MGT-9



4) SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company.

5) DISCLOSURES

5.1 Related Party Transactions

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.

There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, or their relatives or Subsidiaries that had potential conflict with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.

The Board has approved a policy for related party transactions.

5.2 Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

5.3 Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

5.4 Internal Controls

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit department carried out audits in different areas of your Company's operations. Post audit reviews were carried out to ensure that audit recommendations were implemented and they monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented quarterly and yearly reports to the chairman of Audit Committee of the Board to maintain its objectivity and independence.

The Audit Committee reviewed the audit program and findings of the Internal Audit department and the Company when needed takes corrective actions.

5.5 CFO & CEO Certification

The CFO & CEO have issued certificate pursuant to the provisions of SEBI Regulations certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

5.6 Code of Conduct for the Board Members and Senior Management

The Company had formulated a Code of Business Conduct for the employees, including the Directors, for dealing with all the stakeholders of the Company and the same was first adopted by the Board in its meeting held on 27th May, 2014. The Code inter alia covers conduct of employees, environment, health & safety, anti-trust / competition laws, anti-bribery & anti-corruption, proper accounting and internal controls. The updated Code is also available on the Company's official website at the web link, <http://valsonindia.com/investor-relations/>



In terms of the resolution passed by the Board of Directors in their meeting held on 27th May, 2017, the Board has authorized Mr. Suresh N. Mutreja, Executive Chairman & Managing Director to sign all Certificates as may be required, to comply with the statutory requirements.

Accordingly, a declaration from the Executive Chairman & Managing Director that all Board Members and Senior Management personnel have duly complied with the Code of Conduct for the financial year ended 31st March, 2017 forms part of the Annual report.

5.7 Vigil Mechanism / Whistle Blower Policy

During the financial year 2016 - 17, in accordance with the Regulation 22 of the SEBI Regulations and pursuant to Section 177 (9) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the company has adopted a Whistle Blower Policy. The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. As per the whistle blower policy, the employees are free to report violations of laws, rules, regulations or un-ethical conduct to their immediate superior. The confidentiality of those reporting / violations is maintained and they are not subjected to any discriminatory practice.

5.8 Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the Designated Employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Compliance Officer is responsible for implementation of the Code.

All Board Directors and the Designated Employees have confirmed compliance with the Code.

5.9 Communication with the Members/ Shareholders

- * The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the SEBI Regulations. The aforesaid financial results are sent to BSE Limited (BSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are published within forty-eight hours in leading English and Marathi daily newspapers. The Audited Financial Statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.
- * The Company also informs by way of intimation to BSE all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Release in regard to the same.
- * The Annual Report of the Company, the quarterly / half yearly and the Annual Financial Statements and the press releases of the Company are also placed on the Company's website www.valsonindia.com and can be downloaded.
- * In compliance with SEBI Regulations, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication is filed electronically on BSE's online Portal - BSE Corporate Compliance & Listing Centre (Listing Centre). The Company has complied with filing submissions through BSE's Online Portal.

6) GENERAL INFORMATION TO SHAREHOLDERS

Financial Year Ended: 31st March, 2017

6.1 Investor Services

Pursuant to the directive of SEBI, whereby all work related to share register in terms of both physical and electronic mode for maintenance had to be carried out at a single point, the Company has appointed M/s. Link Intime India Pvt.

Valson Yarns - Creation Never Ends Here



Ltd. as its Registrar & Share Transfer Agent, to handle its entire share related activities, both for physical shares and shares in demat form.

Link Intime India Pvt. Ltd.
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai - 400 083
Tel No: 022 4918 6000 Fax: 022 4918 6060
E mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

6.2 Address for correspondence with Depositories

National Securities Depository Limited

Trade World, 4th & 5th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Telephone No : 022-2499 4200
Fax Nos : 022-2497 2993/6351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Mumbai - 400 001
Telephone No : 022-2272 3333
Fax Nos : 022-2272 3199/2072
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

6.3 Registered Office & Correspondence Address

Valson Industries Limited

28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai - 400 059
Telephone No: 022 4066 1000 / Fax: 022 4066 1199 Website: www.valsonindia.com
Contact Person: Mr. Pritesh H. Shah, Compliance Officer
Email Address: pritesh@valsonindia.com

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain Demat Account/s, for their queries relating to shareholding, change of address, credit of dividend through NECS. However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company.

Members who hold shares in physical form should address their queries to the Company.

Members are requested to ensure that correspondence for change of address, change in bank details, processing of unclaimed dividend, subdivision of shares, renewals / split / consolidation of share certificates, issue of duplicate share certificates should be signed by the first named Member as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address.

Members are requested to indicate their DP ID & Client ID/ Ledger Folio number in their correspondence with the Company and also to provide their Email addresses and telephone numbers/FAX numbers to facilitate prompt response from the Company.

6.4 Plant Location

6.4.1 Texturising and Twisting

Silli Unit:
Survey No. 122/1, Village Silli, U.T. - Dadra and Nagar Haveli 396 230.

6.4.2 Yarn Dyeing

Vapi Unit:
Plot No. 1204, GIDC, Phase III, Vapi, Gujarat 396 195.



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6.5 Market Information

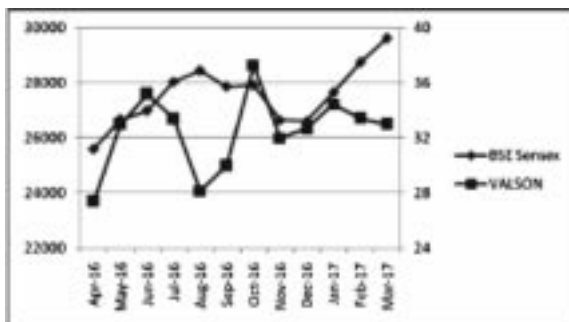
Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Listing Fees have been paid to the Exchanges

Name & Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for CDSL(Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.	530459	INE 808A01018

Performance of Equity Shares of the company in comparison to BSE Sensex, (Chart as per the website of Bombay Stock Exchange Limited i.e. www.bseindia.com)

Index Comparison



*Monthly High and Low Prices of the Equity Shares of the Company for the year ended 31st March, 2017:

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-16	25	32.05	24.65	27.4	54741	459	1511805	7.4	2.4
May-16	27.5	35.9	25	33	129593	764	4037320	10.9	5.5
Jun-16	33	35.9	28.8	35.2	196819	1040	6498788	7.1	2.2
Jul-16	35	36.9	32.15	33.4	120757	815	4120963	4.75	-1.6
Aug-16	33.25	35.85	28	28.15	125217	660	4016066	7.85	-5.1
Sep-16	29	32.6	27.6	30	226687	508	6538359	5	1
Oct-16	30	39	29.1	37.3	167388	712	5821598	9.9	7.3
Nov-16	37.2	39.3	29.8	32	79390	561	2722891	9.5	-5.2
Dec-16	32.2	34.45	30.55	32.7	61447	337	1956479	3.9	0.5
Jan-17	32.1	36.7	31.25	34.45	100610	526	3436929	5.45	2.35
Feb-17	35.75	38.35	32.05	33.45	62404	428	2143007	6.3	-2.3
Mar-17	32.35	34.85	30.75	33	102002	455	3285598	4.1	0.65

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



Annual Custody Fees to Depositories

The Company has paid Annual Custody Fees for the year 2015 - 16 and 2016 - 17 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

7. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

7.1 Share transfers

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

7.2 Nomination facility for shareholding

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Share Department of the Company. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

7.3 Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

7.4 Dividend

- * Payment of dividend through National Electronic Clearing Service (NECS):

The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, Members who hold shares in demat mode should inform their Depository Participant and such of the Members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue dividend warrants to the Members.

- * Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Central Government. The Company has in December 2016 transferred to the said fund, the dividends for the years ended 31st March, 2009 which has remained unclaimed / unpaid.

For Equity Shareholders:

Financial Year	Date of Declaration of Dividend	Last Date of claiming un- paid Dividend
Final Dividend 2009 - 2010	30.09.2010	04.11.2017
Final Dividend 2010 - 2011	30.09.2011	04.11.2018
Final Dividend 2012 - 2013	13.08.2013	17.09.2020
Final Dividend 2013 - 2014	13.09.2014	18.10.2021
Final Dividend 2014 - 2015	14.08.2015	18.09.2022
Final Dividend 2015 - 2016	13.08.2016	17.09.2023



Individual reminders are sent each year to those Members whose dividends have remained unclaimed for a period of seven years from the date they became due for payment, before transferring the monies to the Investor Education & Protection Fund (IEPF). The information on unclaimed dividend is also placed on the Company's website <http://valsonindia.com/investor-relations/>.

*** Dividend History (last 5 Years)**

Sr. No.	Financial Year	Final / Interim	Dividend %	Total Dividend (Rs. in Lakhs)
1.	2015 - 16	Final	10%	76.61
2.	2014 - 15	Final	10%	76.61
3.	2013 - 14	Final	8%	61.29
4.	2012 - 13	Final	5%	38.30
5.	2011 - 12	Final	Nil	Nil

7.5 Transfer of 'Underlying Shares' into Investor Education and Protection Fund (IEPF) (in cases where unclaimed dividends have been transferred to IEPF for a consecutive period of seven years)

Members attention is invited to Regulation 39(4) and Schedule VI of the SEBI Regulations. As per the said Regulations, in cases where unclaimed dividends have been transferred to Investor Education and Protection Fund (IEPF) for a consecutive period of seven years, the underlying shares are also required to be transferred to IEPF. The said Regulation has come into effect from 1st December, 2015.

7.6 Dealing with securities which have remained unclaimed

Members are hereby informed that as per Regulation 39(4) read with Schedule VI of the SEBI Regulations, the Company is in the process of dematerializing unclaimed shares which are retained with the Company. These shares would be held by the Company on behalf of the holders of such shares in an "Unclaimed Suspense Account" to be opened with a depository. At the end of seven years, hereof, these shares shall be transferred by the Company to the IEPF. Dividends remaining unclaimed in respect of such shares shall also be held in a separate suspense account and would likewise be transferred to IEPF at the end of seven years.

The Company has sent out reminders to those Members whose share Certificate have remained unclaimed, to contact the Company immediately in the matter.

Members may note that the lawful claimant in respect of these shares / dividend will be able to claim such shares dividend from the Company till such time they remain in the Unclaimed Suspense Account as aforesaid.

7.7 Pending Investors' Grievances

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Compliance Officer at the Registered Office with a copy of the earlier correspondence.

7.8 Dematerialization of Shares and Liquidity

As per notification issued by SEBI, with effect from 26th June, 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both NSDL and CDSL.

As on 31st March, 2017, 98.19% of the Company's total paid up capital representing 75,22,390 equity shares were held in dematerialised form and the balance 1.81% representing 1,38,410 equity shares were held in physical form.

7.9 Disclosure with respect to demat suspense account/unclaimed suspense account

As on 31st March, 2017, there are no outstanding shares lying in the demat suspense account/unclaimed suspense account.

7.10 Reconciliation of Share Capital Audit

As required by SEBI quarterly audit of the Company's share capital is being carried out by an independent external



auditor with a view to reconcile the total share capital admitted with Central Depository Services (India) Limited (CDSL), National Securities Depository Limited (NSDL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

Distribution of Shareholding as on 31st March, 2017

Range	Number of Shareholders	% of Total Holders	Total Share Holding	% to Capital
1 - 500	1773	70.05	353841	4.62
501 - 1000	360	14.23	299812	3.91
1001 - 2000	182	7.19	285777	3.73
2001 - 3000	56	2.21	145461	1.90
3001 - 4000	40	1.58	141792	1.85
4001 - 5000	19	0.75	91065	1.19
5001 - 10000	60	2.37	426182	5.56
10001 & Above	41	1.62	5916870	77.24
Total	2531	100.00	7660800	100.00

The Company has entered into agreements with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) whereby Members have an option to dematerialize their shares with either of the depositories.

Shareholding Pattern as on 31st March, 2017 (Equity Shares):

	Category	No of Shares Held	% Of Share Holding
A.	Promoter(s) Holding		
	Promoter(s)		
	- Indian Promoters	4666159	60.91
	- Foreign Promoters	0	0.00
	Sub - Total (A)	4666159	60.91
B.	Non-Promoters Holding		
	Institutional Investors		
i.	Mutual Funds & UTI	0	0.00
ii.	Banks, Financial Inst, Insurance Company (Central/ State Govt. Inst/Non-Govt. Inst)	0	0.00
iii.	FII's	0	0.00
	Others		
i.	Private Corporate Bodies	112259	1.48
ii.	Indian Public and Others	2374480	30.98
iii.	NRI/OCBS	138940	1.81
iv.	Directors / Relatives	0	0.00
v.	Clearing Members	44195	0.58
vi.	Hindu Undivided Family and Others	324767	4.24
vii.	Market Maker	0	0.00
	Sub-Total (B)	2994641	39.09
	GRAND TOTAL (A+B)	7660800	100.00



Statement showing Shareholding of more than 1% of the Capital as on 31st March, 2017

Sr. No.	Names of the shareholders		No. of Shares	% of Capital
1	Promoters:			
	Suresh N. Mutreja	1587000	4666159	60.91
	Kunal S. Mutreja	800682		
	Asha S. Mutreja	679000		
	Suresh N. Mutreja (HUF)	495200		
	Varun S. Mutreja	362200		
	Ankit S. Mutreja	224968		
	Tina K. Mutreja	157000		
	Nanakchand D. Mutreja (HUF)	92500		
	Kunal S. Mutreja (HUF)	134000		
	Shweta Varun Mutreja	95609		
	Saanchi A. Mutreja	38000		
	Others:			
2	Sunil N. Mutreja		164315	2.14
3	Seema D. Mutreja		177000	2.31
4	Madan Bhagchand Melwani		107518	1.40
5	Sunil N. Mutreja (HUF)		105050	1.37
6	Mahendra Chandulal Dharu		77255	1.01
	Total		5297297	69.14

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.

Particulars of Past Three Annual General Meetings

- ◆ Date, time and venue for the Annual General Meetings and Extra Ordinary General Meeting held during the last 3 financial years and nature of special resolutions passed thereat are given below:

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date & Time	Location
31.03.2014	30 th AGM	Note 1	13.09.2014 11.30 A.M.	Registered Office
31.03.2015	31 st AGM	Note 2	14.09.2015 10.45 A.M.	Registered Office
31.03.2016	32 nd AGM	Note 3	13.08.2016 10.30 A.M.	Registered Office



Note 1:

1. Special Resolution for Re-appointment and payment of remuneration of Mr. Suresh Mutreja as Chairman & Managing Director for a period of three years w.e.f. 1st July, 2013.
2. Special Resolution for Re-appointment and payment of remuneration of Mr. Lalit Mutreja as Executive Director for a period of three years w.e.f. 1st July, 2013.

Notes 2:

1. Special Resolution for appointment of Mrs. Asha S. Mutreja as Woman Director.
2. Special Resolution under section 149, 152 of the Companies Act, 2013 in respect of appointment of Mr. Pradip C. Shah as Independent Director.
3. Special Resolution for Related Party Transactions under section 188 of the Companies Act, 2013.

Note 3:

1. Special Resolution for re-appointment of Mr. Suresh N. Mutreja as a Managing Director for a period of three years w.e.f. 1st July, 2016.

Note 4:

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

DECLARATIONS
FINANCIAL CALENDAR 2017

Board Meeting for consideration of Accounts for the financial year ended 31st March, 2015 and recommendation of dividend	27 th May, 2017
Posting of Annual Reports	On or before Saturday, 5 th July 2017
Book Closure Dates	29 th July 2017 to 5 th August 2017
Last date for receipt of Proxy Forms	3 rd August 2017 at 1.00pm
Date, Time & Venue of the 32 nd Annual General Meeting	5 th August 2017 at 1.00 pm at registered office 28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059
Dividend Payment Date	On or before 20 th August 2017
Probable date of despatch of warrants	On or before 20 th August 2017
Board Meeting for consideration of unaudited quarterly results for the financial year ended 31st March, 2016	Within Forty Five days from the end of the quarter, as stipulated under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges
Audited results for the current financial year ending 31 st March, 2016	Within Sixty days from the end of the last quarter, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges

For and on behalf of the Board of Directors
VALSON INDUSTRIES LIMITED

Place : Mumbai
Date: 27th May 2017

Mr. Suresh N. Mutreja
Chairman & Managing Director



CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 27th May, 2014. After adoption of the Code of Conduct, the same was circulated to all the Board of Members and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year 31st March, 2017. The same has been duly noted by the Board in its meeting held on 27th May, 2017.

Suresh N. Mutreja
Chairman & Managing Director

Place: Mumbai
Date: 27th May, 2017

CHIEF FINANCIAL OFFICER & CHIEF EXECUTIVE OFFICER CERTIFICATION

CERTIFICATE UNDER REGULATION 17 (8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

We the undersigned, in our respective capacities as Chief Financial Officer and Chief Executive Officer of Valson Industries Limited ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2017 and that to the best of our knowledge and belief, we state that:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 1. significant changes, if any, in internal control over financial reporting during the year;
 2. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Yours Sincerely

Place : Mumbai
Date: 27th May 2017

(Mr. Varun S. Mutreja)
Chief Financial Officer

(Mr. Kunal S. Mutreja)
Chief Executive Officer

Valson Yarns - Creation Never Ends Here



PRACTISING COMPANY SECRETARY'S CERTIFICATE

**PRACTISING COMPANY SECRETARY'S CERTIFICATE REGARDING COMPLIANCE OF
CORPORATE GOVERNANCE**

TO THE MEMBERS OF VALSON INDUSTRIES LIMITED

I have examined the compliance of conditions of Corporate Governance by Valson Industries Limited, for the financial year ended 31st March, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of Sub - Regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI (LODR) Regulations, 2015").

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (LODR) Regulations, 2015.

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

Mr. PUNIT P. SHAH
Practicing Company Secretary
Membership No. 20536
Certificate of Practice: 7506

Place : Mumbai
Date: 27th May 2017



INDEPENDENT AUDITOR'S REPORT

To the Members of VALSON INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **VALSON INDUSTRIES LIMITED ("the Company")**, which comprise the Balance Sheet as at **March 31, 2017**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for the ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to the 'Order') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No 24.1(i);
 - ii. In our opinion and as per the information and explanations provided to us, the Company has not entered into any long term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses; and
 - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**

**A. R. MEHTA
PARTNER
MEMBERSHIP NO. 46088
Firm Registration No : 106201W**

**Place: Mumbai
Date: 27th May 2017**



Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of VALSON INDUSTRIES LIMITED for the year ended 31st March, 2017)

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) There is a regular programme of verification of fixed assets adopted by the Management whereby part of fixed assets were verified during the year. In our opinion the programme of physical verification 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 title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the company.
- (ii) The inventory has been physically verified at reasonable intervals during the year by the Management. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act.

As the Company has not granted any loans secured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, reporting on sub-clauses (a), (b) and (c) does not arise.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made and security provided by it.
- (v) In our opinion and according to the information and explanations given to us, the Company has accepted deposits and the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with.
- (vi) We have broadly reviewed the Cost records maintained by the company which have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 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.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of any of the above statutory dues were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, customs duty, excise duty or value added tax, which have not been deposited on account of any dispute. The disputed statutory dues aggregating to Rs.2.39 lacs of Textile Cess, that has not been deposited on account of matter pending before appropriate authority is 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

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of this clause of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Companies Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of this clause of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of this clause of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us the company is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of this clause of the Order are not applicable to the Company.

**For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**

**A.R. MEHTA
PARTNER
MEMBERSHIP NO. - 46088
Firm Registration No: 106201W**

**Place: Mumbai
Date: 27th May 2017**



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of **VALSON INDUSTRIES LIMITED** for the year ended 31st March, 2017)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **Valson Industries Limited Company ('the Company')** as at 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and



- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**

**A. R. MEHTA
PARTNER
MEMBERSHIP NO. 46088
Firm Registration No : 106201W**

**Place: Mumbai
Date: 27th May, 2017**

**BALANCE SHEET AS AT 31ST MARCH, 2017**

	Note No.	AS at 31st March 2017 Rs. in Lakhs	AS at 31st March 2016 Rs. in Lakhs
A) EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	766.08	766.08
(b) Reserves and surplus	4	2,156.30	1,919.07
		<u>2,922.38</u>	<u>2,685.15</u>
2) Non-current liabilities			
(a) Long-term borrowings	5	87.42	188.86
(b) Long-term provisions- (Gratuity)		69.41	61.08
(c) Deferred tax liabilities (net)	6	296.25	311.97
		<u>453.08</u>	<u>561.91</u>
3) Current liabilities			
(a) Short-term borrowings	7	444.33	140.73
(b) Trade payables	8	532.66	461.83
(c) Other current liabilities	9	197.85	382.51
(d) Short-term provisions	10	11.38	115.73
		<u>1,186.22</u>	<u>1,100.80</u>
TOTAL		<u><u>4,561.68</u></u>	<u><u>4,347.86</u></u>
B) ASSETS			
1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		2,906.86	2,544.65
(ii) Intangible assets		2.84	5.87
(iii) Capital work-in-progress - Tangible		18.67	4.82
		<u>2,928.37</u>	<u>2,555.35</u>
(b) Long-term loans and advances	12	94.80	341.17
		<u>3,023.17</u>	<u>2,896.52</u>
2) Current assets			
(a) Inventories	13	439.08	463.49
(b) Trade receivables	14	731.73	645.46
(c) Cash and Bank balances	15	86.61	82.07
(d) Short-term loans and advances	16	28.43	32.97
(e) Other Current assets	16	252.66	227.35
		<u>1,538.51</u>	<u>1,451.34</u>
TOTAL		<u><u>4,561.68</u></u>	<u><u>4,347.86</u></u>

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

**As per our attached report of even date
For Mehta Chokshi & Shah
Chartered Accountants
Firm Registration No. 106201W**

**ABHAY R. MEHTA
Partner
Membership No. 46088
Place : Mumbai
Date : 27th May, 2017**

**Mr. Suresh N. Mutreja
Chairman and
Managing Director**

**For and on behalf of the Board
VALSON INDUSTRIES LIMITED**

**Mr. Varun S. Mutreja
Director and
Chief Financial Officer**

**Mr. Kunal S. Mutreja
Director and
Chief Executive Officer**



Statement of Profit and Loss for the year ended 31ST March, 2017

	Note No.	For the year ended 31st March 2017 Rs. in Lakhs	For the year ended 31st March 2016 Rs. in Lakhs	
1	Revenue from operations	17	10,045.49	9,186.40
	Less: Excise duty		17.22	23.71
	Revenue from operations (net)		10,028.27	9,162.69
2	Other Income	18	187.39	374.57
3	Total Revenue		10,215.66	9,537.26
4	Expenses			
	(a) Cost of materials consumed	19	5,754.15	5,140.62
	(b) Changes in inventories of finished goods	20	62.69	(59.59)
	(c) Employee benefits expense	21	1,153.29	1,032.09
	(d) Finance costs	22	43.87	71.23
	(e) Depreciation and Amortisation expense	11	262.29	276.38
	(f) Other expenses	23	2,593.95	2,541.53
	Total Expenses		9,870.24	9,002.26
5	Profit before tax		345.42	535.00
6	Tax expense:			
	(a) Current tax expense		(124.00)	(158.00)
	(b) Current tax expense relating to prior years		0.09	-
	(c) Net current tax expense		(123.91)	(158.00)
	(d) Deferred tax (Liability)/Assets		15.73	14.66
			(108.18)	(143.34)
7	Profit for the year		237.24	391.66
8	Earnings per share (of Rs.10/- each):			
	Basic & Diluted - EPS		3.10	5.11

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

As per our attached report of even date
For Mehta Chokshi & Shah
Chartered Accountants
Firm Registration No. 106201W

ABHAY R. MEHTA
Partner
Membership No. 46088
Place : Mumbai
Date : 27th May, 2017

For and on behalf of the Board
VALSON INDUSTRIES LIMITED

Mr. Suresh N. Mutreja
Chairman and
Managing Director

Mr. Varun S. Mutreja
Director and
Chief Financial Officer

Mr. Kunal S. Mutreja
Director and
Chief Executive Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	For the year ended 31st March 2017 (Rs. In Lakhs)	For the year ended 31st March 2016 (Rs. In Lakhs)
A. Net Cash flow from Operating Activities :		
Net profit before tax	345.42	535.00
<i>Adjustments for:</i>		
Depreciation and amortisation	262.29	276.38
Loss / (Profit) on sale of assets	1.22	(251.97)
Finance costs (net of Interest income)	0.87	21.81
	264.38	46.22
Operating Profit before working capital changes	609.80	581.22
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	24.41	(85.44)
Trade receivables	(86.27)	42.75
Other Current Assets	(25.31)	(21.80)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	70.82	(35.48)
Short-term provisions	0.37	0.22
Long-term provisions	8.34	18.21
Other current liabilities	(184.66)	20.34
	(192.29)	(61.19)
Cash generated from operations	417.50	520.03
Less :- Direct Tax Paid (Net of Refund)	(136.34)	(151.80)
Net cash flow from Operating Activities (A)	281.16	368.23
B. Net Cash flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(639.10)	(362.17)
Proceeds from sale of fixed assets	2.57	533.00
Long-term loans and advances	246.37	(31.73)
Short-term loans and advances	4.53	3.33
Investments in Fixed deposits	(3.00)	(43.35)
Interest Income	43.00	49.42
Net cash flow from Investing Activities (B)	(345.63)	148.50
C. Net Cash flow from Financing Activities :		
Net Increase / (decrease) of long-term borrowings	(101.44)	(203.89)
Net increase / (decrease) in short term borrowings	303.61	(161.39)
Finance cost	(43.87)	(71.23)
Dividends paid	(76.61)	(76.61)
Tax on dividend	(15.69)	(15.68)
Net cash flow from Financing Activities (C)	66.00	(528.80)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	1.53	(12.07)
Cash and Cash Equivalents at the beginning of the year	12.71	24.78
Cash and Cash Equivalents at the end of the year	14.24	12.71
<i>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</i>		
Cash on hand	2.04	2.51
Balances with Banks	12.20	10.20
Cash and Cash Equivalents at the end of the year	14.24	12.71

(Refer Note no. 15)

As per our attached report of even date**For Mehta Chokshi & Shah****Chartered Accountants****Firm Registration No. 106201W****ABHAY R. MEHTA****Partner****Membership No. 46088****Place : Mumbai****Date : 27th May, 2017****Mr. Suresh N. Mutreja
Chairman and
Managing Director****Mr. Varun S. Mutreja
Director and
Chief Financial Officer****Mr. Kunal S. Mutreja
Director and
Chief Executive Officer****For and on behalf of the Board
VALSON INDUSTRIES LIMITED**



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 1 : Corporate Information:

Valson Industries Limited was incorporated on 2nd June, 1983 with Registrar of Companies, Maharashtra State. It's 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 section 133 of the the Companies Act, 2013 and the relevant provisions of Companies Act 2013 as applicable.

.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. The 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 excludes discount. Sales are accounted on despatch of goods to customers.

2.4 FIXED ASSETS:

Tangible Assets:

The tangible assets are stated at their original cost less accumulated depreciation and impairment loss, if any. In the case of tangible 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.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

2.5 IMPAIRMENT OF ASSETS:

"The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater than the assets net selling price and value in use."During the year there is no impairment of the assets."

2.6 INVESTMENT:

Long Term Investments are stated at cost in accordance with the Accounting Standard on "Accounting for Investments" (AS – 13) notified by the Companies (Accounting Standards) Rules 2006.

2.7 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.

2.8 DEPRECIATION, AMORTISATION:

Tangible Assets:

Depreciation on Fixed Assets is provided using Straight Line Method based on useful life as specified in Schedule II of the Companies Act, 2013.

Intangible Assets:

Computer Software is amortised over a period of 5 years as per AS 26 "Intangible Assets".

2.9 BORROWING COST:

Borrowing costs consists of interest and other cost that the company incurs in connection with the borrowing of funds. Financing Cost relating to borrowed funds attributable to construction and acquisition of fixed assets for the period upto the completion of construction or acquisition of fixed assets are included in the cost of the assets to which they relate.



Notes forming part of the financial statements for the year ended 31st March, 2017

2.10 EMPLOYEE BENEFITS:

Short term employee benefits:

All employee benefits falling due wholly within 12 months of rendering the services are classified as short term employee benefits and are recognised as an expense in the period in which the employee renders the related services.

Post - Employment benefits:

Defined Contribution Plan

The company's contribution towards the provident fund and the social securities for certain eligible employees are considered to be defined contribution plans as the company does not carry any further obligations apart from the contributions made on a monthly basis.

Defined Benefit Plan

The company's liability for gratuity is determined using the Projected Unit Credit Method with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

The employees of the company are entitled to be compensated for absences and leave encashment as per the policy of the company, the liability in respect of which is provided on an accrual basis.

2.11 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.

2.12 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 to take cenvat credit on input and payment of excise duty on removal of goods and accordingly provision for excise duty on closing stock as on 31st March, 2017 of NIL (Previous year Rs. 0.02 Lakhs) has been made for the same.

2.13 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.

2.14 TRANSACTIONS IN FOREIGN CURRENCY:

Revenue transactions made in foreign currency are translated at the applicable prevailing exchange rate. Payments / Receipts made in foreign currency are translated at the applicable rate prevailing on the date of remittance. Any exchange gain / loss arising on settlement of such transactions are accounted for in the statement of profit and loss. Outstanding balance is translated at the exchange rate prevailing at the closing date. Any exchange gain or loss arising out of such restatement is accounted for in the statement of profit and loss.

Premiums or discounts arising at the inception of the forward foreign exchange contracts, other than contracts to hedge a firm commitment or a highly probable forecast transaction, are amortised and recognised in the Statement of Profit and Loss over the period of the contract. Exchange differences are recognised in the Statement of Profit and Loss.

2.15 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.

2.16 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, is reduced from the finance cost of the relevant Term Loan. In view of the uncertainty of the final quantum of subsidy and its receipt the interest subsidy is being accounted on receipt basis.



Notes forming part of the financial statements for the year ended 31st March, 2017

2.17 SEGMENT REPORTING:

As the Company's business activity falls within a single business segment viz. 'Yarns' and the sales substantially being in the domestic market, the financial statements are reflective of the information required by Accounting Standard 17 "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006.

2.18 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.

2.19 PROPOSED DIVIDEND:

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30th March, 2016, Company has not accounted for proposed dividend as a liability as at 31st March, 2017. Proposed Dividend was however accounted for as a liability as at 31st March, 2016 in line with the existing accounting standard applicable at that time. Accordingly, there is no provision required to be made in the accounts.

The Board of Directors of the Company has recommended a dividend of Re. 1/- per equity share for approval by shareholders at the 33rd Annual General Meeting. If approved the total liability arising to the Company would be Rs. 92.20 Lakhs (including Dividend Tax Rs. 15.60 Lakhs) in Financial Year 2017-18.

Note 3 Share capital :

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares (in Lakhs)	Rs. in Lakhs	Number of shares (in Lakhs)	Rs. in Lakhs
(a) Authorised Equity shares of Rs.10 each with voting rights	120	1,200	120	1,200
(b) Issued Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
(c) Subscribed and fully paid up Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
Total	76.61	766.08	76.61	766.08

(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
Equity shares with voting rights				
Year ended 31 March, 2017				
- Number of shares(in lakhs)	76.61	-	-	76.61
- Amount (Rs. in lakhs)	766.08	-	-	766.08
Year ended 31 March, 2016				
- Number of shares(in lakhs)	76.61	-	-	76.61
- Amount (Rs. in lakhs)	766.08	-	-	766.08



Notes forming part of the financial statements for the year ended 31st March, 2017

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholders	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares helds in Lakhs	% held in that class of shares	Number of shares helds in Lakhs	% held in that class of shares
Equity shares with voting rights				
Suresh N. Mutreja	15.870	20.72	15.870	20.72
Kunal S. Mutreja	8.007	10.45	7.570	9.88
Asha S. Mutreja	6.790	8.86	6.790	8.86
Suresh N. Mutreja HUF	4.952	6.46	4.952	6.46

Note 4 Reserve and Surplus :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
(a) Securities premium Reserve		
Opening balance	160.54	160.54
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	160.54	160.54
(b) General Reserve		
Opening balance	324.75	309.75
Add: Transferred from Statement of Profit and Loss	15.00	15.00
Closing balance	339.75	324.75
(c) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	1,433.78	1,149.41
Add: Profit for the year	237.24	391.66
Less:		
Proposed Dividend on Equity Shares	-	(76.61)
Tax on Dividend	-	(15.68)
Transferred to General Reserve	(15.00)	(15.00)
Closing balance	1,656.01	1,433.78
Total	2,156.30	1,919.07



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 5 Long-term borrowings :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
SECURED:		
Term Loan from Banks		
Bank of India	-	109.19
IDBI Bank Ltd.	-	19.67
	-	128.86
Vehicle Loans	27.42	-
Total Secured Loan	27.42	128.86
UNSECURED:		
Deposits from Related Parties (Refer note 25)	30.00	30.00
Deposits from Others	30.00	30.00
Total Unsecured Loan	60.00	60.00
Total	87.42	188.86
Term Loan - Security:		
Term Loans other than for Silli - Unit		
Secured by First charge on Pari Passu basis with IDBI and 2nd charge on Pari passu basis with BOI of Immovable properties situated at Vapi unit. The loans are further secured by Hypothecation of Movable assets of the company both present and future (save and except Book debts) except for Silli - Unit and subject to prior charge on certain movable assets created in favour of Bank of India for securing working capital facilities and personal guarantee of two directors.		
Term Loan for Silli - Unit		
Secured by Exclusive charge in favour of BOI of Immovable properties situated at Silli - Unit. The loan is further secured by Hypothecation of Movable assets of the company both present and future (save and except Book debts) of Silli - Unit and personal guarantee of two directors.		
Vehicle Loan - Security:		
Secured by hypothecation of specific assets		

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

Particulars	Term Loan as at 31/3/17 Rs. in Lakhs	Term Loan as at 31/3/16 Rs. in Lakhs	Vehicle Loan as at 31/3/17 Rs. in Lakhs	Vehicle Loan as at 31/3/16 Rs. in Lakhs
In first year (refer Note 9)	-	180.00	5.88	-
		180.00	5.88	3.89
In Second year	-	128.86	6.44	-
In Third to fifth year	-	-	20.31	-
	-	128.86	26.75	-

**Notes forming part of the financial statements for the year ended 31st March, 2017****Note 6 Deferred Tax Liability (Net):**

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Attributable to the following items:		
Liabilities - Depreciation	336.11	351.51
Assets - Provision for Bonus, Leave salary & Gratuity	(39.86)	(39.54)
Total	296.25	311.97

Note 7 Short-term borrowings:

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
SECURED:		
Facilities from Bank of India:		
i) Cash Credit	151.47	85.59
ii) Packing Credit (EPC & PCFC)	-	55.14
Facilities from Kotak Mahindra Bank:		
i) Cash Credit	292.86	-
Total	444.33	140.73
Security for facilities from Bank of India and Kotak Mahindra Bank:		
a) Secured by First charge on Current Assets including Stocks and Book debts and Personal Guarantee of two directors.		
b) Secured by second charge on Pari Passu basis on all fixed Assets of existing units of company in plot no. 1204, IIIrd phase, GIDC, Vapi except Silli - Unit.		

Note 8 Trade Payables:

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Trade payables:		
Dues of Micro and Small Enterprises (Refer Note 24.2)	40.63	20.73
Dues of creditors others than Micro and Small Enterprises	492.03	441.10
Total	532.66	461.83



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 9 Other current liabilities :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
(a) Current maturities of long-term debt from Banks. (Refer Note 5 for Security.)	5.88	183.89
(b) Interest accrued & due on Term Loan	-	0.89
(c) Other payables :		
(i) Statutory Liabilities	45.46	66.44
(ii) Advances from customers	14.36	19.21
(iii) Unpaid Dividend	4.16	3.97
(iv) Other Payables	127.99	108.11
Total	197.85	382.51

a) Details of Current maturities of Long Term Debts.

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
SECURED:		
Term Loan from:		
Bank of India	-	120.00
IDBI Bank Ltd	-	60.00
Vehicle Loans	5.88	3.89
Total	5.88	183.89

Note 10 Short-term provisions:

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Provision for Taxation - (Net of TDS & Advance Tax)	9.66	22.10
Provision for Gratuity - (Current)	1.72	1.34
Provision for proposed Equity Dividend	-	76.61
Provision for Tax on dividend	-	15.68
Total	11.38	115.73



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 11 Fixes Assets:

(Rs. in lakhs)

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT 01/04/2016	ADDITIONS DURING THE YEAR	DELETION DURING THE YEAR	BALANCE AS AT 31/03/2017	BALANCE AS AT 01/04/2016	FOR THE CURRENT YEAR	DELETION DURING THE YEAR	BALANCE AS AT 31/03/2017	BALANCE AS AT 31/03/2017	BALANCE AS AT 31/03/2016
A) Tangible Assets										
Land										
Freehold	25.12	-	-	25.12	-	-	-	-	25.12	25.12
Leasehold	6.46	188.30	-	194.76	-	-	-	-	194.76	6.46
Buildings/Premises										
Factory Building	1,021.16	243.53	-	1,264.68	164.37	35.59	-	199.95	1,064.73	856.79
Staff Quarters	7.29	-	-	7.29	1.67	0.11	-	1.78	5.50	5.62
Office Premises *	43.83	-	-	43.83	9.24	0.69	-	9.92	33.91	34.60
Plant & Machineries										
Basic Machineries	2,837.88	86.94	3.99	2,920.84	1,549.00	164.11	2.69	1,710.42	1,210.42	1,288.88
Utility Ancillary Equipments	262.14	13.60	-	275.74	194.83	14.32	-	209.15	66.59	67.31
Electrical Installation	247.20	33.74	-	280.93	81.04	25.38	-	106.42	174.52	166.16
Office Equipments	36.58	3.59	-	40.18	24.96	4.64	-	29.60	10.57	11.62
Computer	55.06	2.55	-	57.61	51.04	1.17	-	52.21	5.40	4.03
Vehicles - Car	112.10	52.53	4.98	159.64	46.97	11.19	2.48	55.67	103.98	65.13
Vehicles - Scooter	3.32	0.47	-	3.79	2.11	-	-	2.11	1.68	1.21
Furniture & Fixtures	49.26	-	-	49.26	37.53	2.05	-	39.58	9.68	11.73
Total - A	4,707.39	625.26	8.97	5,323.68	2,162.76	259.26	5.17	2,416.82	2,906.86	2,544.65
Previous Year - A	4,931.81	366.93	591.35	4,707.39	2,202.66	270.40	310.30	2,162.76	2,544.65	2,729.15
B) Intangible Assets										
Software **	36.01	-	-	36.01	30.13	3.04	-	33.17	2.84	5.88
Total - B	36.01	-	-	36.01	30.13	3.04	-	33.17	2.84	5.87
Previous Year - B	36.01	-	-	36.01	24.14	5.99	-	30.13	5.88	11.86
Total - A + B	4,743.40	625.26	8.97	5,359.69	2,192.89	262.29	5.17	2,449.98	2,909.70	2,550.52
Previous Year - A + B	4,967.82	366.93	591.35	4,743.40	2,226.80	276.38	310.30	2,192.88	2,550.52	2,741.02

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

** Software to be amortised over a period of Five years due to applicability of AS - 26 on Intangible Assets.

Note 12 Long-term loans and advances:

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Unsecured, considered good :		
Deposits with Govt. Authorities	58.73	58.73
Deposits for Raw-materials, Utility and Advances against Capital Goods	7.01	6.72
Inter Corporate Deposits	29.06	100.72
	-	175.00
Total	94.80	341.17



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 13 Inventories :

(Value includes duties and taxes - taken, valued and certified by the Management)

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Raw materials incl. in transit (At Cost)	147.44	152.53
Finished goods (Lower of Cost or Market Value)	235.26	297.95
Packing Materials incl. in transit (At cost)	23.23	6.23
Stores and Spares incl. in transit (At cost)	28.95	3.92
Coal and Diesel incl. in transit (At cost)	4.20	2.86
Total	439.08	463.49

Note 14 Trade receivables :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
Unsecured, considered good:		
Trade Receivable exceeding six months	14.13	20.30
Others	717.60	625.16
Total	731.73	645.46

Note 15 Cash and Bank Balances :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
I. Cash and Cash equivalents:		
(a) Cash on hand	2.04	2.51
(b) Balances with banks		
In current accounts	12.20	10.20
	14.24	12.71
II Other Bank Balances:		
(i) For Unpaid dividend accounts	4.16	3.97
(ii) In earmarked deposit accounts		
- Balances held as margin money against guarantees and other commitments. All the deposits are for period exceeding 12 months	68.21	65.39
Total	86.61	82.07

**Notes forming part of the financial statements for the year ended 31st March, 2017****Note 16 Short-term loans and advances and Other Current Assets:**

Particulars	As At 31 March, 2017 Rs. in Lakhs	As At 31 March, 2016 Rs. in Lakhs
A) Short term Loans & Advances: Unsecured, considered good		
(i) Loans and advances to employees	23.21	30.59
(ii) Advances to Others Suppliers	5.22	2.38
	28.43	32.97
B) Others Current Assets : Unsecured, considered good		
(i) Balances with government authorities	0.99	2.79
(ii) Prepaid expenses	13.51	10.42
(iii) Others	238.16	214.13
	252.66	227.35
Total	281.09	260.32

Note 17 Revenue from operations :

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
(a) Sale of Manufactured Goods (Texturised, Twisted, Dyed & Fancy Yarn)		
Domestic Sales	7,853.10	7,151.83
Export Sales	1010.44	586.01
	8,863.54	7,737.84
(b) Processing Charges (Texturising, Twisting & Dyeing)	1,174.14	1,441.39
(c) Sale of Waste Yarn	7.81	7.17
Total	10,045.49	9,186.40

Note 18 Other income:

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
(i) Interest received	43.00	49.42
(ii) Sundry balances written back	2.48	4.84
(iii) Export Incentives	126.80	53.87
(iv) Foreign exchange fluctuation gain	11.58	1.27
(v) Profit on sale of Fixed assets	-	251.97
(vi) Other Misc Income	3.53	13.20
Total	187.39	374.57



Notes forming part of the financial statements for the year ended 31st March, 2017

Note 19 Cost of Materials Consumed :

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Indigenous		
Opening stock	152.53	120.44
Add: Purchases	5,749.06	5,172.71
	5,901.59	5,293.15
Less: Closing stock	(147.44)	(152.53)
Total	5,754.15	5,140.62

a) Cost of Materials consumed

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Yarns	4,646.63	3,945.39
Dyes & Chemicals	1,107.52	1,195.23
Total	5,754.15	5,140.62

Note 20 Changes in inventories of finished goods:

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Inventories at the end of the year:		
Finished goods	235.26	297.95
Inventories at the beginning of the year:		
Finished goods	297.95	238.36
Total	62.69	(59.59)

Note 21 Employee benefits expense :

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Salaries and Wages	1,052.26	949.18
Contributions to Provident fund / ESIC & LWF	71.45	55.13
Staff welfare expenses	29.58	27.78
Total	1,153.29	1,032.09



Notes forming part of the financial statements for the year ended 31st March, 2017

As per Accounting Standard - 15 "Employee benefits", the disclosures as defined in Accounting Standard are given below:

	Rs. in Lakhs	Rs. in Lakhs
I Actuarial Assumptions as at	31.03.2017	31.03.2016
Mortality Rate	IALM 2008	IALM 2008
Discount Rate	7.49%	7.57%
Salary escalation rate	6.00%	6.00%
Rate of return (expected) on plan assets	0.00%	0.00%
Withdrawal rate	1%throughout	1%throughout
Benefits (As per Act) with Limit	1,000,000	1,000,000
Retirement age	60	60
Expected average remaining service	25(23.7)	25(23.7)
I Data Information		
Number of members	811	555
Total monthly salaries (Rs. In Lakhs)	71.99	53.20
Average age	33	35
Average Service (years)	2.0	2.8
II Changes in present value of obligations		
PVO at beginning of year	62.42	43.99
Interest cost	4.52	3.46
Current service cost	3.87	3.12
Benefits Paid	(5.43)	(1.46)
Actual(gain)/loss on obligation	5.75	13.31
PVO at end of year (all Units together)	71.13	62.42
III Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Contributions	5.43	1.46
Benefit Paid	(5.43)	(1.46)
Actuarial (gain)/loss on plan assets	-	-
Fair Value of Plan Assets at end of year (estimated)	-	-
IV Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of year	-	-
Actual Return on Plan Assets	-	-
Contributions	5.43	1.46
Benefit Paid	(5.43)	(1.46)
Fair Value of Plan Assets at end of year	-	-
Funded Status	(71.13)	(62.42)
Excess of actual over estimated return on Plan Assets	-	-



Notes forming part of the financial statements for the year ended 31st March, 2017

	Rs. in Lakhs	Rs. in Lakhs
	31.3.2017	31.3.2016
V Actuarial (gain)/loss Recognized		
Actuarial (gain)/loss for the year (Obligation)	(5.75)	(13.31)
Actuarial (gain)/loss for the year (Plan Assets)	-	-
Total (gain)/loss for the year	(5.75)	(13.31)
Actuarial (gain)/loss recognized for the year	(5.75)	(13.31)
Unrecognized Actuarial (gain)/loss at end of year	-	-
VI Amounts to be recognized in the balance sheet and statement of profit & loss		
PVO at end of year	71.13	62.42
Fair Value of Plan Assets at end of year	-	-
Funded Status	(71.13)	(62.42)
Unrecognized Actuarial (gain)/loss	-	-
Net Asset/(Liability) recognized in the balance sheet	(71.13)	(62.42)
VII Expense recognized in the statement of profit & loss		
Current Service Cost	3.87	3.12
Interest cost	4.52	3.46
Expected Return on Plan Assets	-	-
Net Actuarial (gain)/loss recognized for the year	5.75	13.31
Expense recognized in the statement of P & L A/C	14.14	19.89
VIII Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	62.42	43.99
Expenses as above	14.14	19.89
Contribution paid	(5.43)	(1.46)
Closing Net Liability	71.13	62.42
IX. Break up of total liabilities as per Revised Schedule VI of Companies Act.		
Current liabilities.	1.72	1.34
Non-current liability	69.41	61.08
Total liability	71.13	62.42
X. Experience History Information:		
Defined benefit obligation at end of period	71.13	62.42
Plan Assets at end of period (No Fund)	-	-
Funder status - Surplus / (Deficit)	71.13	62.42
Actuarial (gain) /loss due to change in basis	0.84	0.51
Actuarial (gain) /loss due to experience	4.90	12.80
Total Actuarial (gain) / loss in liabilities.	5.75	13.31
Experience (gain)/loss in plan assets	-	-

**Notes forming part of the financial statements for the year ended 31st March, 2017****Note 22 Finance cost :**

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Interest expense :		
On Term Loans	23.71	50.76
On Working Capital	12.13	8.03
On Unsecured Loans & Others	8.03	12.44
Total	43.87	71.23

Note 23 Other Expenses :

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
a) Manufacturing Expenses:		
Stores and spares consumed (Refer Note below (a))	89.11	116.78
Packing Materials	394.53	374.83
Power and fuel	948.84	972.27
Machinery Repairs and maintenance	39.98	37.34
Processing & Labour Charges	28.54	17.70
Security Charges	37.46	35.66
Factory Expenses	31.69	26.74
Total (a)	1,570.15	1,581.32
b) Administrative & Selling Expenses:		
Freight and forwarding	284.87	357.77
Brokerage and Commission	204.15	168.75
Discounts	112.06	109.31
Sales Tax	0.66	2.47
Advertisement & Business Promotion expenses	7.48	7.11
Rent, Rates & Taxes	31.11	18.09
Repairs - Buildings	75.94	7.67
Repairs - Others	38.75	40.32
Insurance	3.51	3.06
Travelling & Conveyance	44.50	38.71
Printing and stationery	26.56	27.77
Bank Charges & Commission	18.69	8.92
Postage, Telephone and Courier Charges	13.02	12.50
Vehicle Maintenance Exps	17.47	16.89
Office Electricity	5.29	5.47
Donations	0.86	0.30
Legal and professional fees	53.30	51.54
Director's Remuneration	58.10	50.10
Director's Sitting Fees	2.70	2.70
Payments to Auditors: (Refer Note below (b))	4.08	3.85
Miscellaneous Expenses	18.48	21.90
Loss on sale of Fixed assets	1.22	-
Bad Debts	1.00	5.00
Total (b)	1,023.80	960.21
Total (a+b)	2,593.95	2,541.53



Notes forming part of the financial statements for the year ended 31st March, 2017

a) Stores and Spares consumed

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Indigenous	87.70	112.92
Imported	1.41	3.86
Total	89.11	116.78

b) Payments to the Auditors:

Particulars	For the year ended 31 March, 2017 Rs. in Lakhs	For the year ended 31 March, 2016 Rs. in Lakhs
Statutory & Tax Audit Fees	3.31	3.31
Certification fees	0.77	0.54
Total	4.08	3.85

Note 24 Additional information to the financial statements :

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs
24.1 Contingent Liabilities and Commitments		
i) Claims against the Company not acknowledged as debts :	-	-
Textile Cess claim against the claim not admitted as debts	2.39	2.39
	2.39	1712.96
ii) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for :		
(a) Tangible Assets	40.00	225.00
(b) Intangible Assets	Nil	Nil
(c) Advances given to the suppliers of the Capital goods is shown in Short term loan & advances pending to be capitalized and will be capatilised on completion/ commencement of production	29.06	100.72
iii) Derivatives Contracts entered into by the Company for hedging and outstanding as on 31/03/2016:		
Forward Contracts	Nil	Nil



Notes forming part of the financial statements for the year ended 31st March, 2017

Particulars	As at 31 March, 2017 Rs. in Lakhs	As at 31 March, 2016 Rs. in Lakhs	
24.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	40.63	20.73	
(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.			
24.3 Value of Imports (calculated on CIF basis) : Machinery Spares	1.41	3.86	
24.4 Expenditure in foreign currency (on accrual basis) : Travelling Expenses Brokerage & Commission Interest on PCFC	7.12 0.54 1.90	6.46 1.72 1.39	
24.5 Earnings in foreign exchange (calculated on FOB value) : Export of goods	978.50	557.01	
24.6 Details of Cash transactions during demonetisation period (09/11/2016 to 30/12/2016) Specified Bank Notes Disclosure (SBNs) In accordance with the MCA Notification G.S.R. 308 (E) dated March 30, 2017 details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below : (Amount in Rs.)			
Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	352000	79062	431062
(+) Permitted receipts	-	4256764	4256764
(-) Permitted payments	212000	3453345	3665345
(-) Amount deposited in Banks	140000	-	140000
Closing cash in hand as on 30.12.2017	-	882481	882481

Note 25 Disclosures under Accounting Standards :

Segment information

As the Company's business activity falls within a single business segment viz. 'Yarns' and the sales substantially being in the domestic market, the financial statements are reflective of the information required by Accounting Standard 17 "Segment Reporting", notified under the Companies (Accounting Standards) Rules, 2006.

Inter divisional transfer

Inter divisional transfer for Sales/ Processing charges for Texturising, Twisting and Dyeing of Rs. 1868.67 Lakhs



Notes forming part of the financial statements for the year ended 31st March, 2017

(Previous Year Rs. 1765.03 Lakhs) 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 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 N. Mutreja (Chairman & Managing Director) Mr. Varun S. Mutreja (Executive Director) Mrs. Asha S. Mutreja - Women Director
Director	Mr. Pradip C. Shah (Independent Director) Mr. Punit P. Shah (Son of Independent Director) Mr. Arti P. Shah (Wife of Independent Director)
Relatives of Key Management Personnel	Mrs. Sheeladevi N. Mutreja - Mother of Chairman & Managing Director Mrs. Tina K. Mutreja - Daughter in law of Chairman & Managing Director Mr. Kunal S. Mutreja - Son of Chairman & Managing Director Mr. Ankit S. Mutreja - Son of Chairman & Managing Director Mr. Lalit N. Mutreja - Brother of Chairman & Managing Director Mr. Vinod Mutreja - Brother of Chairman & Managing Director

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31 March, 2017:

Related party transactions

(Rs. in lakhs)

Particulars	Director	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Income		Nil (Nil)	3.00 (12.88)	3.00 (12.88)
Rent Paid		Nil (Nil)	25.99 (3.84)	25.99 (3.84)
Packing Materials & Charges		Nil (Nil)	194.23 (124.15)	194.23 (124.15)
Remuneration		58.10 (50.10)	20.40 (12.00)	78.50 (62.10)
Interest Payment	3.59 (3.56)	Nil (Nil)	Nil (4.25)	3.59 (7.81)
Sale of Land & Buildings, & other accessories		Nil (Nil)	Nil (288.59)	Nil (288.59)
Balances outstanding at the end of the year: Borrowings - Deposits (unsecured)	Nil (30.00)	Nil (Nil)	Nil (Nil)	Nil (30.00)
Packing Materials		Nil (Nil)	41.83 (33.35)	41.83 (33.35)

**Notes forming part of the financial statements for the year ended 31st March, 2017****Earnings per share:**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Basic & Diluted EPS		
Net profit after Tax for the year from continuing operations attributable to the equity shareholders (Rs. In Lakhs)	237.24	391.66
Weighted average number of Equity Shares (shares in Lakhs)	76.61	76.61
Nominal Value per share (Amount in Rs.)	10.00	10.00
Earnings per share - Basic & Diluted (Amount in Rs.)	3.10	5.11

Deferred tax (liability) / Assets:

Particulars	As At 31 March, 2017 Rs. in Lakhs	As At 31 March, 2016 Rs. in Lakhs
Tax effect of items constituting deferred tax liability		
On difference between book and tax depreciation	336.11	351.51
On expenditure deferred in the books but allowable for tax purposes		
Tax effect of items constituting deferred tax liability	336.11	351.51
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	(39.86)	(39.54)
Tax effect of items constituting deferred tax assets	(39.86)	(39.54)
Net deferred tax (liability) / asset	296.25	311.97

Previous year's figures :

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**As per our attached report of even date
For Mehta Chokshi & Shah
Chartered Accountants
Firm Registration No. 106201W**

**For and on behalf of the Board
VALSON INDUSTRIES LIMITED**

**ABHAY R. MEHTA
Partner
Membership No. 46088
Place : Mumbai
Date : 27th May, 2017**

**Mr. Suresh N. Mutreja
Chairman and
Managing Director**

**Mr. Varun S. Mutreja
Director and
Chief Financial Officer**

**Mr. Kunal S. Mutreja
Director and
Chief Executive Officer**



FINANCIAL PERFORMANCE FOR LAST THREE YEARS

(Rs. in Lacs)

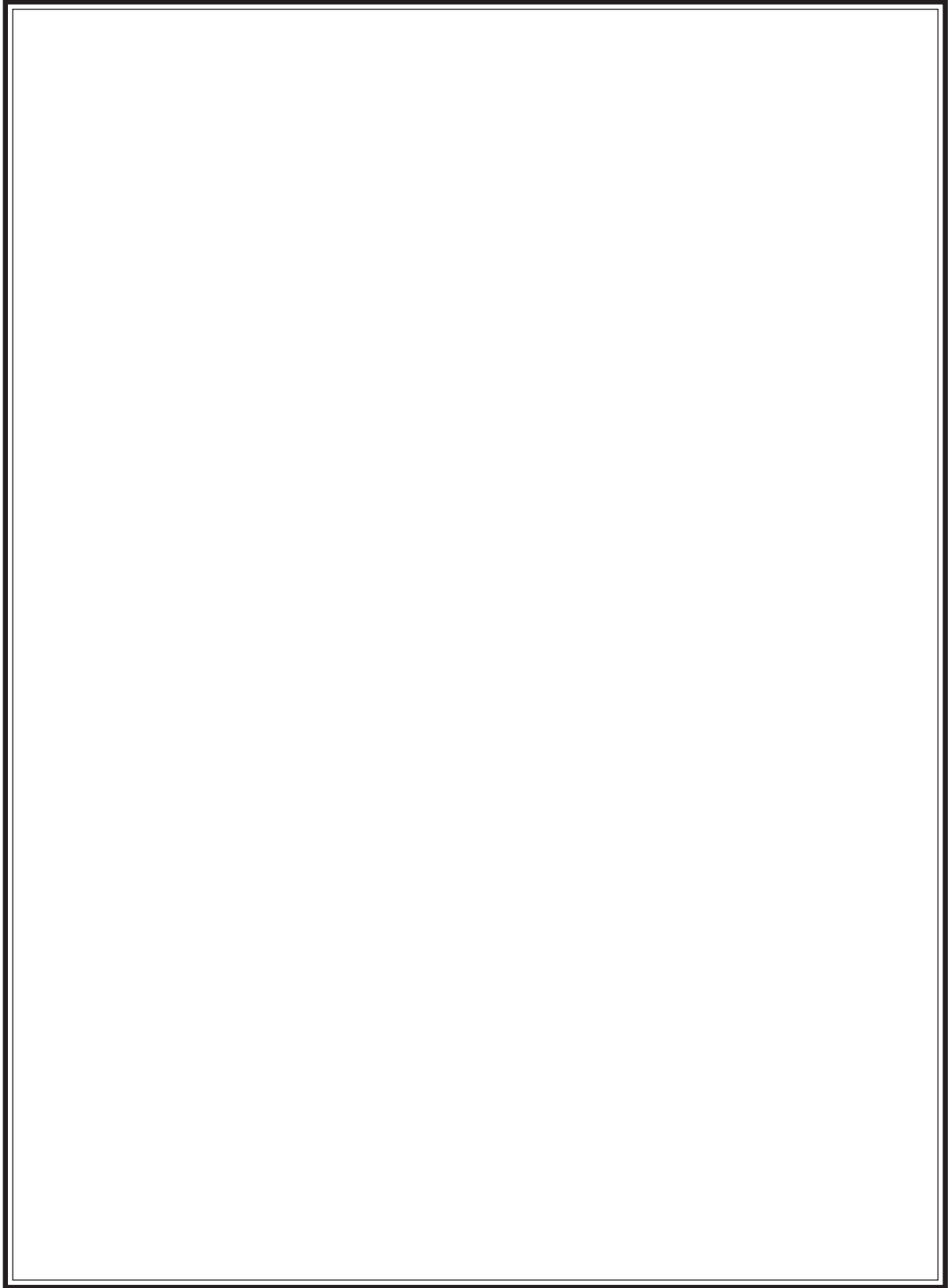
Particulars	2017	2016	2015
Revenue from operations (net)	10028.27	9162.69	10627.19
Expenses	9564.08	8654.65	10101.18
Earnings before other Income Interest, Tax, Depreciation	464.19	508.05	526.01
Other Income	187.39	374.57	193.36
Earnings before Interest, Tax, Depreciation (EBITDA)	651.58	882.62	719.37
Finance costs	43.87	71.23	122.42
Earnings before Tax, Depreciation (EBTDA)	607.71	811.38	596.95
Depreciation and amortisation expense	262.29	276.38	306.82
Earnings before Tax	345.42	535.00	290.13
Taxes	(108.18)	(143.34)	(74.84)
Earnings after Tax	237.24	391.66	215.29
A) EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	766.08	766.08	766.08
(b) Reserves and surplus	2156.30	1919.07	1619.70
Non-current liabilities			
(a) Long-term borrowings	87.42	188.86	392.75
(b) Long-term provisions (gratuity)	69.41	61.08	42.87
(c) Deferred tax liabilities (net)	296.25	311.97	326.63
Current liabilities			
(a) Short-term borrowings	444.33	140.73	302.11
(b) Trade payables	532.66	461.83	497.31
(c) Other current liabilities	197.85	382.51	362.17
(d) Short-term provisions	11.38	115.74	109.31
Total	4561.68	4347.86	4418.93
B) ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2906.86	2544.66	2729.15
(ii) Intangible assets	2.84	5.87	11.87
(iii) Capital work-in-progress - Tangible	18.67	4.82	9.57
(b) Non Current Investments	-	-	-
(c) Long-term loans and advances	94.80	341.17	309.44
Current assets			
(a) Inventories	439.08	463.49	378.05
(b) Trade receivables	731.73	645.46	688.21
(c) Cash and cash equivalents	86.60	82.07	50.79
(d) Short-term loans and advances	28.43	32.97	36.30
(e) Other Current Assets	252.66	227.35	205.55
Total	4561.68	4347.86	4418.93



33rd Annual Report 2016-2017

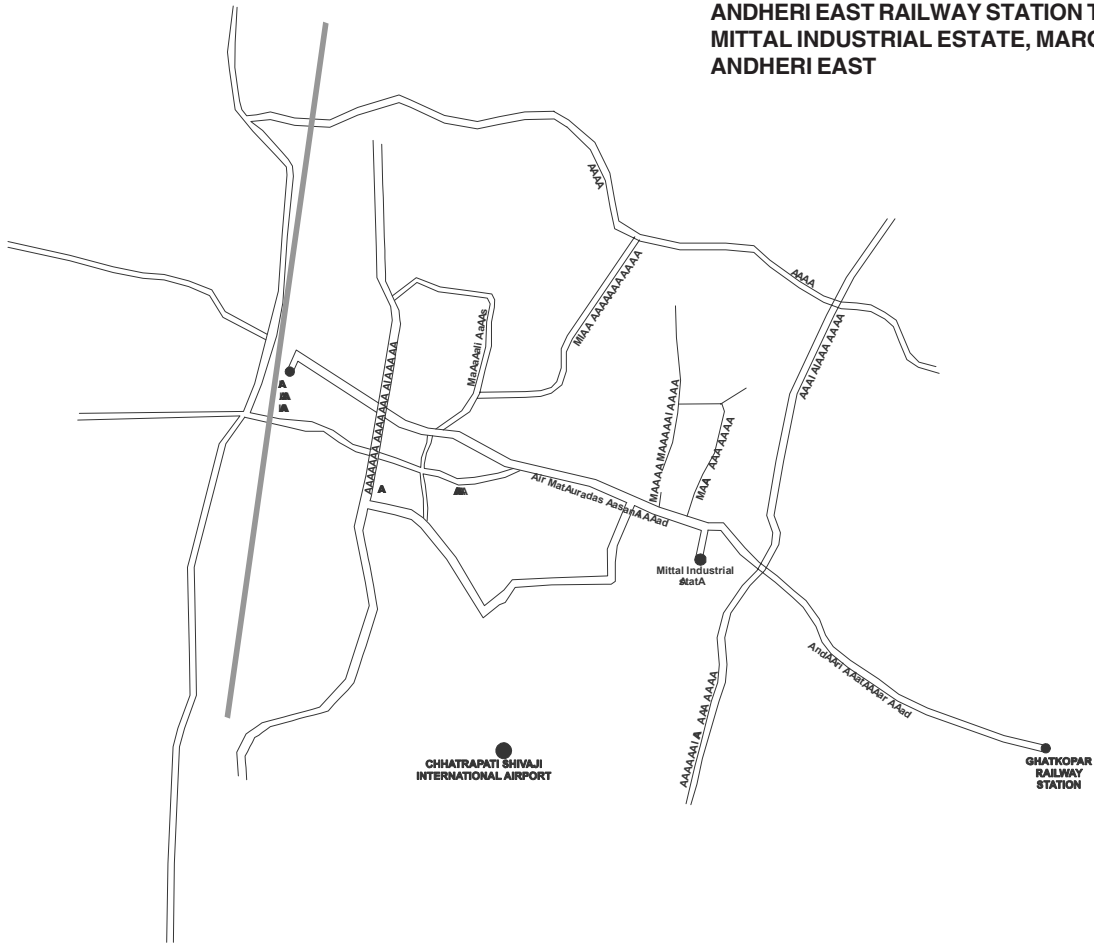
Year Ended March	2017	2016	2015
Important Ratios			
(A) Measures of Performance			
Operating Profit	6.50%	9.63%	6.77%
Interest / Sales	0.44%	0.78%	1.15%
Gross Profit Margin	6.06%	8.86%	5.62%
Net Profit	2.37%	4.27%	2.03%
Return of Net worth	8.12%	14.59%	9.02%
(B) Measures of Financial Status			
Debt / Equity Ratio (LT & ST)	0.2	0.1	0.3
Current Ratio	1.3	1.3	1.1
Interest Coverage	17.3	14.4	6.5
Debtors Period (in Days)	26.6	25.7	23.6
Fixed Assets to Turnover	3.4	3.6	3.9
(C) Measures of Investments			
Earnings Per Share (EPS/Diluted)	3.10	5.11	2.81
Cash Earnings per Share	6.52	8.72	6.82
Dividend per Share	1.00	1.00	1.00
Dividend Payout (%)	32.3%	19.6%	35.6%
Profit Plough back (%)	67.7%	80.4%	64.4%
Book Value*	38.15	35.05	31.14

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



BOOK - POST

**ANDHERI EAST RAILWAY STATION TO
MITTAL INDUSTRIAL ESTATE, MAROL,
ANDHERI EAST**



VALSON INDUSTRIES LIMITED

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



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

Please complete this attendance slip and hand it over at the entrance of the meeting hall

I, hereby record my attendance at the **33rd Annual General Meeting** of the Company held on 5th August, 2017, 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 1.00 p.m.

Folio No.: DP ID No.: Client ID No.:

Name of the Member: Signature:

Name of the Proxy holder: Signature:

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.



VALSON INDUSTRIES LIMITED

FORM NO. MGT - 11 PROXY FORM

(Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014

CIN:	L17110MH1983PLC030117
Name of the Company	VALSON INDUSTRIES LIMITED
Registered Office:	28, Building No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059
Email ID:	pritesh@valsonindia.com
Folio No / Client ID / DP ID:	

I/We, being the member (s) of _____ shares of the above named company, hereby appoint:

1.	Name			
	Address			
	Email ID		Or failing him	
	Signature			
2.	Name			
	Address			
	Email ID		Or failing him	
	Signature			
3.	Name			
	Address			
	Email ID		Or failing him	
	Signature			

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on the Saturday, 5th August, 2017 at 1.00 P.M. at 28, Bldg No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai - 400 059 and at any adjournment thereof in respect of such resolutions as indicated below:

Signed this ____ day of _____ 2017.	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Affix revenue stamp</div>
Signature of shareholder _____	
Signature of Proxy Holder (s): _____	

NOTE: The Proxy Form in order to be effective should be completed and deposited at the Registered Office of the Company not less than 48 before the commencement of the Meeting.