

**INDUSTRIES LIMITED**

**AN ISO 9001 : 2000 CERTIFIED COMPANY**

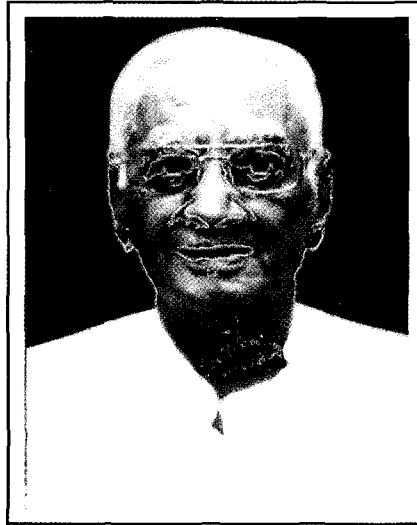
*Creation Never Ends Here.*

**25th ANNUAL REPORT 2008-2009**

## **CONTENTS**

|                                    |    |
|------------------------------------|----|
| Notice                             | 02 |
| Directors' Report                  | 03 |
| Corporate Governance               | 09 |
| Investor Information               | 14 |
| Management Discussion and Analysis | 18 |
| Compliance Certificate             | 21 |
| Auditor's Report                   | 25 |
| Balance Sheet                      | 29 |
| Profit and Loss Account            | 30 |
| Cash Flow Statement                | 31 |
| Schedules and Notes to Accounts    | 32 |
| Significant Accounting Policies    | 38 |
| Balance Sheet Abstract             | 44 |
| Financial Performance Highlights   | 45 |
| Attendance Slip and Proxy Form     | 47 |

*In The Profound Memory*



**LATE SHRI NANAKCHAND D. MUTREJA**

**09/11/1926 TO 24/02/2009**

**Chairman Emeritus**

The Board in its meeting expressed appreciation for his invaluable guidance, leadership and yeoman service in steering the Company's growth and profitability, during his association since inception, initially as a Director and thereafter as the Non-Executive Chairman.



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Shri Nanakchand D. Mutreja, Chairman up to 24/2/09  
Shri Suresh N. Mutreja, Managing Director  
Shri Lalit N. Mutreja, Executive Director  
Shri Ram Kumar Sharma, Independent Director  
Shri Chandan Gupta, Independent Director  
Shri Surendra Kumar Suri, Independent Director

### AUDIT COMMITTEE

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

### SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

Shri Nanakchand D. Mutreja, Chairman up to 24/2/09  
Shri Suresh N. Mutreja  
Shri Lalit N. Mutreja

### AUDITORS

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

### BANKERS

Bank of India  
IDBI Bank

### REGISTRAR & TRANSFER AGENT

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

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

Saturday, August 22, 2009 at 11.30 a.m.  
at Unit No. 28, Bldg. No. 6, Gr. Floor,  
Mittal Industrial Estate, Sir M. V. Road,  
Andheri (East), Mumbai 400 059.

### SILVASSA - TEXTURISING AND TWISTING

#### Unit No 1 :

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

#### Unit No 2 :

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

#### Dadra Unit :

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

#### Silli Unit :

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

#### Vapi - Dyeing Unit

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

### REGISTERED OFFICE

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



## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of **Valson Industries Limited** will be held on Saturday the 22nd day, of August 2009 at the Registered Office of the Company situated at Unit No. 28, Ground Floor, Building No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares and to ratify dividend paid on Preference Shares for the year ended March 31, 2009.
3. To appoint a Director in place of Shri Surendra Kumar Suri, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To re-appoint M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Place: Mumbai  
Date: June 29, 2009

Suresh N. Mutreja  
Managing Director

### NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.**
2. The Proxy Form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956, is not required to be annexed.
4. The Register of Members and Share Transfer books of the Company will remain closed from 19th day, August 2009 to 22nd day, August 2009 (both days inclusive).
5. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividend for the financial year March 31, 2002 and dividends declared the reafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the IEPF pursuant to Section 205C of the Companies Act, 1956.

| Financial Year             | Date of Declaration of Dividend | Last Date of Claiming unpaid Dividend |
|----------------------------|---------------------------------|---------------------------------------|
| Final Dividend 2001-2002   | 19.08.2002                      | 24.09.2009                            |
| Final Dividend 2002-2003   | 30.09.2003                      | 05.11.2010                            |
| Final Dividend 2003-2004   | 30.09.2004                      | 05.11.2011                            |
| Final Dividend 2004-2005   | 30.07.2005                      | 04.09.2012                            |
| Final Dividend 2005-2006   | 29.07.2006                      | 02.09.2013                            |
| Interim Dividend 2006-2007 | 23.03.2007                      | 28.04.2014                            |
| Final Dividend 2007-2008   | 28.07.2008                      | 02.09.2015                            |

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 and Company's Registrar & Transfer Agent, Link Intime India Pvt. Ltd. immediately.

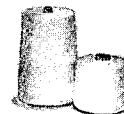
### 6. Members are requested to

- (a) Intimate any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to Link Intime India Pvt. Ltd. in respect of their physical share folios, if any.
  - (b) Bring their copy of the Annual Report to the Meeting.
  - (c) Quote folio number in all their correspondence.
  - (d) Write to the Company at least 10 days before the Meeting, for any information as regards accounts, to enable the Management to keep the information ready.
  - (e) Get the multiple folios consolidated.
  - (f) Members, who hold shares in the Dematerialised form, are requested to bring their Depository accounts number for identification.
7. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Services (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. This system shall be utilized only when the Company declares dividend.
  8. Make nominations in respect of shares held by you in physical form as provided under Section 109A of the Companies Act, 1956. Shareholders desirous of making nominations are requested to send their requests to Link Intime India Pvt. Ltd.

By order of the Board

Place: Mumbai  
Date: June 29, 2009

Suresh N. Mutreja  
Managing Director



## DIRECTORS' REPORT

Dear Valson Family Member,

The Board of Directors have pleasure in presenting the 25<sup>th</sup> Annual Report on the business operations of your Company together with Audited financial accounts for the year ended March 31, 2009.

### FINANCIAL RESULTS :

(Rs. in Lacs)

| Particulars                                      | Year ending<br>31.03.09 | Year ending<br>31.03.08 |
|--|-------------------------|-------------------------|
| Turnover (exclusive of Interdivisional transfer) | 5938.32                 | 6105.00                 |
| Less: Excise duty                                | 27.13                   | 21.48                   |
| Turnover (Net of Excise)                         | 5911.19                 | 6083.52                 |
| Operating Profit (PBIDT)                         | 479.38                  | 491.97                  |
| Interest   | 50.71                   | 27.60                   |
| Depreciation                                     | 186.05                  | 190.66                  |
| <b>Profit before Tax</b>                         | <b>242.62</b>           | <b>273.71</b>           |
| Taxation   | 86.41                   | 99.06                   |
| <b>Profit for the year</b>                       | <b>156.21</b>           | <b>174.65</b>           |
| Adjustments for Taxation                         | -                       | (3.14)                  |
| Balance of Profit brought forward                | 553.55                  | 515.49                  |
| Amount available for appropriations              | <u>709.76</u>           | <u>687.00</u>           |
| <b>Appropriations:</b>                           |                         |                         |
| Transfer to General Reserve                      | 15.00                   | 15.00                   |
| Dividend on Preference Shares                    | 1.43                    | 8.00                    |
| Dividend on Equity Shares                        | 95.76                   | 95.76                   |
| Dividend Tax on Preference shares                | 0.20                    | 1.13                    |
| Dividend Tax on Equity Shares                    | 16.27                   | 13.56                   |
| Balance carried forward to Balance Sheet         | 581.10                  | 553.55                  |
| <b>Total</b>                                     | <b><u>709.76</u></b>    | <b><u>687.00</u></b>    |
| EPS (Basic)                                      | 4.04                    | 4.33                    |
| EPS (diluted)                                    | 4.04                    | 4.32                    |

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

### BUSINESS OPERATIONS :

Your Company continues to retain it's leadership in the dyed yarns segment.

Your Company has fared reasonably well despite slow down in the Global as well as Indian economy and has successfully managed the business inspite of marginally drop in revenue Rs. 6105 Lacs to Rs. 5938 lacs. The revenue was affected adversely in

the September-December 2008 period due to fluctuation in Crude Oil Prices but since there after the prices have become stable resulting into positive outlook from the January 2009 – March 2009 Quarter.

Due to Global slow down exports (FOB value) for the year lowered to Rs. 80 lacs from Rs. 133 lacs in the previous year.



The operating Profit after tax marginally declined to Rs. 156 lacs from Rs. 175 lacs of the previous year. Consequently cash earning per share reduce to Rs. 8.89 from Rs. 9.32 of the Previous Year.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

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

#### **THRUST ON HIGHER VALUE ADDITION CONTINUES :**

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

#### **SEGMENT-WISE PERFORMANCE :**

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

#### **INSURANCE:**

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

#### **ISO CERTIFICATION :**

Your Company has obtained the ISO 9001-2000 certification from AGSI certification Pvt. Ltd. and during the year the Company has got the renewal successfully after facing the surveillance Audit. The company has recommended to the certification authorities to upgrade its existing certificate to ISO 9001-2008, indicating the our commitments to meeting the global quality and international standards.

#### **MODERNISATION :**

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

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

As a result Texturising Capacity increased from 3700 MT to 4000 MT an increase of 8%, Twisting Capacity increased from 2900 MT to 3075 MT an increase of 6%, Dyeing Capacity increased from 5800 MT to 5900 MT. an increase of around 2%.

#### **FIXED DEPOSITS :**

The Company has accepted deposit from the Promoter Directors and their relatives and shareholders for expansion of Silli units.

#### **EXPORT :**

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

#### **APPROPRIATIONS :**

##### **DIVIDEND :**

The Board of Directors have recommended Final Dividend of Rs. 2.50 per Equity Share for the Financial Year ended March 31, 2009 (Previous Year Final Dividend of Rs. 2.50/-) amounting to Rs. 95.76 lacs. The company is continuously paying dividend since last 16 years.

The Directors have declared and paid the dividend on Redeemable Cumulative Preference Shares for the year ended March 31, 2009, Total outlay on Preference Dividend was Rs. 1.42 lacs (Previous Year Rs. 8.00 lacs).The dividend tax liability borne



by your Company is Rs. 16.48 lacs (Previous Year Rs. 14.70 lacs).

**TRANSFER TO RESERVES :**

Your Company proposes to transfer Rs. 15.00 lacs from Profit and Loss Account to General Reserve and Rs. 100.00 lacs from Capital Redemption Reserve Account transfer to General Reserve Account. An amount of Rs. 585.55 lacs are proposed to be retained as year end balance in the Profit and Loss Account.

**TAXATION :**

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

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

**TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

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

**PERSONNEL :**

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

**DIRECTORS :**

Shri Suredra Kumar Suri, Non-Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Shri Nanakchand Mutreja, Non-executive Chairman of the Company has ceased to be the Director of the Company, due to his demise on 24th February, 2009

The Board of Directors has appointed Mr. Suresh Mutreja, Managing Director also to act as Chairman of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2009, all the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for the said period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2009 on a 'going concern' basis.

**CORPORATE GOVERNANCE :**

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchange are complied with. A separate section on Corporate Governance forms part of the Annual Report. A certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure II.

**COMPLIANCE CERTIFICATE :**

As per amendment to the Companies (Appointment and Qualifications of Secretary) Amendment Rules, 2009 vide G.S.R 11 (E) 05.01.2009, has increased the limit from paid up capital of Rs. 2.00 crores to





## 25<sup>th</sup> Annual Report 2008-2009

Rs. 5.00 crores for appointment of qualified Company Secretary. Accordingly the Company has obtained the Compliance Certificate under Section 383A of the Companies Act, 1956 read with Companies (Issue of Compliance Certificate) Rules, 2001 has been obtained from M/s. P. P. Shah & Co., Practising Company secretaries and the same has been attached to this Report.

### **AUDITOR'S REPORT :**

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

### **AUDITORS :**

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

### **ACKNOWLEDGEMENT :**

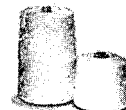
Your Directors thank our customers, bankers and suppliers for their continued support during the year. Your Company places on record a deep sense of appreciation of the contribution made by the staff and workers at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation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

**For and on behalf of the Board**

**Suresh N. Mutreja  
Managing Director**

**Place: Mumbai**

**Date: June 29, 2009**



## ANNEXURE I TO THE DIRECTORS' REPORT

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

### FORM A

#### (A) Power and Fuel Consumption:

| 1. Electricity | Current Year<br>31.03.2009 | Previous Year<br>31.03.2008 |
|----------------|----------------------------|-----------------------------|
| (i) Purchased: |                            |                             |

Avg. Unit Rate (Rs./KWH) **4.35** 3.51

Units (KWH/Lacs) **104.73** 116.92

Total Amount (Rs. in Lacs) **455.38** 410.79

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

Unit Rate (Rs./KWH) **12.53** 11.30

Units (KWH/Lacs) **1.02** 0.76

Total Amount (Rs. in Lacs) **12.77** 8.57

| 2. Coal                  | Current Year<br>31.03.2009 | Previous Year<br>31.03.2008 |
|--------------------------|----------------------------|-----------------------------|
| Qty. (M. Tons)           | <b>3614.69</b>             | 3079.51                     |
| Total Cost (Rs. in Lacs) | <b>168.99</b>              | 123.38                      |
| Avg. Rate (Rs./MT)       | <b>4675.13</b>             | 4006.61                     |

3. Furnace Oil Not Applicable

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

|                                     | Current Year<br>31.03.2009 | Previous Year<br>31.03.2008 |
|-------------------------------------|----------------------------|-----------------------------|
| Electricity (KWH per Tonne of Yarn) | <b>3115</b>                | 3315                        |
| Coal (MT per Tonne of Yarn)         | <b>1.06</b>                | 0.89                        |

### Form B

#### (I) Development

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

#### (II) Technology Absorption, Adaptation & Innovation

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

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

|                               | Current Year<br>31.03.2009<br>Rs. in Lacs | Previous Year<br>31.03.2008<br>Rs. in Lacs |
|-------------------------------|---|--|
| Total Foreign Exchange Earned |   |  |
| Export FOB Value              | <b>80</b>                                 | 133  |
| Total Foreign Exchange Used:  |   |  |
| a. Plant & Machinery          |   |  |
| Spare Part (CIF)              | <b>6</b>                                  | 0.08                                       |
| b. Travelling Expenses:       | -   | 3  |
| c. Training fees              | <b>10</b>                                 | -  |

For and on behalf of the Board

**Suresh N. Mutreja**  
Managing Director

Place: Mumbai  
Date: June 29, 2009



## **CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Valson Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Valson Industries Limited** for the year ended 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company entered into with the Stock Exchange.

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

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

As required by Guidance Note issued by the Institute of Company Secretaries of India we have to

state that based on the report given by the Registrar and Share Transfer Agents of the Company to the Shareholders / Investor's Grievance Committee, as on 31<sup>st</sup> March, 2009, there were no investor grievances remaining unattended / pending for more than 30 days.

We 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.

For **P. P. SHAH & Co.**  
Practising Company Secretary

Pradip Shah  
Partner  
Membership No. 1483  
Certificate of Practise : 436

Place : Mumbai  
Date : June 29, 2009

---

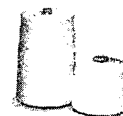
### **Management Certificate on clause 49 (1D) of the Listing Agreement**

To,  
The Members,  
Valson Industries Limited

This is to affirm that the Board of Directors of Valson Industries Limited has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchange and Board of Members and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said code for the financial year ended 31st March, 2009.

Suresh N. Mutreja  
Managing Director

Place: Mumbai  
Date: June 29, 2009.



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

### **I. The Company's Philosophy on Code of Governance**

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

### **II. Board of Directors**

#### **(i) Board Composition :**

The strength of the Board was 5 Directors as on 31st March, 2009. The Composition and category of Directors on the Board of the Company are :

| <b>Name</b>                | <b>Executive / Non-Executive</b> | <b>Promoter / Independent</b> | <b>Relationship With Other Directors</b> |
|----------------------------|----------------------------------|-------------------------------|--|
| Mr. Nanakchand D. Mutreja* | Non Executive Chairman           | Promoter                      | Promoter                                 |
| Mr. Suresh N. Mutreja      | Executive Managing Director      | Promoter                      | Son of Nanakchand Mutreja                |
| Mr. Lalit N. Mutreja       | Executive Director               | Promoter                      | Son of Nanakchand Mutreja                |
| Mr. Ram Kumar Sharma       | Independent Director             | Independent                   | Not Related to any Director              |
| Mr. Chandan Gupta          | Independent Director             | Independent                   | Not Related to any Director              |
| Mr. Surendra Kumar Suri    | Independent Director             | Independent                   | Not Related to any Director              |

\*Ceased to be Director of the Company w.e.f. 24th February, 2009

The Company has appointed Mr. Suresh Mutreja as Chairman of the Company at its Board Meeting held on 29th June 2009

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

| <b>Date of Board Meetings</b>       | <b>Nanakchand Mutreja*</b> | <b>Suresh Mutreja</b> | <b>Lalit Mutreja</b> | <b>Ram Kumar Sharma</b> | <b>Chandan Gupta</b> | <b>Surendra Kumar Suri</b> |
|-------------------------------------|----------------------------|-----------------------|----------------------|-------------------------|----------------------|----------------------------|
| 15 <sup>th</sup> April, 2008        | Present                    | Present               | Present              | Present                 | Present              | Present                    |
| 4 <sup>th</sup> June, 2008          | Present                    | Present               | Present              | Present                 | Present              | Present                    |
| 28 <sup>th</sup> July, 2008         | Present                    | Present               | Present              | Present                 | Present              | Present                    |
| 25 <sup>th</sup> October, 08        | Present                    | Present               | Present              | Present                 | Present              | Present                    |
| 31 <sup>st</sup> January, 09        | Present                    | Present               | Present              | Present                 | Present              | Present                    |
| Total Attendance out of 5 Meetings. | 5                          | 5                     | 5                    | 5                       | 5                    | 5                          |
| Attendance at Last AGM              | Absent                     | Present               | Present              | Present                 | Present              | Present                    |

\*Ceased to be Director of the Company w.e.f. 24th February, 2009



iii) Number of other Boards or other Committees in which the Directors hold memberships or Chairmanship:

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

\*Ceased to be Director of the Company w.e.f. 24th February, 2009.

AC – VIL\* = Audit Committee – Valson Industries Limited.

SIGC – VIL\*\* = Shareholders/Investors Grievance Committee – Valson Industries Limited

The Board has appointed Mr. Suresh Mutreja as the Chairman of the Shareholders/Investors Grievance Committee Meeting at its Board Meeting held on June 29, 2009

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

iv) Code of Conduct :

The Board has formulated a code of conduct for the Board members and Senior Management Personnel of the Company. All Board members and senior management have affirmed their compliance with the code. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

III. AUDIT COMMITTEE

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

| Date of Audit Committee Meeting | Chandan Gupta                                 | Ram Kumar Sharma                   | Surendra Kumar Suri                |
|---------------------------------|---|------------------------------------|------------------------------------|
|                                 | Chairman & Non Executive Independent Director | Non Executive Independent Director | Non Executive Independent Director |
| 4 <sup>th</sup> June, 2008      | Present                                       | Present                            | Present                            |
| 28 <sup>th</sup> July, 2008     | Present                                       | Present                            | Present                            |
| 25 <sup>th</sup> October, 2008  | Present                                       | Present                            | Present                            |
| 31 <sup>st</sup> January, 2009  | Present                                       | Present                            | Present                            |
| Total (out of 4 meetings)       | 4   | 4                                  | 4                                  |

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



#### IV. REMUNERATION COMMITTEE

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

The Board of Directors determines the remuneration of Managing Director and other Directors within the framework as approved by the Shareholders and decides on the sitting fees to be paid to the Non-Executive Directors for attending the Board Meetings.

The remuneration payable to Mr. Suresh Mutreja Managing Director and Mr. Lalit Mutreja, Director was approved by the Board of Directors at its meeting held on 15<sup>th</sup> June, 2007 and approved by the members at the Annual General Meeting held on 28<sup>th</sup> July, 2007.

The aggregate value of remuneration, perquisites and sitting fees paid to the Directors for the year ended 31<sup>st</sup> March, 2009, were as under;

| Sr. No. | Name                   | Salary & Perqs<br>Rs. | Commission<br>Rs. | Professional<br>Fees<br>Rs. | Sitting Fees<br>Rs. | Total<br>Rs. |
|---------|------------------------|-----------------------|-------------------|-----------------------------|---------------------|--------------|
| 1       | Nanakchand D. Mutreja* | -                     | -                 | -                           | -                   | -            |
| 2       | Suresh N. Mutreja      | 15,16,467             | 1,50,000          | -                           | -                   | 16,66,467    |
| 3       | Lalit N. Mutreja       | 10,10,389             | 1,50,000          | -                           | -                   | 11,60,389    |
| 4       | Ram Kumar Sharma       | -                     | -                 | 2,40,000                    | 10,000              | 2,50,000     |
| 5       | Chandan Gupta          | -                     | -                 | -                           | 10,000              | 10,000       |
| 6       | Surendra Kumar Suri    | -                     | -                 | -                           | 10,000              | 10,000       |

\*Ceased to be Director of the Company w.e.f. 24<sup>th</sup> February, 2009.

#### NOTES:

- The Company does not pay bonus, stock options, pension and performance linked incentives or fixed component incentives to the Directors.
- The Company has not made any payments to the Non-Executive Directors except sitting fees. However, during the year, the Company paid Rs. 240000/- to Shri Ram Kumar Sharma, Director toward the professional services rendered by him. The professional fees paid during the year are not considered material enough to impinge on the independence of the aforesaid Director.
- Details of Service Contracts are as follows :

| Name                   | Date of initial appointment | Current tenure | From         | To            |
|------------------------|-----------------------------|----------------|--------------|---------------|
| Shri Suresh N. Mutreja | June 2, 1983                | 3 years        | July 1, 2007 | June 30, 2010 |
| Shri Lalit N. Mutreja  | September 9, 1995           | 3 years        | July 1, 2007 | June 30, 2010 |

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

| Directors               | No. of shares held as on<br>31 <sup>st</sup> March, 2009 | No. of shares held as on<br>31 <sup>st</sup> March, 2008 |
|-------------------------|--|--|
| Mr. Nanakchand Mutreja* | 75100  | 75100  |
| Mr. Ram Kumar Sharma    | 800  | 800  |
| Mr. Chandan Gupta       | Nil  | Nil  |
| Mr. Surendra Kumar Suri | 200  | 200  |

\*Ceased to be director of the Company w.e.f. 24<sup>th</sup> February, 2009



#### V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Composition of the Shareholders/Investors Grievance Committee and their attendance at the Shareholders/Investors Grievances Committee Meetings are as follows:

| Date of Shareholders Grievance Committee Meeting | Nanakchand Mutreja*               | Suresh Mutreja    | Lalit Mutreja      |
|--|-----------------------------------|-------------------|--------------------|
|  | Chairman & Non Executive Director | Managing Director | Executive Director |
| 4 <sup>th</sup> June, 2008                       | Present                           | Present           | Present            |
| 28 <sup>th</sup> July, 2008                      | Present                           | Present           | Present            |
| 25 <sup>th</sup> October, 2008                   | Present                           | Present           | Present            |
| 31 <sup>st</sup> January, 2009                   | Present                           | Present           | Present            |
| Total (out of 4 meetings)                        | 4                                 | 4                 | 4                  |

\*Ceased to be the Director of the Company w.e.f. 24<sup>th</sup> February, 2009

The Committee has delegated the power to approve the share transfers to its Registrar & Share Transfer Agent i.e. M/s. Link Intime India Pvt. Ltd., the Registrar & Transfer Agent. The Committee monitors the redressal of investor's grievances and takes on record the physical share transfers, issue of duplicates share certificates in lieu of share certificates lost/torn/misplaced etc, split/consolidation of share certificates, etc from time to time. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 6. There were no complaints pending as on 31.03.2009.

As required by the Stock Exchanges, the Company has appointed Mr. Pritesh Shah, as the Compliance Officer to monitor the share transfer process and liaise with the regulatory authorities.

#### VI. GENERAL BODY MEETINGS

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

| Year   | Date                           | Time       | Venue             |
|--|--------------------------------|------------|-------------------|
| 2007 – 2008<br>(24 <sup>th</sup> Annual General Meeting) | 28 <sup>th</sup> July, 2008    | 11.30 a.m. | Registered office |
| 2006 – 2007<br>(23 <sup>rd</sup> Annual General Meeting) | 28 <sup>th</sup> July, 2007    | 11.30 a.m. | Registered office |
| 2005 – 2006<br>(22 <sup>nd</sup> Annual General Meeting) | 29 <sup>th</sup> July, 2006    | 11.30 a.m. | Registered office |
| 2005 – 2006<br>(Extra Ordinary General Meeting)          | 26 <sup>th</sup> October, 2005 | 11.30 a.m. | Registered office |

#### Notes:

There were no special resolutions passed by the Company at any of the above meetings except at the Extra Ordinary General Meetings and the 22<sup>nd</sup> Annual General Meetings. There were no special resolutions passed through postal ballot last year. At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through postal ballot.

#### VII. DISCLOSURES

- i. The Company has not entered into any materially significant related party transaction during the year that may have potential conflict with the interests of the Company at large.



- ii. There has been no incidence of non-compliance by the Company of any statutory regulations nor any penalty or stricture imposed by the Stock Exchange or SEBI or any other statutory authority, on any matter relating to the capital market over the last three years.
- iii. The details of all transactions with related parties are placed before the Audit Committee on quarterly basis.
- iv. In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- v. The constitution of whistle blower policy is a non mandatory requirement. However the Company affirms that no employee has been denied access to the Audit Committee during the financial year 2008– 2009.
- vi. The Company has complied with all mandatory requirements of clause 49 of Listing requirements.

#### **VIII. MEANS OF COMMUNICATIONS**

**Quarterly Results :** The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by Board within the prescribed time frame and send immediately to the Stock Exchange on which the company's shares are listed. Results for year ended March 2008 and Quarter ended June 2008 are published in the News Papers in Economic Times (English) and Maharashtra Times (Marathi) and for Quarter ended September 2008 and December 2008 are published in the News Papers in The Free Press Journal (English) and Nav Shakti (Marathi).

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

#### **IX. GENERAL SHAREHOLDER INFORMATION**

The mandatory as also various additional information of interest to investors is voluntarily furnished in a separate section on Investor Information elsewhere in this Report.

#### **X. Practising Company Secretary's Certificate on Corporate Governance**

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

**For and on behalf of the Board**

**Place: Mumbai**

**Date: June 29, 2009**

**Suresh N. Mutreja  
Managing Director**





## INVESTOR INFORMATION

**AGM Date :** 22<sup>nd</sup> August, 2009

**Financial Year :** 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009.

**Book Closure :** 19<sup>th</sup> August 2009 to 22<sup>nd</sup> August 2009.

**Dividend Rate :** 25 (%)

**Listing of Shares :** The Equity Shares of the Company is listed on Mumbai Stock Exchange.

### Stock code

Stock Exchange, Mumbai

Physical Script Code No. - 530459

Demat Script Code No. - ISIN: INE 808A01018

### Market Price and Volume Data

Monthly high and low quotations as also the volume of shares traded on Mumbai Stock Exchange:

| Month  | Open  | High  | Low   | Close | Volume |
|--------|-------|-------|-------|-------|--------|
| Apr-08 | 38.50 | 44.85 | 35.35 | 40.85 | 36498  |
| May-08 | 40.80 | 45.50 | 37.80 | 40.45 | 13569  |
| Jun-08 | 38.40 | 49.00 | 36.00 | 39.00 | 10110  |
| Jul-08 | 38.95 | 44.00 | 36.00 | 38.00 | 45170  |
| Aug-08 | 37.00 | 41.00 | 33.35 | 35.45 | 78895  |
| Sep-08 | 35.00 | 39.90 | 27.20 | 32.05 | 22545  |
| Oct-08 | 35.25 | 37.95 | 25.40 | 30.00 | 95421  |
| Nov-08 | 32.00 | 33.00 | 23.70 | 28.00 | 17734  |
| Dec-08 | 27.00 | 31.80 | 22.70 | 26.35 | 34802  |
| Jan-09 | 25.00 | 28.70 | 25.00 | 27.90 | 52436  |
| Feb-09 | 26.90 | 29.20 | 25.40 | 26.75 | 90111  |
| Mar-09 | 26.10 | 28.35 | 23.00 | 27.00 | 105383 |

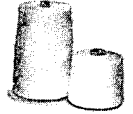
### Registrar & Transfer Agents

Shareholders/Investors are requested to forward share transfer documents, dematerialisation request, correspondence regarding change of address, non-receipt of dividend or share certificates and other related correspondence directly to Link Intime India Pvt. Ltd. at the following address:

Link Intime India Pvt. Ltd.  
C-13 Pannalal Silk Mills Compound  
L B S Marg, Bhandup (West)  
Mumbai 400 078

Telephone : 2596 3838

Fax : 2594 6969



**Share Transfer System**

97.21 % of the shares of the Company are dematerialized. All this shares are electronically transferred through the demat facility. 2.79 % of shares are in physical mode. The Company has assigned the job of physical transfer of shares to its Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. The Shareholders and Investors Grievances Committee takes on record all the physical share transfers from time to time.

| Transfers Lodged & Transferred | No. of Transfer Deeds Processed | No. of Shares Transferred |
|--------------------------------|---------------------------------|---------------------------|
| 1 – 30 days                    | 3                               | 525                       |
| 30 – 60 days                   | -                               | -                         |
| Above 60 days                  | -                               | -                         |
| <b>Total</b>                   | <b>3</b>                        | <b>525</b>                |

**Breakup of Shareholders as on March 31, 2009**

| Category             | No. of Shares  | Percentage    |
|----------------------|----------------|---------------|
| Directors            | 1878100        | 49.03         |
| Indian Public        | 1820532        | 47.53         |
| Bodies Corporate     | 48351          | 1.26          |
| Non Resident Indians | 65093          | 1.70          |
| Clearing Members     | 18324          | 0.48          |
| <b>Total</b>         | <b>3830400</b> | <b>100.00</b> |

**Distribution of Shareholding as on March 31, 2009**

| Shareholding of Shares | Number of Shareholders | Percentage of Total | Shares         | Percentage of Total |
|------------------------|------------------------|---------------------|----------------|---------------------|
| 1 - 500                | 1044                   | 78.9116             | 198192         | 5.1742              |
| 501 - 1000             | 144                    | 10.8844             | 113912         | 2.9739              |
| 1001 - 2000            | 52                     | 3.9305              | 79193          | 2.0675              |
| 2001 - 3000            | 18                     | 1.3605              | 47648          | 1.2439              |
| 3001 - 4000            | 8                      | 0.6047              | 30469          | 0.7955              |
| 4001 - 5000            | 9                      | 0.6803              | 40764          | 1.0642              |
| 5001 - 10000           | 11                     | 0.8314              | 85990          | 2.2449              |
| 10001 - above          | 37                     | 2.7966              | 3234232        | 84.4359             |
| <b>Total :</b>         | <b>1323</b>            | <b>100.0000</b>     | <b>3830400</b> | <b>100.0000</b>     |



### Investors' Queries and Grievances Attended

| Nature of Complaint                 | No. of Complaints Received | No. of Complaints Redressed |
|-------------------------------------|----------------------------|-----------------------------|
| Non-receipt of Dividend             | 2                          | 2                           |
| Others                              | 3                          | 3                           |
| Change of Address                   | 0                          | 0                           |
| Bank Details                        | 0                          | 0                           |
| Revalidation / replacement of       | 0                          | 0                           |
| Indemnity / affidavit for duplicate | 1                          | 1                           |
| ECS Details                         | 0                          | 0                           |
| Issue of Fresh Demand Draft         | 0                          | 0                           |
| <b>Total</b>                        | <b>6</b>                   | <b>6</b>                    |

### Consolidation of Folios

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

### Nomination Facility

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

### Dematerialization of shares and liquidity

Valson has admitted its shares to the depository system of the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. International Securities Identification Number (ISIN) INE808A01018. As on March 31, 2009, 97.21% of the Company's total shares representing 37,23,865 shares were held in dematerialised form and the balance 2.79% representing 1,06,535 shares were held in physical form. With effect from July 24, 2000, the Equity Shares of the Company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

### Financial Reporting Dates for the Financial Year (F. Y.) 2009-2010

|  |                                 |
|--|---------------------------------|
| Results for the First Quarter ending June 30, 2009                   | On or before July 31, 2009      |
| Results for the Second Quarter / Half year ending September 30, 2009 | On or before October 31, 2009   |
| Results for the Third Quarter ending December 31, 2009               | On or before January 31, 2010   |
| Results for the Fourth Quarter / Year ending March 31, 2010          | On or before June 30, 2010      |
| Annual General Meeting   | On or before September 30, 2010 |

## *Valson Dyed Yarn - Hallmark of Innovation*



**Any queries relating to the financial statements of the Company may be addressed to**

Mr. Pritesh H. Shah  
General Manager (Finance)

### **Address for Correspondence**

Unit No. 28, Bldg. No. 6,  
Gr. Floor, Mittal Industrial Estate,  
Sir M. V. Road, Andheri (East),  
Mumbai 400 059.  
Telephone : +91 22 4066 1000  
Facsimile : +91 22 4066 1199  
Website : [www.valsonindia.com](http://www.valsonindia.com)  
e-mail : [mail@valsonindia.com](mailto:mail@valsonindia.com) / [valsoninds@yahoo.com](mailto:valsoninds@yahoo.com)

### **Plant Locations**

#### **TEXTURISING AND TWISTING**

##### **SILVASSA - UNIT NO. 1 :**

Plot No. 8/9, Silvassa Ind. Co-op. Society,  
66 KVA Sub-Station Road,  
Village Amli, Dist. Silvassa,  
U.T. – Dadra and Nagar Haveli 396 230.

##### **SILVASSA - UNIT NO. 2 :**

Plot No. 113/2/10, Tirupati Industrial Estate,  
Nr. 66 KVA Sub-Station Road,  
Village Amli, Dist. Silvassa,  
U.T. – Dadra and Nagar Haveli 396 230.

##### **DADRA UNIT :**

Plot No. 7, Survey No. 207,  
Near Dadra Check Post, Dadra,  
U.T. – Dadra and Nagar Haveli 396 230.

##### **SILLI UNIT :**

Survey No. 122/1,  
Village Silli,  
UT - Dadra & Nagar Haveli.

##### **VAPI - DYEING UNIT :**

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

**For and On behalf of the Board**

**Suresh N. Mutreja  
Managing Director**

**Place: Mumbai  
Date: June 29, 2009**



## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

The year 2008-09, which started on a positive note at the beginning of the year with a projected GDP growth rate between 8-9%, will end up with a lower growth rate closer to 6%. The slowdown was more severe in the later half of the year due to the effect of the global financial meltdown on the Indian economy. The manufacturing and service sectors were badly affected due to their dependency on a global demand. The agricultural sector on the other hand has posted a positive growth.

This is the worst global recession in the last 80 years and the turmoil is so severe that in spite of a series of fiscal and monetary measures announced by the developed and developing economies, the global economy has still not been able to resurrect itself.

Due to global financial integration, the financial turmoil in the developed economies in the year 2008-09 has also affected the developing economies especially those heavily dependent on exports. However the impact on the Indian economy was minimal due to its higher exposure to the agricultural sector, strong domestic demand, low export to GDP ratio, moderately leveraged corporate sector, prudent monetary policy and stable banking and financial system.

The higher commodity prices especially in the petroleum and metal sectors prevalent upto Oct.08 has resulted in a steep inflationary trend. This shifted the focus of monetary policy from growth to controlling inflation, which led to a high interest rate scenario. The non-availability of funds both in the international and domestic market has resulted in higher borrowing costs and has affected the expansion plans of corporate.

### **Forward Looking Statements :**

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

### **Company's Business :**

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

### **Industry Structure and Developments :**

Abolition of the quota system from the beginning of 2005 has opened up the world market for the Indian textile exporter and India is considered strong as compared to other exporting nations due to better infrastructure development, port security, labour and technology. The nation is highly optimistic about the overall performance of Textile industry and Extension of and funds allocated to under TUF scheme and the Indian Textile Industry will become more competitive in textile production. The importance of textile sector can be gauged from the fact that it covers a wide range of economic activities and more importantly it is the second largest source of employment generation after the agriculture sector. Keeping in view the emerging scenario after the dismantling of the quota regime, Government has laid special emphasis on the textile sector. Concessional rate of custom duty, excise duty, rationalisation of excise duty for specified textile machinery, enhancement of allocation of fund under the TUF Scheme, launching of new scheme called as "Manufacturing Competitiveness Programme" to revive the small and medium enterprises are some of the measures initiated by the Government to positively impact the industry and enhance its competitiveness.



**Opportunities :**

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

**Threats :**

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

**Segment-wise performance :**

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

**Insurance :**

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

**Outlook :**

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

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

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

**Risks and concerns :**

Major concern with the industry is slow down and adverse conditions globally. This has affected the sales of major exporters; who are diverting to the domestic market. The tough competition with the neighbor countries like China, Bangladesh and Nepal after the quota free regime along with imposition of tariff based restrictions by the importing countries may indirectly restrict the growth opportunity of the business but this seems to be a short term concern as in the long term the abolition of quota system would definitely be more beneficial in terms of expansion of the trade. Along with it, availability of quality raw material at competitive prices continues to be a major factor of concern. Despite all the risks and concerns your Company is determined to be a go-getter and achieve its target as projected.



**Environmental Preservation :**

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

**Internal control systems and their adequacy :**

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

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

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

**Discussion on financial performance with respect to operational performance :**

As you are aware the year under review was really bad for all the industries globally due to slow down in economy, worst in last 80 years. Your Company has performed reasonably well during the year as per the past rich experience and future vision. The Company has modified the system of procurement of raw-materials, due to that the raw-material consumption has reduced which really helped the company to offset the increased manufacturing expenses like Power and Fuel cost and Labour charges due to the hike in rates.

The company has its operating profit to Rs. 479.38 lacs as against Rs. 491.97 lacs showing only a marginally decrease over the previous year. Net profit after tax earned is Rs.156.21 lacs as against Rs. 174.65 lacs is decrease of 10.56% over previous year. The financial results of the Company have been discussed at length in the Director's Report to the members.

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

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

**For and On behalf of the Board**

**Suresh N. Mutreja  
Managing Director**

**Place: Mumbai**

**Date: June 29, 2009**



**FORM**  
**[SEE RULE 3]**

Co. No. 11 – 30117

Autho. Cap: Rs. 12.00 Crores

**COMPLIANCE CERTIFICATE**

To  
The Members,  
Valson Industries Limited,

We have examined the registers, records, books and papers of Valson Industries Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The company is a public limited company, the restriction clauses as provided in section 3 (1) (iii) of the Companies Act, 1956, is not applicable. The Company has the prescribed minimum paid up capital.
4. The Board of Directors duly met 5 times on 15<sup>th</sup> April, 2008, 4<sup>th</sup> June, 2008, 28<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 31<sup>st</sup> January, 2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company has closed its Register of Members from 25<sup>th</sup> July, 2008 to 28<sup>th</sup> July, 2008 and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on 28<sup>th</sup> July, 2008 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year under review.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained the approval of the Board of Directors and Shareholders on 4<sup>th</sup> June, 2008 and 28<sup>th</sup> July, 2008 respectively for payment of remuneration to Mr. Kunal Mutreja, son of Mr. Suresh Mutreja who is holding office or place of profit. The payment of remuneration need not required the approval of the Central Government and complied with the provisions of Section 314 of the Act.





12. The Shareholders/Investors Grievances Committee approves the issue of duplicate share certificates from time to time. The minute of Shareholders/ Investors Grievances Committee has been properly recorded and there was no instance of issue of duplicate share certificate.
13. The Company has:
- (i) not made any allotment of securities during the financial year. 97.21 % of the shares of the Company are dematerialized and 2.79 % of the shares of the Company are in physical form. The transfer transmission of shares in dematerialised form is through depositories mechanism. The transfer/transmission of physical shares is duly executed by the Company's appointed Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. The Shareholders / Investors Grievances Committee takes on record all the physical share transfers/transmission from time to time.  
Further, all the share certificates lodged for transfers/transmission are duly delivered to the shareholders in accordance with the provisions of the Act.
  - (ii) deposited the amount of dividend declared in a separate bank account within five days from the date of declaration of such dividend.
  - (iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to unpaid Dividend Account of the Company.
  - (iv) not required to transfer the amount in application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund (applicable when rules notified). However the Company has transferred on due date the unpaid amount in dividend account to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year. However, Mr. Nanakchand Mutreja ceased to be the director of the Company due to demise on 24<sup>th</sup> February, 2009 and complied with the provisions of the Act.
15. The Company has not appointed any managing director / whole-time director / manager during the financial year. However the Company has appointed Mr. Suresh N. Mutreja as Managing Director and Mr. Lalit Mutreja as Executive Director w.e.f. 1<sup>st</sup> July, 2007 and complied with the provisions of the Act.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares / debentures / other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. The Company has redeemed 10,000 Cumulative Redeemable Preference Shares of Rs. 1,000/- each at par on 4<sup>th</sup> June, 2008 in accordance with the provisions of Section 80 of the Companies Act, 1956.



22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has accepted deposits from promoter Directors and their relative within the meaning of section 58A of the Companies Act, 1956 during the financial year and complied with the provisions of the Act and Rules made there under.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and other during the financial year ending are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/extraordinary general meeting held on 27<sup>th</sup> September 1994.
25. The company has not given guarantees or provided securities and loans to other bodies corporate and consequently no entries are made in the Register kept for the purpose. However the Company has made investments in other Bodies Corporate and the necessary entries were made in the register kept for that purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has altered the clause V of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. The company has altered Article 3 (Capital Article) of its articles of association during the financial year. The Company had reclassified its Share Capital such that the Authorised Share Capital shall stand at Rs. 12,00,00,000 i.e. One Crore Twenty Lacs Equity Shares of Rs. 10/- each and complied with the provisions of the Act.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

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

**(PRADIP C. SHAH)**

Practising Company Secretary

Partner

Membership: 1483

Certificate of Practice: 436

Place: Mumbai

Date: June 29, 2009



**Annexure 'A'**

**Registers as maintained by the Company**

1. Register of Members u/s. 150.
2. Register of Transfers
3. Register of Directors, Managing Director, Manager and Secretaries u/s. 303.
4. Register of Contracts with the Companies and firms in which directors are directly or indirectly interested u/s. 301.
5. Register of Director's Shareholding u/s. 307.
6. Minutes of the Annual General Meeting/Extra Ordinary General Meeting and Board Meeting under section 193.
7. Register of Charges.
8. Register of Investments.

Note : Since, 97.21% of the shares of the Company are in dematerialized format, the register of beneficial owners as per Section 11 of Depositories Act, 1996 for dematerialized shares is maintained by the concerned Depository.

**Annexure 'B'**

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2009.**

1. Form 23AC for Balance Sheet and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 was filed with the Registrar of Companies, Maharashtra u/s. 220 on 29<sup>th</sup> July, 2008.
2. Form 20B for Annual Return Filed under Schedule V to the Companies Act, 1956 in respect of AGM held on 28<sup>th</sup> July, 2008 filed with the Registrar of Companies, Maharashtra, on 5<sup>th</sup> August, 2008.
3. Form No. 5 with respect to re-classification of share capital of the Company was filed with the Registrar of Companies, Maharashtra on 29<sup>th</sup> July, 2008.
4. Form No. 23 with respect to reclassification of share capital, alteration of Memorandum and Articles of Association and payment of remuneration to Mr. Kunal Mutreja was filed with the Registrar of Companies, Maharashtra on 29<sup>th</sup> July, 2008.
5. Form 32 with respect to cessation of Mr. Nanakchand Mutreja w.e.f. 24<sup>th</sup> February, 2009 was filed with the Registrar of Companies, Maharashtra on 27<sup>th</sup> March, 2009.
6. Form 62 in respect of Statement in Lieu of Advertisement u/r 4 A of Companies (Acceptance of Deposit) Rules, 1975 for the financial year 2008 - 09 was filed with the Registrar of Companies, Maharashtra on 29<sup>th</sup> July, 2008.
7. Form 1 INV under IEPF in respect of unpaid dividend for the year 2000-01 was filed with the Registrar of Companies, Maharashtra on 6<sup>th</sup> October, 2008.
8. Form 8 in respect of creation of charge in favour of Bank of India, Ghatkopar (West) Branch for Term Loan of Rs. 2.00 crores was filed with the Registrar of Companies, Maharashtra on 21<sup>st</sup> June, 2008.
9. Form 8 in respect of modification of charge in favour of Bank of India, Ghatkopar (West) Branch for revision in Cash Credit Facility of Rs. 4.56 crores was filed with the Registrar of Companies, Maharashtra on 21<sup>st</sup> June, 2008.

For P. P. SHAH & CO.

**(PRADIP C. SHAH)**

Practising Company Secretary  
Partner

Membership: 1483

Certificate of Practice: 436

Place: Mumbai

Date: June 29, 2009



## **REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the attached Balance Sheet of **VALSON INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that :
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e. On the basis of the written representations received from the directors, and taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India :
    - i. In the case of the Balance Sheet of the state of the Company's affairs as at 31<sup>st</sup> March, 2009;
    - ii. In the case of the Profit and Loss Account of the Profit of the Company for year ended on that date; and
    - iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For MEHTA CHOKSHI & SHAH**  
**CHARTERED ACCOUNTANTS**

**A. R. MEHTA**  
**PARTNER**

**MEMBERSHIP NO. 46088**

Place: Mumbai  
Date: 29<sup>th</sup> June 2009



## **ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 1 of our report of even date on the accounts of **VALSON INDUSTRIES LIMITED** for the year ended 31<sup>st</sup> March, 2009)

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) The Company has not disposed off substantial part of fixed assets.
2. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) According to the information and explanation given to us the Company has not granted any loans to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.  
(b) As the Company has not granted any loans secured or unsecured the rate of interest and other terms and conditions of loans given being prima facie prejudicial to the interest of the Company does not arise.  
(c) As the Company has not granted any loans secured or unsecured the regularity of receipt of principal and interest does not arise.  
(d) According to the information and explanation given to us the Company has taken fixed deposits from 3 parties covered in the Register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 16.01 Lacs. The maximum amount outstanding from the said parties is Rs. 16.01 Lacs.  
(e) The rate of interest and other terms & conditions of fixed deposits taken are prima facie not prejudicial to the interest of the company.  
(f) The Company is regular in payment of interest and the principal repayment was not due during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) On the basis of an examination of the books of accounts, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.



- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has accepted deposits from the public as defined under Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate.
9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs. 68.40 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

| Sr. No. | Name of the Statute    | Nature of the Dues      | Forum where dispute is pending | Period to which amount relates | Amount (Rs. Lacs) |
|---------|------------------------|-------------------------|--------------------------------|--------------------------------|-------------------|
| 1.      | Textiles Committee Act | Textiles Cess           | Textiles Committee             | 2001-02 to 2005-06             | 2.39              |
| 2       | Central Excise Act     | Duty on Waste yarn      | Commissioner Appeal            | Aug'04 – June'07               | 0.93              |
| 3       | Central Excise Act     | Cenvat Credit availed   | Commissioner Appeal            | Apr'04 – June'08               | 64.31             |
| 4       | Income – Tax Act       | Penalty U/s. 271(1) (c) | Commissioner Appeal            | A. Y. 2004 - 05                | 0.77              |

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



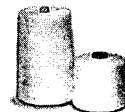
*25<sup>th</sup> Annual Report 2008-2009*

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

**For MEHTA CHOKSHI & SHAH**  
**CHARTERED ACCOUNTANTS**

**A. R. MEHTA**  
**PARTNER**  
**MEMBERSHIP NO. 46088**

Place: Mumbai  
Date: 29<sup>th</sup> June 2009



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009**

|   |    | SCHEDULE           |                    | CURRENT YEAR              | PREVIOUS YEAR             |
|---|----|--------------------|--------------------|---------------------------|---------------------------|
|   |    |                    |                    | 31.03.2009                | 31.03.2008                |
|   |    |                    |                    | Rs.                       | Rs.                       |
| <b>SOURCES OF FUNDS</b>                           |    |                    |                    |                           |                           |
| <b>1. SHARE HOLDERS' FUNDS</b>                    |    |                    |                    |                           |                           |
| Share Capital                                     | 1  | 38,304,000         |                    |                           | 48,304,000                |
| Reserves & Surplus                                | 2  | <u>138,114,226</u> |                    |                           | <u>133,859,065</u>        |
|   |    |                    |                    | <b>176,418,226</b>        | <b>182,163,065</b>        |
| <b>2. LOAN FUNDS</b>                              |    |                    |                    |                           |                           |
| Secured Loans                                     | 3  | 81,443,482         |                    |                           | 78,444,076                |
| Unsecured Loans                                   | 4  | <u>19,305,838</u>  |                    |                           | -                         |
|   |    |                    |                    | <b>100,749,320</b>        |                           |
| <b>3. DEFERRED TAX LIABILITY (NET)</b>            |    |                    |                    |                           |                           |
|   |    |                    |                    | <u><b>37,306,578</b></u>  | <u><b>36,090,578</b></u>  |
| <b>TOTAL</b>                                      |    |                    |                    | <u><b>314,474,124</b></u> | <u><b>296,697,719</b></u> |
| <b>APPLICATION OF FUNDS</b>                       |    |                    |                    |                           |                           |
| <b>1. FIXED ASSETS</b>                            |    |                    |                    |                           |                           |
| Gross Block                                       | 6  | 368,854,010        |                    |                           | 353,651,835               |
| Less: Depreciation                                |    | <u>125,947,732</u> |                    |                           | <u>117,246,873</u>        |
| Net Block   |    | 242,906,278        |                    |                           | 236,404,962               |
| Capital Work in Progress                          |    | <u>14,092,195</u>  |                    |                           | <u>1,937,942</u>          |
| (Inclusive of Pre-operative Expenses)             |    |                    | <b>256,998,473</b> |                           | <b>238,342,904</b>        |
| <b>2. INVESTMENTS</b>                             |    |                    |                    |                           |                           |
|   |    |                    |                    | <b>126,900</b>            | <b>126,900</b>            |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>      |    |                    |                    |                           |                           |
| Inventories                                       | 8  | 38,582,518         |                    |                           | 43,894,709                |
| Sundry Debtors                                    | 9  | 45,197,387         |                    |                           | 39,690,798                |
| Cash and Bank Balances                            | 10 | 7,516,694          |                    |                           | 2,646,168                 |
| Loans and Advances                                | 11 | <u>21,738,646</u>  |                    |                           | <u>16,048,598</u>         |
|   |    |                    |                    | <b>113,035,245</b>        | <b>102,280,273</b>        |
| <b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b> |    |                    |                    |                           |                           |
| Current Liabilities                               | 12 | 42,928,720         |                    |                           | 30,922,914                |
| Provisions  | 13 | <u>12,757,774</u>  |                    |                           | <u>13,129,444</u>         |
|   |    |                    |                    | <b>57,348,751</b>         | <b>58,227,915</b>         |
| <b>TOTAL</b>                                      |    |                    |                    | <u><b>314,474,124</b></u> | <u><b>296,697,719</b></u> |
| Accounting Polices & Notes to Accounts            |    | 21                 |                    |                           |                           |

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

For and on behalf of the Board

**A. R. MEHTA**  
 Partner  
 Membership No. 46088  
 Place : Mumbai  
 Date : 29<sup>th</sup> June 2009

**Suresh N. Mutreja**  
 Managing Director

**Lalit N. Mutreja**  
 Executive Director





**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

|  | SCHEDULE     | CURRENT YEAR<br>31.03.2009<br>Rs. | PREVIOUS YEAR<br>31.03.2008<br>Rs. |
|--|--------------|-----------------------------------|------------------------------------|
| <b>INCOME</b>                                      |              |                                   |                                    |
| Net Sales  | 14           | 591,187,129                       | 608,352,408                        |
| Other Income                                       | 15           | 1,509,401                         | 1,640,617                          |
| Increase/(Decrease) in Finished Goods              | 16           | (2,130,331)                       | 1,966,883                          |
|  | <b>TOTAL</b> | <b>590,566,199</b>                | <b>611,959,908</b>                 |
| <b>EXPENDITURE</b>                                 |              |                                   |                                    |
| Raw Materials Consumed                             | 17           | 353,415,397                       | 390,736,381                        |
| Manufacturing Expenses                             | 18           | 148,294,916                       | 131,933,189                        |
| Administrative & Selling Expenses                  | 19           | 40,918,015                        | 40,092,845                         |
| Interest   | 20           | 5,071,096                         | 2,760,386                          |
| Depreciation                                       |              | 18,604,531                        | 19,066,491                         |
|  | <b>TOTAL</b> | <b>566,303,955</b>                | <b>584,589,292</b>                 |
| <b>PROFIT BEFORE TAXATION</b>                      |              | <b>24,262,244</b>                 | <b>27,370,616</b>                  |
| Provision for Taxation                             |              | 7,000,000                         | 10,525,000                         |
| Provision for Deferred Tax                         |              | 1,216,000                         | (929,150)                          |
| Provision For FBT                                  |              | 425,000                           | 310,000                            |
| <b>PROFIT AFTER TAXATION</b>                       |              | <b>15,621,244</b>                 | <b>17,464,766</b>                  |
| Adjustment for taxation of earlier years           |              | -                                 | (314,411)                          |
| Balance brought forward                            |              | 55,354,565                        | 51,549,711                         |
| Profit available for Appropriation                 |              | 70,975,809                        | 68,700,066                         |
| <b>APPROPRIATIONS</b>                              |              |                                   |                                    |
| Transfer to General Reserve                        |              | 1,500,000                         | 1,500,000                          |
| Dividend on Preference Shares                      |              | 142,465                           | 0                                  |
| Proposed Dividend on Preference Shares             |              | -                                 | 800,000                            |
| Proposed Dividend on Equity Shares                 |              | 9,576,000                         | 9,576,000                          |
| Tax on Dividend on Preference Shares               |              | 20,117                            | 113,300                            |
| Tax on Dividend on Equity Shares                   |              | 1,627,441                         | 1,356,201                          |
| Balance carried to Balance Sheet                   |              | 58,109,726                        | 55,354,565                         |
|  |              | <b>70,975,809</b>                 | <b>68,700,066</b>                  |
| <b>Accounting Policies &amp; Notes to Accounts</b> | 21           |                                   |                                    |
| <b>Earning Per Share (See Note 17)</b>             |              |                                   |                                    |
| Basic Earning per Share                            |              | 4.04                              | 4.33                               |
| Diluted Earning per Share                          |              | 4.04                              | 4.32                               |
| Face Value per Equity Share                        |              | 10                                | 10                                 |

As per our report of even date

**For Mehta Chokshi & Shah**

Chartered Accountants

For and on behalf of the Board

**A. R. MEHTA**

Partner

Membership No. 46088

Place : Mumbai

Date : 29<sup>th</sup> June 2009

**Suresh N. Mutreja**

Managing Director

**Lalit N. Mutreja**

Executive Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

|   | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|---|-----------------------------------|------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                  |                                   |                                    |
| Net Profit Before Tax and Extraordinary Items                 | 24,262,243                        | 27,370,616                         |
| <i>Add :-</i>   |                                   |                                    |
| Depreciation  | 18,604,531                        | 19,066,491                         |
| Interest (net)  | 5,071,096                         | 2,760,386                          |
| Loss on Sale of Fixed Assets                                  | 2,802,965                         | 3,893,677                          |
| Profit on Sale of Investments                                 | (27)                              | (9,954)                            |
| Operating Profit Before Working Capital Changes               | 50,740,809                        | 53,081,216                         |
| <i>Adjustment for :-</i>                                      |                                   |                                    |
| Decrease / (Increase) in Trade and Other Receivables          | (11,196,636)                      | 11,574,832                         |
| Decrease / (Increase) in Inventories                          | 5,312,191                         | (2,374,430)                        |
| Increase / (Decrease) in Trade Payables                       | (12,005,806)                      | (6,229,511)                        |
| Cash Generated from Operations                                | 56,862,170                        | 56,052,106                         |
| Less : Direct Taxes Paid (Net)                                | (7,154,610)                       | (9,972,030)                        |
| <b>Net Cash flow from Operating Activities</b>                | <b>49,707,560</b>                 | <b>46,080,076</b>                  |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                  |                                   |                                    |
| Purchase of Fixed Assets                                      | (44,363,066)                      | (23,562,459)                       |
| Interest received   | 1,082,009                         | 1,569,363                          |
| Sale of Fixed Assets  | 4,300,000                         | 895,000                            |
| Investment in shares  | -                                 | (159,030)                          |
| Sale of Investment in Shares                                  | 27                                | 42,084                             |
| <b>Net Cash used in Investing Activities</b>                  | <b>(38,981,030)</b>               | <b>(21,215,042)</b>                |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                  |                                   |                                    |
| Equity Share Capital on conversion of warrants                | -                                 | 2,500,000                          |
| Share Premium on conversion of warrants                       | -                                 | 10,250,000                         |
| 10% Deposit on Equity Share Warrants                          | -                                 | 1,275,000                          |
| Redemption of Preference Share Capital                        | (10,000,000)                      | -                                  |
| Borrowings (Net) Secured Loan                                 | 2,999,406                         | (31,521,823)                       |
| Borrowings (Net) Un Secured Loan                              | 19,305,838                        | -                                  |
| Interest Paid   | (6,153,105)                       | (4,329,749)                        |
| Dividend Paid   | (10,518,465)                      | -                                  |
| Dividend Tax Paid   | (1,489,678)                       | -                                  |
| <b>Net Cash flow from Financing Activities</b>                | <b>(5,856,004)</b>                | <b>(24,376,573)</b>                |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>4,870,526</b>                  | <b>(488,461)</b>                   |
| Cash and Cash Equivalents - Opening Balance                   | 2,646,168                         | 2,157,708                          |
| Cash and Cash Equivalents - Closing Balance                   | 7,516,694                         | 2,646,168                          |

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

For and on behalf of the Board

**A. R. MEHTA**  
 Partner  
 Membership No. 46088  
 Place : Mumbai  
 Date : 29th June 2009

**Suresh N. Mutreja**  
 Managing Director

**Lalit N. Mutreja**  
 Executive Director



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009.**

|   | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|---|-----------------------------------|------------------------------------|
| <b>SCHEDULE 1: SHARE CAPITAL</b>  |                                   |                                    |
| <b>Authorised Capital</b>   |                                   |                                    |
| 12000000 (9500000) Equity Shares of Rs.10/- each  | 120,000,000                       | 95,000,000                         |
| NIL (25000) Preference Shares of Rs. 1000/- each  | -                                 | 25,000,000                         |
| <b>TOTAL</b>  | <b>120,000,000</b>                | <b>120,000,000</b>                 |
| <b>Issued, Subscribed &amp; Paidup</b>  |                                   |                                    |
| 3830400 (3830400) Equity Shares of Rs.10/- each fully paid up<br><i>(out of above 750,000 shares are allotted as fully paid up bonus shares by way of capitalisation of General Reserve.)</i> | 38,304,000                        | 38,304,000                         |
| Nil 10000 8% Cumulative Redeemable Preference Share of Rs. 1000/- each fully paid up<br><i>(During the year 2008-2009 10000 C. R. Pref. Shares have been redeemed)</i>                        | -                                 | 10,000,000                         |
| <b>TOTAL</b>  | <b>38,304,000</b>                 | <b>48,304,000</b>                  |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>  |                                   |                                    |
| <b>Share Premium Account</b>  |                                   |                                    |
| As per Last Balance Sheet   | 54,358,000                        | 44,108,000                         |
| Add : Received-During the Year  | -                                 | 10,250,000                         |
|   | <b>54,358,000</b>                 | <b>54,358,000</b>                  |
| <b>Capital Redemption Reserve</b>   |                                   |                                    |
| As per Last Balance Sheet   | 10,000,000                        | 10,000,000                         |
| Less : Transferred to General Reserve   | 10,000,000                        | -                                  |
|   | -                                 | 10,000,000                         |
| <b>General Reserve</b>  |                                   |                                    |
| As per last Balance Sheet   | 14,146,500                        | 12,646,500                         |
| Add : Transferred from Capital Redemption Reserve   | 10,000,000                        | -                                  |
| Add : Transferred from Profit & Loss Account  | 1,500,000                         | 1,500,000                          |
|   | <b>25,646,500</b>                 | <b>14,146,500</b>                  |
| <b>Profit &amp; Loss Account</b>  |                                   |                                    |
| As per Annexed Account  | 58,109,725                        | 55,354,565                         |
| <b>TOTAL</b>  | <b>138,114,225</b>                | <b>133,859,065</b>                 |



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

|  | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|--|-----------------------------------|------------------------------------|
| <b>SCHEDULE 3 : SECURED LOANS</b>  |                                   |                                    |
| TERM LOAN FROM BANK OF INDIA   | 18,399,500                        | 4,340,835                          |
| TERM LOAN FROM IDBI  | 43,391,669                        | 58,800,000                         |
| <i>(Secured by First charge on Pari Passu basis between BOI &amp; IDBI of Immovable properties situated at various manufacturing locations and further secured by Hypothecation of Movable assets of the company both present and future (Save and except Book-debts) subject to prior charge on certain movable assets created in favour of Bank of India for securing working capital requirements.)</i> |                                   |                                    |
| Cash Credit Account<br>- with Bank of India  | 18,218,040                        | 14,034,018                         |
| <i>(secured by hypothecation of stock and book debts of the company and personal guarantee of the Directors)</i>   |                                   |                                    |
| CAR LOAN - FROM HDFC BANK  | 554,931                           | 1,269,224                          |
| CAR LOAN - FROM ICICI BANK   | 879,342                           | -                                  |
| <i>(Secured by hypothecation of specific assets)</i>   |                                   |                                    |
| <i>Note : The amount repayable within a year HDFC Bank Car Loan Rs.4.73 lacs (Prev. 7.14 lacs) , ICICI Bank Car loan Rs. 3.85 lacs (Prev. year Nil)</i>  |                                   |                                    |
| <b>TOTAL</b>   | <b>81,443,482</b>                 | <b>78,444,077</b>                  |
| <b>SCHEDULE 4 : UNSECURED LOANS</b>  |                                   |                                    |
| Fixed Deposits   | 19,305,838                        | -                                  |
| <i>(Including Interest Accrued but not due Rs.14.56 Lacs)</i>  |                                   |                                    |
| <i>(From Directors maximum outstanding Rs.5.34 Lacs including Interest (Previous year Nil))</i>  |                                   |                                    |
| <b>TOTAL</b>   | <b>19,305,838</b>                 | <b>-</b>                           |
| <b>SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)</b>   |                                   |                                    |
| Deferred Tax Assets and Liabilities are attributable to the following items.   |                                   |                                    |
| <b>Liabilities</b>   |                                   |                                    |
| Depreciation   | 38,043,928                        | 36,755,228                         |
| <b>Assets</b>  |                                   |                                    |
| Provision for Bonus / Gratuity   | 737,350                           | 664,650                            |
| <b>TOTAL</b>   | <b>37,306,578</b>                 | <b>36,090,578</b>                  |



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

**SCHEDULE 6 : FIXED ASSETS**

(Rs.)

| DESCRIPTION             | GROSS AMOUNT             |                   |                   |                          | DEPRECIATION       |                            |                  |                     | NET BLOCK           |                     |
|-------------------------|--------------------------|-------------------|-------------------|--------------------------|--------------------|----------------------------|------------------|---------------------|---------------------|---------------------|
|                         | COST AS ON<br>01/04/2008 | ADDITIONS         | DEDUC-<br>TIONS   | COST AS ON<br>31/03/2009 | UPTO<br>LAST YEAR  | FOR THE<br>CURRENT<br>YEAR | DEDUC-<br>TIONS  | TOTAL<br>31/03/2009 | As on<br>31/03/2009 | As on<br>31/03/2008 |
| LAND                    | 8,017,207                | -                 | -                 | 8,017,207                | -                  | -                          | -                | -                   | 8,017,207           | 8,017,207           |
| FACTORY BUILDING        | 54,944,706               | 246,076           | -                 | 55,190,782               | 11,112,852         | 1,840,632                  | -                | 12,953,484          | 42,237,298          | 43,831,854          |
| OFFICE PREMISES*        | 5,582,030                | -                 | 1,198,890         | 4,383,140                | 454,935            | 89,358                     | 115,623          | 428,670             | 3,954,470           | 5,127,095           |
| STAFF QUARTERS          | 728,400                  | -                 | -                 | 728,400                  | 72,394             | 11,873                     | -                | 84,267              | 644,133             | 656,006             |
| PLANT & MACHINERIES     | 239,616,329              | 27,721,788        | 15,807,748        | 251,530,369              | 86,222,506         | 12,816,607                 | 9,788,049        | 89,251,064          | 162,279,305         | 153,393,823         |
| ELECTRICAL INSTALLATION | 7,368,767                | 42,720            | -                 | 7,411,487                | 3,276,001          | 401,732                    | -                | 3,677,733           | 3,733,754           | 4,092,766           |
| UTILITY EQUIPMENTS      | 19,498,193               | 2,113,031         | -                 | 21,611,224               | 8,226,791          | 1,837,249                  | -                | 10,064,040          | 11,547,184          | 11,271,402          |
| OFFICE EQUIPMENTS       | 1,930,675                | 313,379           | -                 | 2,244,054                | 698,285            | 143,899                    | -                | 842,184             | 1,401,870           | 1,232,390           |
| VEHICLES                | 5,656,804                | 1,340,321         | -                 | 6,997,125                | 1,288,562          | 612,461                    | -                | 1,901,023           | 5,096,102           | 4,368,242           |
| COMPUTER                | 4,610,736                | 29,980            | -                 | 4,640,716                | 3,156,859          | 409,390                    | -                | 3,566,249           | 1,074,467           | 1,453,877           |
| SOFTWARE**              | 346,456                  | 400,000           | -                 | 746,456                  | 243,895            | 110,186                    | -                | 354,081             | 392,375             | 102,561             |
| FURNITURE & FIXTURES    | 5,351,532                | 1,518             | -                 | 5,353,050                | 2,493,793          | 331,144                    | -                | 2,824,937           | 2,528,113           | 2,857,739           |
| <b>TOTAL</b>            | <b>353,651,835</b>       | <b>32,208,813</b> | <b>17,006,638</b> | <b>368,854,010</b>       | <b>117,246,873</b> | <b>18,604,531</b>          | <b>9,903,672</b> | <b>125,947,732</b>  | <b>242,906,278</b>  | <b>236,404,962</b>  |
| PREVIOUS YEAR           | 344,452,268              | 17,265,209        | 12,424,950        | 349,292,527              | 105,816,656        | 17,654,581                 | 7,636,274        | 115,834,963         | 233,457,564         | 238,635,612         |

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

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

|  | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|--|-----------------------------------|------------------------------------|
| <b>SCHEDULE 7 : INVESTMENTS</b>                            |                                   |                                    |
| <b>Non Trade (Quoted)</b>                                  |                                   |                                    |
| Equity Shares  | 126,900                           | 126,900                            |
| 451(282) shares of Reliance Power Ltd. (Rs. 10 Face Value) |                                   |                                    |
| Market Value Rs. 0.46 Lacs)                                |                                   |                                    |
| <b>TOTAL</b>   | <u>126,900</u>                    | <u>126,900</u>                     |

|  | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|--|-----------------------------------|------------------------------------|
| <b>SCHEDULE 8 : INVENTORIES</b>                        |                                   |                                    |
| (As taken, valued and certified by the Management)     |                                   |                                    |
| Finished Goods (lower of cost or net realisable value) | 27,161,122                        | 29,291,453                         |
| Raw Materials (at cost)                                | 9,552,296                         | 12,372,443                         |
| Packing Materials (at cost)                            | 1,366,518                         | 1,337,361                          |
| Stores & Spares (at cost)                              | 385,122                           | 517,217                            |
| Coal & Diesel (at cost)                                | 117,460                           | 376,235                            |
| <b>TOTAL</b>   | <u>38,582,518</u>                 | <u>43,894,709</u>                  |

|                                    | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|------------------------------------|-----------------------------------|------------------------------------|
| <b>SCHEDULE 9 : SUNDRY DEBTORS</b> |                                   |                                    |
| <b>Unsecured Considered Good</b>   |                                   |                                    |
| Debts exceeding six months         | 3,443,005                         | 1,476,815                          |
| Others                             | 41,754,382                        | 38,213,983                         |
| <b>TOTAL</b>                       | <u>45,197,387</u>                 | <u>39,690,798</u>                  |



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

|  | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|--|-----------------------------------|------------------------------------|
| <b>SCHEDULE 10 : CASH &amp; BANK BALANCES</b>  |                                   |                                    |
| Cash on Hand   | 178,645                           | 194,844                            |
| <u>Balance with Scheduled Banks :</u>  |                                   |                                    |
| - Current Account  | 5,756,049                         | 1,247,324                          |
| - Deposit Account  | 1,582,000                         | 1,204,000                          |
| <b>TOTAL</b>   | <b>7,516,694</b>                  | <b>2,646,168</b>                   |
| <b>SCHEDULE 11 : LOANS &amp; ADVANCES</b>  |                                   |                                    |
| Unsecured, Considered Good   |                                   |                                    |
| Advances recoverable in cash or in kind or<br>for value to be received   | 17,249,301                        | 11,258,906                         |
| Balance with Central Excise Authorities  | 724,069                           | 864,360                            |
| Advance to Employees   | 848,617                           | 995,623                            |
| Security Deposit   | 2,916,659                         | 2,929,709                          |
| <b>TOTAL</b>   | <b>21,738,646</b>                 | <b>16,048,598</b>                  |
| <b>SCHEDULE 12 : CURRENT LIABILITIES</b>   |                                   |                                    |
| Sundry Creditors   |                                   |                                    |
| - Due to Small Scale Industrial Undertakings   | 1,410,899                         | 2,353,050                          |
| - Others   | 33,576,512                        | 23,278,402                         |
| Advance Against Order  | 2,153,781                         | 213,596                            |
| Unpaid Dividend  | 522,789                           | 514,959                            |
| <i>(there are no amounts due and outstanding to be<br/>credited to Investor Education and Protection Fund)</i> |                                   |                                    |
| Other Liabilities  | 5,257,523                         | 4,324,857                          |
| Interest Accrued but not due   | 7,216                             | 2,537                              |
| Bank Balances <i>(with Scheduled Bank in Current<br/>Account as per Books of Account only)</i>                 | -                                 | 235,513                            |
| <b>TOTAL</b>   | <b>42,928,720</b>                 | <b>30,922,914</b>                  |
| <b>SCHEDULE 13 : PROVISIONS</b>  |                                   |                                    |
| Provision for Taxation (Net of Income Tax Payment)   | 1,554,333                         | 1,283,943                          |
| Provision for Tax on dividend (Net of Payments)  | 1,627,441                         | 1,469,501                          |
| Proposed Dividend on Preference Shares   | -                                 | 800,000                            |
| Proposed Dividend on Equity Shares   | 9,576,000                         | 9,576,000                          |
| <b>TOTAL</b>   | <b>12,757,774</b>                 | <b>13,129,444</b>                  |



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

|   | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|---|-----------------------------------|------------------------------------|
| <b>SCHEDULE 14 : NET SALES</b>  |                                   |                                    |
| Sales   | 513,681,670                       | 545,232,123                        |
| Export Sales  | 8,051,918                         | 13,346,874                         |
| Processing Charges  | 72,166,954                        | 51,921,433                         |
| <i>(Tax deducted at source Rs. 15.54 Lacs (Prev. Year Rs. 9.03 Lacs))</i> |                                   |                                    |
|   | <u>593,900,542</u>                | <u>610,500,430</u>                 |
| Less : Excise Duty  | 2,713,413                         | 2,148,022                          |
| <b>TOTAL</b>  | <u><u>591,187,129</u></u>         | <u><u>608,352,408</u></u>          |
| <b>SCHEDULE 15 : OTHER INCOME</b>   |                                   |                                    |
| Miscellaneous Income  | 900,226                           | 1,270,548                          |
| Sundry Balance Written Back   | 283,522                           | 360,115                            |
| Foreign Exchange Gain   | 325,626                           | -                                  |
| Profit on Sale of Investments   | 27                                | 9,954                              |
| <b>TOTAL</b>  | <u><u>1,509,401</u></u>           | <u><u>1,640,617</u></u>            |
| <b>SCHEDULE 16 : INCREASE/(DECREASE) IN FINISHED GOODS</b>                |                                   |                                    |
| Closing Stock   | 27,161,122                        | 29,291,453                         |
| Less :Opening Stock   | 29,291,453                        | 27,324,570                         |
| <b>TOTAL</b>  | <u><u>(2,130,331)</u></u>         | <u><u>1,966,883</u></u>            |
| <b>SCHEDULE 17 : RAW MATERIALS CONSUMED</b>                               |                                   |                                    |
| Opening Stock   | 12,372,443                        | 11,667,495                         |
| Add: Purchases  | 350,595,250                       | 391,441,329                        |
|   | <u>362,967,693</u>                | <u>403,108,824</u>                 |
| Less: Closing Stock   | 9,552,296                         | 12,372,443                         |
| <b>TOTAL</b>  | <u><u>353,415,397</u></u>         | <u><u>390,736,381</u></u>          |
| <b>SCHEDULE 18 : MANUFACTURING EXPENSES</b>                               |                                   |                                    |
| Stores & Spares Consumed  | 5,815,424                         | 6,057,450                          |
| Power, Fuel & Water Charges   | 65,041,153                        | 55,452,838                         |
| Packing Materials Consumed  | 25,356,523                        | 23,939,390                         |
| Salaries, Wages & Bonus   | 17,736,157                        | 16,520,458                         |
| Contribution to ESIC, PF & Welfare Fund                                   | 1,699,834                         | 1,722,835                          |
| Staff & Labour Welfare Expenses   | 2,231,847                         | 1,029,593                          |
| Labour Charges  | 22,558,977                        | 19,608,573                         |
| Factory Expenses  | 1,540,229                         | 1,476,579                          |
| Processing Charges  | 1,717,311                         | 2,675,774                          |
| Security Charges  | 1,114,722                         | 971,973                            |
| Machinery Repairs   | 3,482,739                         | 2,477,726                          |
| <b>TOTAL</b>  | <u><u>148,294,916</u></u>         | <u><u>131,933,189</u></u>          |



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009.**

|  | Current Year<br>31/03/2009<br>Rs. | Previous Year<br>31/03/2008<br>Rs. |
|--|-----------------------------------|------------------------------------|
| <b>SCHEDULE 19 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>           |                                   |                                    |
| Insurance Charges  | 291,574                           | 446,270                            |
| Sales Tax  | 635,735                           | 896,620                            |
| Office Electricity Charges   | 533,077                           | 605,005                            |
| Legal & Professional Charges   | 1,850,618                         | 1,451,254                          |
| Traveling Expenses   | 2,261,820                         | 1,894,326                          |
| Conveyance Expenses  | 554,232                           | 537,264                            |
| Vehicle Maintenance  | 1,354,739                         | 973,626                            |
| Postage and Telephone  | 1,535,552                         | 1,610,754                          |
| Printing & Stationery  | 1,770,509                         | 1,455,440                          |
| Director's Remuneration  | 2,826,856                         | 2,100,100                          |
| Director's Sitting Fees  | 30,000                            | 30,000                             |
| Auditors Remuneration  | 146,279                           | 148,311                            |
| Repairs - Building   | 307,295                           | 601,960                            |
| Repairs - Others   | 1,647,845                         | 1,666,510                          |
| Rates, Rent & Taxes.   | 731,183                           | 78,064                             |
| Donation   | 6,400                             | 30,602                             |
| Advertisement & Business Promotion                                   | 221,353                           | 525,196                            |
| Brokerage & Commission Expenses                                      | 6,183,567                         | 5,965,638                          |
| Bad Debts  | 511,739                           | -                                  |
| Discounts  | 6,169,831                         | 6,334,631                          |
| Freight & Transport Expenses   | 6,799,749                         | 7,150,949                          |
| Miscellaneous Expenses   | 1,705,482                         | 1,619,228                          |
| Loss on Sale of Fixed Assets (Net)                                   | 2,802,965                         | 3,893,677                          |
| Foreign Exchange Gain/Loss   | -                                 | 3,328                              |
| Previous Year Adjustments (Net)                                      | 39,616                            | 74,092                             |
| <b>TOTAL</b>   | <b>40,918,016</b>                 | <b>40,092,845</b>                  |
| <b>SCHEDULE 20 : INTEREST</b>  |                                   |                                    |
| - On Term Loan   | 3,732,755                         | 3,862,768                          |
| - On Cash Credit Accounts  | 2,225,295                         | 413,031                            |
| - Others   | 195,055                           | 53,950                             |
|  | <b>6,153,105</b>                  | <b>4,329,749</b>                   |
| Less : Interest Received (Gross)                                     |                                   |                                    |
| - On Fixed Deposit   | 88,088                            | 68,405                             |
| - Others   | 993,921                           | 1,500,958                          |
| (Tax Deducted at Source Rs. 1.69 lacs<br>(Prev. Year Rs. 2.53 lacs)) |                                   |                                    |
| <b>TOTAL</b>   | <b>5,071,096</b>                  | <b>2,760,386</b>                   |





**SCHEDULE 21 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES**

**(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

The financial statements have been prepared under the historical cost convention on accrual basis, in accordance with the generally accepted accounting principles and materially comply with the Accounting Standards notified by the Companies(Accounting Standarda) Rules, 2006.

**(ii) USE OF ESTIMATES :**

The presentation of financial statements is in conformity with the generally accepted accounting principles and requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which results are known/materialised.

**(iii) REVENUE RECOGNITION:**

Sales include sale of waste yarn and excise duty but excludes discounts.

**(iv) FIXED ASSETS:**

The Fixed Assets are stated at their original cost less accumulated depreciation. In the case of Fixed Assets acquired for New project interest cost on borrowings and other related expenses incurred up to the date of completion of project or commencement of commercial production are capitalised.

**(v) INVENTORIES :**

- i) Raw Materials are valued at cost determined on First in First out (FIFO) Method.
- ii) Finished Goods are valued at cost or net realisable value whichever is lower.
- iii) Stores and Spares, Fuel & Packing Materials are valued at cost.

**(vi) DEPRECIATION :**

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

**(vii) BORROWING COST :**

The borrowing cost has been treated in accordance with the Accounting Standard on Borrowing Cost (AS – 16) issued by ICAI. During the year, there were no borrowings attributable to qualifying assets and hence, no borrowing cost has been capitalized.

**(viii) RETIREMENT BENEFITS :**

Liability for gratuity is determined on the basis of actuarial valuation as at the end of accounting year. Leave encashment is determined on accrual basis and the liability for the unutilised leave is provided for as at the end of the accounting year.

**(ix) TAXATION :**

Provision for taxation has been made in accordance with the applicable income tax laws prevailing for the relevant assessment year.  
Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.  
Provision for Fringe Benefit Tax has been made in accordance with the applicable income tax laws prevailing for the relevant assessment year.

**(x) EXCISE DUTY :**

The Excise Duty on manufactured goods i.e. Texturised, Twisted Yarn & Dyed Yarn was accounted on removable of goods for Sale or Job Work as applicable and paid accordingly  
The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on removal of goods or not to take cenvat credit and removal of goods without payment of duty.

**(xi) CENVAT :**

Cenvat Credit on excise duty paid on inputs and capital assets is accounted for by reducing from the purchase cost of the related inputs or the capital assets, as the case may be as per the option granted under the Excise Act.

**(xii) TRANSACTIONS IN FOREIGN CURRENCY :**

Revenue transactions made in foreign currency are translated at the applicable prevailing exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realisation.  
Payments made in foreign currency are translated at the applicable rate prevailing on the date of remittance.  
Outstanding liability is translated at the exchange rate prevailing at the closing date.  
Any exchange gain or losses arising out of the subsequent fluctuation are accounted for in the profit & loss account

**(xiii) PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**(xiv) IMPAIRMENT OF ASSETS :**

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



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

### (B) NOTES TO THE ACCOUNTS

1. Contingent Liabilities not provided for:

| Sr. No. | Name of the Statute    | Nature of the Dues      | Forum where dispute is pending | Period to which amount relates | Amount (Rs. Lacs) |
|---------|------------------------|-------------------------|--------------------------------|--------------------------------|-------------------|
| 1       | Textiles Committee Act | Textiles Cess           | Textiles Committee             | 2001-02 to 2005-06             | 2.39              |
| 2       | Central Excise Act     | Duty on Waste yarn      | Commissioner Appeal            | Aug'04 – June'07               | 0.93              |
| 3       | Central Excise Act     | Cenvat Credit availed   | Commissioner Appeal            | Apr'04 – June'08               | 64.31             |
| 4       | Income – Tax Act       | Penalty U/s. 271(1) (c) | Commissioner Appeal            | A. Y. 2004 - 05                | 0.77              |

(Previous Year Excise Duty claim against the company not admitted as debts Rs. 5.99 Lacs )

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 61.28 Lacs. (Previous year Rs. 169.11 Lacs) Rs. 42.20 Lacs is given as an advance to suppliers for capital goods shown in advances.

3. Remuneration to Directors :

|  | 31/03/2009<br>(Rs.) | 31/03/2008<br>(Rs.) |
|--|---------------------|---------------------|
| i. Remuneration  |                     |                     |
| Contribution to P.F.   | 2,100,000           | 1,675,000           |
| Commission   | 165,600             | 125,100             |
| Electricity Bills  | 300,000             | 300,000             |
|  | 261,256             | -                   |
|  | <b>2,826,856</b>    | <b>2,100,100</b>    |
| ii. Computation of net profit under Section 198/309(5) of the Companies Act, 1956        |                     |                     |
| Profit before taxation as per account  | 24,262,243          | 27,370,616          |
| Add : Depreciation   | 18,604,531          | 19,066,491          |
| Director's Remuneration  | 2,826,856           | 2,100,100           |
| Loss on Sale of Fixed Assets   | 2,802,965           | 3,893,677           |
| Profit on Sale of Investments  | 27                  | 9,954               |
|  | <b>48,496,622</b>   | <b>52,440,838</b>   |
| Less : Depreciation calculated in accordance with Section 350 of the Companies Act, 1956 | 18,604,531          | 19,066,491          |
| Loss on Sale of Fixed Assets as per Section 350  | 2,802,965           | 3,893,677           |
| Profit on Sale of Investments  | 27                  | 9,954               |
|  | <b>21,407,523</b>   | <b>29,470,716</b>   |
| Net Profit in accordance with Section 198/309(5) of the Companies Act, 1956              | <b>27,089,099</b>   | <b>29,470,716</b>   |
| Commission thereon @ 4 % to Managing Director & Executive Director Restricted to         | 1,083,564           | 1,178,829           |
|  | <b>300,000</b>      | <b>300,000</b>      |
| 4. Auditor's Remuneration :  | <b>31/03/2009</b>   | <b>31/03/2008</b>   |
| Statutory Audit Fees   | 82,725              | 84,270              |
| Tax Audit Fees   | 27,575              | 28,090              |
| Sales Tax Audit Fees & Certification Fees  | 35,979              | 35,951              |
|  | <b>146,279</b>      | <b>148,311</b>      |
| 5. Excise Duty :   |                     |                     |

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

## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on removal of goods and accordingly provision for excise duty on closing stock as on 31<sup>st</sup> March 2009 Nil (Previous Year Rs. 0.47 Lacs) has been made for the same.

### 6. The Employee Benefit Schemes are as under :

#### i. Provident Fund

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

#### ii. Gratuity

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

The actuarial assumptions arriving at the Provision of gratuity liability for the year amounting to Rs. 5,18,635/- are as follow :

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

#### iii. Provision for Unutilised Leave

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

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

| Class of Goods | Licensed Capacity | Installed Capacity |              | Actual Production |           |
|----------------|-------------------|--------------------|--------------|-------------------|-----------|
|                |                   | (in M T)           | (in M T)     | Own               | Job Work  |
|                |                   | Vapi               | Silvassa     |                   |           |
| Texturising    | N. A.             | — (—)              | 4000 (3700*) | 3353 (3550)       | 43 (1)    |
| Twisting       | N. A.             | — (—)              | 3075 (2900*) | 2210 ** (2514)**  | 27 (21)   |
| Dyeing         | N. A.             | 5900 (5800)        | — (—)        | 2717 (2886)       | 704 (577) |

\* Actual Texturising capacity as on 31.03.2008 was 3100 MT Due to 600 M.T. Capacity Texturising Machine sold on 27.03.2008

\*\* Twisting production includes 90 MT (144MT) manufactured by Contract Manufacturers on Jobwork basis.

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

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

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

| Class of Goods             | Quantity (in Kg.) |          | Amount (Rs in Lacs.) |          |
|----------------------------|-------------------|----------|----------------------|----------|
| [I] Opening Stock          |                   |          |                      |          |
| A. <u>Raw Materials :</u>  |                   |          |                      |          |
| Yarn                       | 83730             | (78025)  | 66.11                | (61.92)  |
| Dyes & Chemicals           | 68596             | (51955)  | 57.62                | (54.76)  |
| B. <u>Finished Goods :</u> |                   |          |                      |          |
| Dyed & Texturised Yarn     | 264959            | (237219) | 292.91               | (273.25) |



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

| Class of Goods                         | Quantity (in Kg.) |           | Amount (Rs. in Lacs.) |           |
|--|-------------------|-----------|-----------------------|-----------|
| <b>[II] Purchases :</b>                |                   |           |                       |           |
| Yarn                                   | 3670056           | (4033777) | 2953.06               | (3431.19) |
| Dyes & Chemicals                       | 880721            | (1064946) | 552.90                | (483.22)  |
| <b>[III] Sales :</b>                   |                   |           |                       |           |
| Dyed, Texturised Yarn & POY            | 3755010           | (4035610) | 5217.34               | (5452.32) |
| Dyeing, Twisting & Texturising Charges | 997591            | (802816)  | 721.67                | (519.21)  |
| <b>[IV] Closing Stock :</b>            |                   |           |                       |           |
| <b>A. Raw Materials :</b>              |                   |           |                       |           |
| Yarn                                   | 51735             | (83730)   | 41.91                 | (66.11)   |
| Dyes & Chemicals                       | 44960             | (68596)   | 53.62                 | (57.62)   |
| <b>B. Finished Goods :</b>             |                   |           |                       |           |
| Dyed & Texturised Yarn                 | 235827            | (264959)  | 271.61                | (292.91)  |

**9. Raw Materials Consumed**

| Class of Goods   | Quantity (in Kg.) |           | Amount (Rs. in Lacs.) |           |
|------------------|-------------------|-----------|-----------------------|-----------|
| Yarn             | 3702051           | (4028072) | 2977.26               | (3431.20) |
| Dyes & Chemicals | 904357            | (1048305) | 556.90                | (483.22)  |

**10. Value of Raw Materials & Stores and Spares Consumption**

|            | Raw Material         |                    | Stores & Spares  |                    |
|------------|----------------------|--------------------|------------------|--------------------|
|            | Rs. in Lacs          | Percentage         | Rs. in Lacs      | Percentage         |
| Imported   | 0.00<br>(0.00)       | 0.00<br>(0.00)     | 0.00<br>(0.00)   | 0.00<br>(0.00)     |
| Indigenous | 3534.15<br>(3907.36) | 100.00<br>(100.00) | 58.15<br>(60.57) | 100.00<br>(100.00) |

(Rs. in Lacs)

**11 Foreign Exchange Transaction**

**31/03/2009**      **31/03/2008**

|  |    |     |
|--|----|-----|
| a) Earnings in Foreign Currency FOB Value of Export Sales                    | 80 | 133 |
| b) Expenditure in Foreign Currency CIF Value of Plat & Machinery Spare Parts | 6  | 0   |
| c) Foreign Travelling  | 0  | 3   |
| d) Training Fees   | 10 | 0   |

12. The total amount due to Small Scale Undertaking is Rs. 14.11 lacs (Previous Year 23.53 lacs). The name of Small Scale Undertaking to whom the company owes a sum above Rs. 1 lacs which outstanding for more than 30 days are :

|                                 | <b>31/03/2009</b> | <b>31/03/2008</b> |
|---------------------------------|-------------------|-------------------|
| Chem Sell                       | 992,606           | 934,756           |
| Sangeeta Print-N-Pack           | -                 | 240,666           |
| Raman Polymers                  | -                 | 350,504           |
| Mahavir Packaging               | 418,293           | 720,324           |
| Hemdev Indl.Engineers Pvt. Ltd. | -                 | 106,800           |
|                                 | <b>1,410,899</b>  | <b>2,353,050</b>  |



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

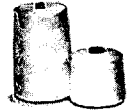
The above information regarding Small Scale Industrial undertaking has been determined to the extent such parties have provided information with the company. This has been relied upon by the auditors. Under the Micro, Small & Medium Enterprises Development Act, 2006, which came into force on 2nd October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

- 13 Inter divisional transfer for Sales/ Processing charges for Texturising, Twisting and Dyeing of Rs. 10,92,62,961/- (Previous Year Rs. 8,80,06,608/-) are not considered for sales as well as manufacturing expenses as per Accounting Standard (AS-9) 'Revenue Recognition' issued by Institute of Chartered Accountants of India.
- 14 Borrowing costs that are attributable to the acquisition or construction of Qualifying Assets are capitalised as part of the cost of such assets.  
A qualifying asset is one that necessarily takes substantial period of time to get ready for internal use. As no assets are falling within the definition of qualifying assets all the borrowing costs are charged to revenue.
- 15 As the Company's business activities falls within a single primary business segment viz. Dyed and Texturised Yarn, the Disclosure requirement of Accounting Standard (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India are not applicable.
- 16 The Company has been following Accounting Standard (AS - 22) 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. During the year ended 31/03/2008 the Net Deferred Tax of Rs.9.29 lacs is credited to the Profit & Loss Account.

|                                  | <u>31/03/2009</u> | <u>31/03/2008</u> |
|----------------------------------|-------------------|-------------------|
| <b>Deferred Tax Liabilities</b>  |                   |                   |
| Depreciation                     | 12,88,700         | (-458,300)        |
| <b>Less: Deferred Tax Assets</b> |                   |                   |
| Provision for Bonus              | 72,700            | 470,850           |
|                                  | <u>12,16,000</u>  | <u>(929,150)</u>  |

17. Basic and Diluted Earning Per Share has been calculated by dividing the net profit after tax and Preference Share Dividend and tax on dividend for the year as per account which is distributed to Equity Shareholders by 3830400 being weighted average number of equity shares outstanding during the year. (Previous year 3820126)

|   | <u>31/03/2009</u> | <u>31/03/2008</u> |
|---|-------------------|-------------------|
| Net Profit after Tax                            | 15,621,243        | 17,464,766        |
| Less : Preference Dividend                      | 142,465           | 800,000           |
| Tax on Preference Dividend                      | 20,177            | 113,300           |
| <b>Profit available for Equity Shareholders</b> | <u>15,458,601</u> | <u>16,551,466</u> |
| No. of Equity Shares                            | 3,830,400         | 3,820,126         |
| Basic Earning per share                         | 4.04              | 4.33              |
| Diluted Earning per share                       | 4.04              | 4.32              |
| Face Value of Equity Share                      | 10.00             | 10.00             |



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

### 18. Related Parties Disclosures

#### (A) Key Management Personnel :

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

#### (B) Relatives of Key Management Personnel :

|     | Name of Related Party | Nature of Relationship      |
|-----|-----------------------|-----------------------------|
| (I) | Sheeladevi N. Mutreja | Mother of Suresh N. Mutreja |

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

|     | Name of Transactions   | 31.03.2009 | 31.03.2008 |
|-----|--|------------|------------|
| (I) | Outstanding balance included in Unsecured Loans (Fixed Deposits) | 1,067,681  | 0          |

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

|       | Name of Transactions   | 31.03.2009 | 31.03.2008 |
|-------|--|------------|------------|
| (I)   | Directors Remuneration   | 2,826,856  | 2,100,100  |
| (II)  | Interest on Deposits paid to Key Management Personnel              | 37,808     | 0          |
| (III) | Interest on Deposits paid to relatives of Key Management Personnel | 37,644     | 0          |
| (IV)  | Receiving of Services  | 0          | 0          |
| (IV)  | Repayment of Deposits to Key Management Personnel                  | 0          | 0          |
| (VI)  | Repayment of Deposits to relatives of Key Management Personnel     | 0          | 0          |

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

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

For and on behalf of the Board

A. R. Mehta  
Partner  
Membership No. 46088  
Place : Mumbai  
Date : 29th June, 2009

Suresh N. Mutreja  
Managing Director

Lalit N. Mutreja  
Executive Director



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

### I REGISTRATION DETAILS

|                  |            |            |     |
|------------------|------------|------------|-----|
| Registration No. | 30117      | State Code | 011 |
| Balance Sheet    | 31.03.2009 |            |     |

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

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Rights Issue      | NIL |
| Bonus Issue  | NIL | Private Placement | NIL |

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

|                   |        |              |        |
|-------------------|--------|--------------|--------|
| Total Liabilities | 314474 | Total Assets | 314474 |
|-------------------|--------|--------------|--------|

#### SOURCES OF FUNDS

|                      |        |                        |       |
|----------------------|--------|------------------------|-------|
| Equity Share Capital | 38304  | Secured Loans          | 81443 |
| Pref. Share Capital  | 0      | Unsecured Loans        | 19306 |
| Reserves & Surplus   | 138114 | Deferred Tax Liability | 37307 |

#### APPLICATION OF FUNDS

|                          |        |                    |       |
|--------------------------|--------|--------------------|-------|
| Net Fixed Assets         | 242906 | Investments        | 127   |
| Capital Working Progress | 14092  | Net Current Assets | 57349 |
| Accumulated Losses       | NIL    | Misc. Expenditure  | NIL   |

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

|                               |        |                         |        |
|-------------------------------|--------|-------------------------|--------|
| Turnover & Other Inc.         | 592697 | Total Expenditure       | 568434 |
| Profit/(Loss) before Tax      | 24262  | Profit/(Loss) after Tax | 15621  |
| Basic Earning Per Share (Rs.) | 4.04   | Diluted EPS-in Rs.      | 4.04   |
| Dividend Rate (%)             | 25%    |                         |        |

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

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



**FINANCIAL PERFORMANCE HIGHLIGHTS**

(Rs. in Lacs)

| <b>Year Ended March</b>            | <b>2009</b>            | <b>2008</b>            | <b>2007</b>            | <b>2006</b>            |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Turnover                           | 5,911.87               | 6,083.52               | 5,536.58               | 4,316.76               |
| Total Expenditure                  | 5,447.59               | 5,607.96               | 5,122.67               | 3,979.22               |
| Operating Profit                   | 464.28                 | 475.57                 | 413.92                 | 337.54                 |
| Other Income                       | 15.09                  | 16.41                  | 5.86                   | 2.43                   |
| Interest                           | 50.71                  | 27.60                  | 14.07                  | 10.00                  |
| Gross Profit                       | 428.67                 | 464.37                 | 405.71                 | 329.97                 |
| Depreciation                       | 186.05                 | 190.66                 | 168.72                 | 127.77                 |
| Profit Before Tax                  | 242.62                 | 273.71                 | 236.99                 | 202.20                 |
| Tax                                | 70.00                  | 105.25                 | 47.25                  | 48.00                  |
| Deferred Tax                       | 12.16                  | (9.29)                 | 32.37                  | (1.16)                 |
| FBT                                | 4.25                   | 3.10                   | 3.00                   | 2.77                   |
| Net Profit After Tax               | 156.21                 | 174.65                 | 154.37                 | 152.59                 |
| <b>Source of Funds</b>             |                        |                        |                        |                        |
| Equity Share Capital               | 383.04                 | 383.04                 | 358.04                 | 333.04                 |
| 10% Deposit against Share Warrants | -                      | -                      | 12.75                  | 25.50                  |
| Preference Share Capital           | -                      | 100.00                 | 100.00                 | 200.00                 |
| Reserves                           | 1,381.14               | 1,338.59               | 1,183.04               | 1,044.05               |
| <b>Net Worth</b>                   | <b>1,764.18</b>        | <b>1,821.63</b>        | <b>1,653.83</b>        | <b>1,602.59</b>        |
| Secured Loans                      | 814.43                 | 784.44                 | 1,099.66               | 364.94                 |
| Unsecured Loans                    | 193.06                 | -                      | -                      | 0.94                   |
| Deferred Tax Liability             | 373.07                 | 360.91                 | 370.20                 | 337.83                 |
| Capital Employed                   | <u>3,144.74</u>        | <u>2,966.98</u>        | <u>3,123.69</u>        | <u>2,306.31</u>        |
| <b>Application of Funds</b>        |                        |                        |                        |                        |
| Gross Block                        | 3,688.54               | 3,536.52               | 3,444.52               | 2,756.46               |
| Net Block                          | 2,429.06               | 2,364.05               | 2,386.36               | 1,857.42               |
| Capital Work in Progress           | 140.92                 | 19.38                  | -                      | 118.14                 |
| Investments                        | 1.27                   | 1.27                   | -                      | -                      |
| Cur. Assets, Loans & Advances      | 1,130.35               | 1,022.80               | 1,109.92               | 727.44                 |
| Less: Current Liabilities          | 556.86                 | 440.52                 | 372.59                 | 396.69                 |
| Net Current Assets                 | <u>573.49</u>          | <u>582.28</u>          | <u>737.33</u>          | <u>330.75</u>          |
| <b>Total Asstes</b>                | <b><u>3,144.74</u></b> | <b><u>2,966.98</u></b> | <b><u>3,123.69</u></b> | <b><u>2,306.31</u></b> |

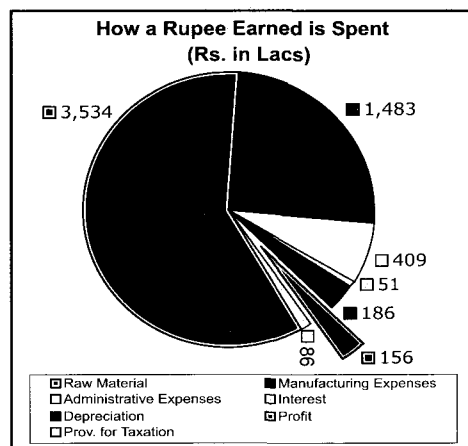
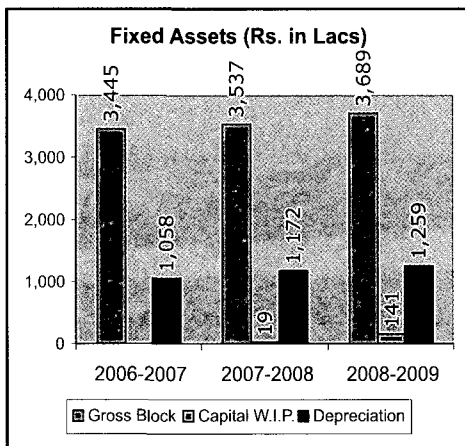
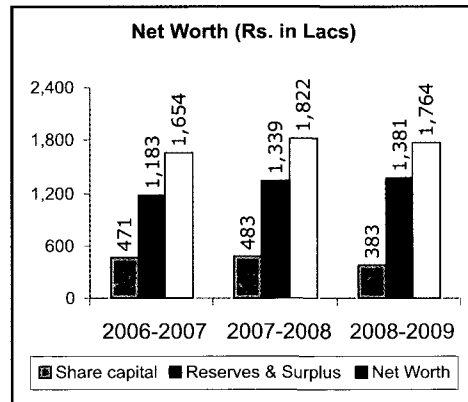
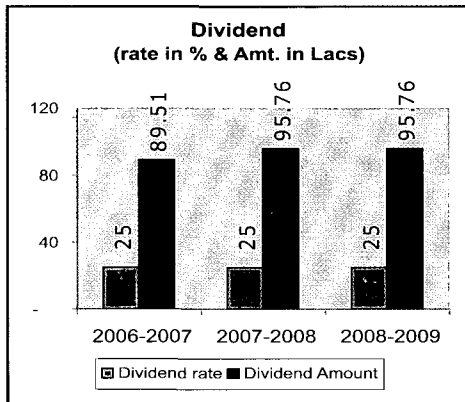




25<sup>th</sup> Annual Report 2008-2009

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

# Financial Highlights



## MISSION STATEMENT

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

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

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

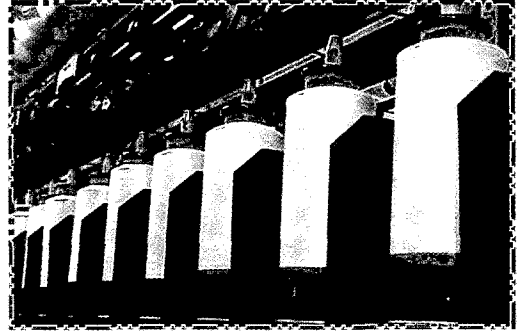
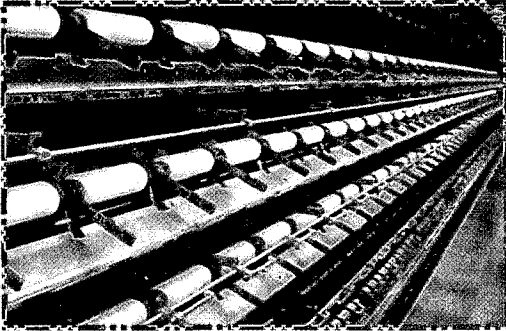
Valson Industries Limited, **A PEOPLE DRIVEN COMPANY**, will Train, Empower and Create a superior pool of intellect, capable of leading its Innovation Drive.

Valson Industries Limited, **AN ENVIRONMENT FRIENDLY COMPANY**, will continue to adhere to environment friendly manufacturing process and set new standards in fighting pollution.

# Our Manufacturing Operations at a glance

## RAW MATERIAL

Partially Oriented Yarn (POY)

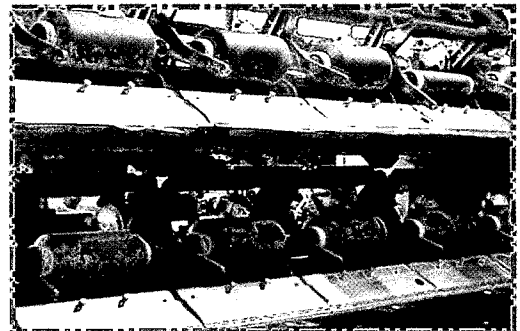
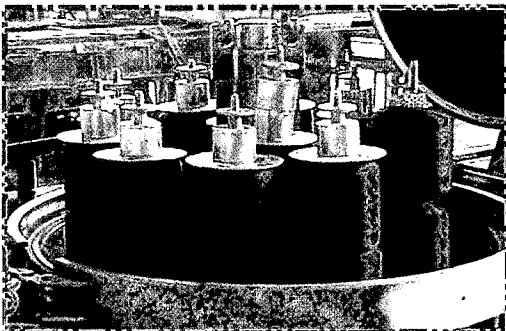


## TEXTURISING

In this process necessary feel similar to that of a natural fibre like cotton or wool is given. The important parameters in this process are Draw Ratio, Temperature & Tension. Texturised Yarns are also known as Weft Yarns.

## TWISTING

This Process gives necessary strength to the yarn to make it run on high speed looms for weaving. Twisted Yarns are also known as Warp Yarns.

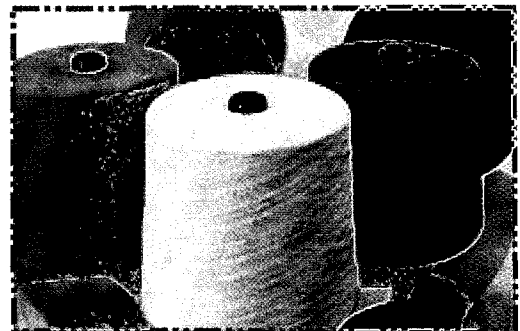
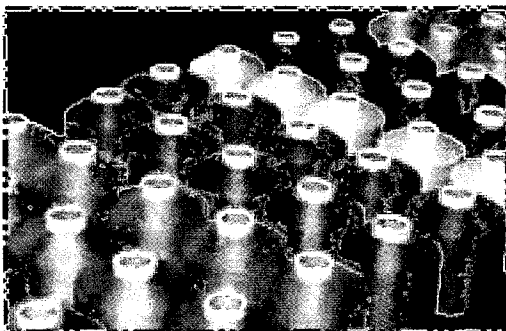


## DYEING

During this Process, strict adherence to all quality parameters namely Colour Strength, Tone, Dispersion and Sublimation Fastness is ensured.

## CONNING

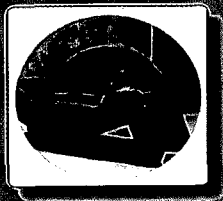
The dyed yarn is wound around standard size cones before they are packed for dispatch



## FINAL PRODUCT

Polyester & Cotton Yarn for making fabrics for Shirting, Suiting, Upholstery, Knitting, Labels, Curtains, etc....

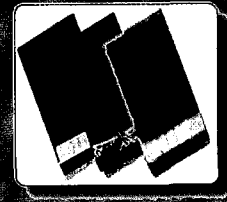
# APPLICATION



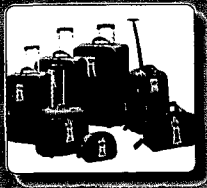
Upholstery



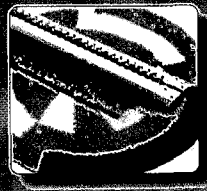
Suiting & Shirting



Sarees



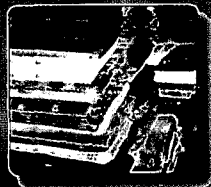
Luggage



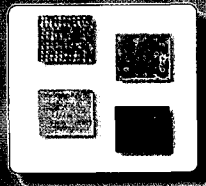
Knitting



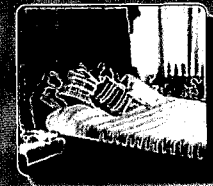
Labels



Dress Materials



Automatic Fabrics



Home Furnishing



INDUSTRIES LIMITED

AN ISO 9001 : 2000 CERTIFIED COMPANY

*Creation Never Ends Here.*

Registered Office :

Unit No. 23, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Sakinaka, Andheri (E), MUMBAI 400 059.  
Phone : 91-22-40661000 ○ Fax : 91-22-40661199 ○ E-mail : mail@valsonindia.com / valsoninds@yahoo.com  
Website : www.valsonindia.com