



INDUSTRIES LIMITED

29TH ANNUAL REPORT
2012-2013

MISSION STATEMENT

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

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

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

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



COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

SHAREHOLDERS/INVESTORS'

GRIEVANCES COMMITTEE

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

AUDITORS

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

BANKERS

Bank of India
IDBI Bank

REGISTRAR & TRANSFER AGENT

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

29th ANNUAL GENERAL MEETING

on Tuesday, 13th day of August, 2013
at 11.30 a.m. at
28, Bldg. No. 6, Mittal Industrial Estate,
Sir M. V. Road, Andheri (East), Mumbai 400 059.

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REGISTERED OFFICE

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

MANUFACTURING UNIT AT:

Vapi, Gujarat
Silvassa, UT of Dadra & Nagar Haveli

NOTICE

Notice is hereby given that the **29th Annual General Meeting** of the Members of **Valson Industries Limited** will be held on **13th day, August, 2013 at 11.30 am.** at the Registered Office of the Company situated at Premises No. 28, Ground Floor, Building No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. Chandan Gupta, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To re-appoint M/s. Mehta Chokshi & Shah, Chartered Accountants, Mumbai as the Statutory Auditors of the Company; to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and the payment of remuneration and perquisites being paid or provided to Mr. Suresh N. Mutreja as the Chairman and Managing Director of the Company for a period of three years with effect from 1st July, 2013 at a remuneration not exceeding Rs. 3,00,000/- per month and other perquisites as per Annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in draft Agreement a copy whereof initialed by Mr. Lalit N. Mutreja, Executive Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved.

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

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Suresh N. Mutreja's office as Chairman and

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

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and the payment of remuneration and perquisites being paid or provided to Mr. Lalit N. Mutreja as the Executive Director of the Company for a period of three years with effect from 1st July, 2013 at a remuneration of not exceeding Rs. 3,00,000/- per month and other perquisites as per Annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in draft Agreement a copy whereof initialed by Mr. Suresh N. Mutreja, Chairman and Managing Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved.

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

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

By order of the Board
VALSON INDUSTRIES LTD.
Sd/-

Date: 30th May, 2013
Place: Mumbai

Suresh N. Mutreja
Chairman & Managing Director

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NOTES:

1. A Member entitled to attend and vote at the Annual General 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 annexed to the Notice.
4. The Register of Members and Share Transfer books of the Company will remain closed from 7th day August, 2013 to 13th day August, 2013 (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, 2006 and dividends declared thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the IEPF pursuant to Section 205C of the Companies Act, 1956.

Financial Year	Date of Declaration of Dividend	Last Date of Claiming un-paid Dividend
Final Dividend 2005 - 2006	29.07.2006	02.09.2013
Interim Dividend 2006 - 2007	23.03.2007	28.04.2014
Final Dividend 2007 - 2008	28.07.2008	02.09.2015
Final Dividend 2008 - 2009	29.08.2009	03.11.2016
Final Dividend 2009 - 2010	30.09.2010	06.11.2017
Final Dividend 2010 - 2011	30.09.2011	05.11.2018

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

6. Members are requested to

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

8. Make nominations in respect of shares held by you in physical form as provided under Section 109A of the Companies Act, 1956. Shareholders desirous of making nominations are requested to send their requests to Link Intime India Pvt. Ltd.
9. All the shareholders are requested to register their e-mail address with the Link Intime India Private Limited for the purpose of service of documents under Section 53 of the Companies Act, 1956 by e-mode instead of under posting certificate (UPC) in view of Circular No. 17/95/2011 CL-V issued by the Ministry of Corporate Affairs.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4 TO 5:

The present terms of appointment of Mr. Suresh N. Mutreja as Managing Director and Mr. Lalit N. Mutreja as Executive Director is expiring on 30th June 2013. The Board of Directors has decided to re-appoint Mr. Suresh N. Mutreja as Chairman and Managing Director and Mr. Lalit N. Mutreja as Executive Director w.e.f. 1st July, 2013 for a period of 3 years. The terms and conditions of their appointments are given below:

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

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

I. GENERAL INFORMATION:

No	PARTICULARS		
1.	Nature of Industry	Textile Industry	
2.	Date or expected date of commencement of Commercial Production.	The company is manufacturing of Texturised and Twisted yarns since 1983.	
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable	
4.	Financial performance based on given indications. Sales (Net of Excise) Net Profit before Tax Net Profit After Tax	31-3-2013 (Rs. in lakhs)	31-3-2012 (Rs. in lakhs)
		9323.23	8308.98
		148.95	142.43
		87.59	116.76
5.	Export performance.	FOB Value Exports: Rs. 438.99 Lakhs	
6.	Foreign investments or collaborators, if any.	Not Applicable	

II. INFORMATION ABOUT THE APPOINTEE:

No	PARTICULARS	
1.	Background Details	Mr. Suresh N. Mutreja is the promoter of the company; he is associated since inception; having a family background in Textile industries.
2.	Past Remuneration / Perquisites	1) Rs. 1742413/- per annum - Suresh N. Mutreja - Managing Director 2) Rs. 1386487/- per annum - Lalit N. Mutreja - Executive Director
3.	Recognition or Awards	Nil
4.	Job Profile and His Suitability	Suresh Mutreja: Experience of more than 3 decades in Textile Industry, Administration & Finance. Lalit Mutreja: Experience of 21 years in Marketing & Personnel.
5.	Remuneration / perquisites proposed	Not exceeding Rs. 3,00,000/- per month inclusive of perquisites as stated below.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The proposed remuneration is reasonable considering future growth of the Company.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any,	Mr. Suresh N. Mutreja is holding 7,02,000 equity shares of the company which is 9.16 % of the equity share capital of the company. Mr. Lalit N. Mutreja is holding 6,57,100 equity shares of the company which is 8.58 % of the equity share capital of the company.

II. INFORMATION ABOUT THE APPOINTEE:

No	PARTICULARS	
1.	Reasons of loss or inadequate profits	The company has earned profits, but the profits are in-adequate as per section 198, 309 of the Companies Act, 1956 to cover up the remuneration / perquisites payable to Mr. Suresh N. Mutreja and Mr. Lalit N. Mutreja. There is no specific reason for inadequate profits. Further, the expansion project will cover up the remuneration payable to them.

2.	Steps taken or proposed to be taken for improvement.	The company is making every efforts to reduce cost and increase the overall efficiency, which will result increase in overall profitability of the Company.
3.	Expected increase in productivity and profits in measurable terms	The company is expecting growth in the turnover and profit due to expansion of production capacities and expecting to do good Export turnover in future.

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

The Company proposes to pay following remuneration and perquisites w.e.f. 1st July, 2013,

A. REMUNERATION:

Sr. No.	Name of Director	Designation	Remunerations & Perquisites
1.	Mr. Suresh N. Mutreja	Chairman and Managing Director	Not exceeding Rs. 3,00,000/- per month
2.	Mr. Lalit N. Mutreja	Executive Director	Not exceeding Rs. 3,00,000/- per month

B. INCREMENTS:

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

C. PERQUISITES: Non monetary ceiling perquisites

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

i. Provident Fund:

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

ii. Gratuity:

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

iii. Leave Encashment:

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

D. MINIMUM REMUNERATION

1. The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the audited balance sheet as on 31st March, 2013 and has been fixed as provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory reenactment(s) thereof and shall be considered as minimum remuneration.
2. During the tenure of their appointments, if the Company earns profits in excess of the limits prescribed under Schedule XIII or if the profits are adequate in any financial year, as per the provisions of Section 198, 309 and any other applicable provisions of the Companies Act, 1956, then the remuneration and commission, if any, of Mr. Suresh N. Mutreja and Mr. Lalit N. Mutreja shall be paid as per the profits earned by the Company in that particular financial year.

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

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

Your Directors recommend the passing of the above Special Resolution.

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

By order of the Board

Suresh N. Mutreja
Chairman and Managing Director

Place: Mumbai
Date: 30th May, 2013

DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting the 29th Annual Report on the business operations of your Company together with Audited Financial Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS :

(Rs. in Lacs)

Particulars	Year ending 31.03.13	Year ending 31.03.12
Revenue from operations (net)	9323.23	8308.98
Operating Profit (PBDIT)	603.82	483.26
Finance Cost	207.38	122.88
Depreciation	247.49	217.95
Profit before Tax	148.95	142.43
Taxes	61.36	25.67
Profit after Tax	87.59	116.76
Balance of Profit brought forward	944.90	843.14
Amount available for appropriations	1032.49	959.90
Appropriations:		
Transfer to General Reserve	15.00	15.00
Dividend on Equity Shares	38.30	0.00
Dividend Tax on Equity Shares	6.51	0.00
Balance carried forward to Balance Sheet	972.68	944.90
Total	1032.49	959.90
EPS (Basic & Diluted)	1.14	1.52

(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:

FY 2012-13 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. Despite these constraints and challenging environment, the company performed reasonably well and the highlights of the performance are as under:

- Revenue from operations increased by 12.21% to Rs 9323.23 lacs.
- Exports increased by 204.64% to Rs 438.99 lacs
- PBDIT increased by 24.95% to Rs 603.82 lacs
- Net Profit after tax decreased by 24.99% to Rs 87.59 lacs mainly due to increase in finance cost and enhanced depreciation.

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 continues its endeavor in Value Addition and Innovation drive. 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:

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

INSURANCE:

All the insurable interests of your company including inventories, buildings, plant and machinery and other assets under legislative enactments are adequately insured.

ISO CERTIFICATION:

Your Company has successfully completed its surveillance audit for the ISO 9001-2008 Certification from AGSI Certification Pvt. Ltd. thereby meeting the global quality and international standards.

EXPANSION:

The substantial expansion project of the Silli unit has been completed during the year. The total CAPEX incurred for the same over the period of years was Rs. 1051.95 Lacs.

FIXED DEPOSITS:

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

EXPORT:

Your Company is exploring new avenues to increase the export base and has chalked out strategic growth plan for the potential market in Middle East, U K, Egypt, Mexico, Ghana, Brazil and other European markets.

APPROPRIATIONS:

DIVIDEND:

The Board of Directors have recommended Dividend of 5% i.e. Rs. 0.50 per Equity Share for the Financial Year ended March 31, 2013 (Previous Year Rs. Nil/-) amounting to Rs. 38.30 lacs (Previous Year Dividend of Rs. Nil).

The dividend tax liability borne by your Company is Rs. 6.51 lacs (Previous Year Rs. Nil/-).

TRANSFER TO RESERVES:

The Company has transferred Rs. 15.00 Lacs to General Reserve.

TAXATION:

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

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

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

PERSONNEL:

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

DIRECTORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2013, all the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 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 financial statements ended March 31, 2013 on a 'going concern' basis.

CORPORATE GOVERNANCE:

Your 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.

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AUDITORS:

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

INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENT:

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

For and On behalf of the Board

Suresh N. Mutreja
Chairman & Managing Director

Place: Mumbai

Date: 30th May, 2013

ANNEXURE I TO THE DIRECTOR'S REPORT

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

Form B

FORM A

(A) Power and Fuel Consumption:

1. Electricity	Current Year	Previous Year
(i) Purchased:	31.03.2013	31.03.2012
Avg. Unit Rate (Rs./KWH)	4.50	4.73
Units (KWH/Lacs)	130.540	123.666
Total Amount (Rs. in Lacs)	627.54	585.34
(ii) Own Generation through D. G. Sets:		
Unit Rate (Rs./KWH)	16.03	15.01
Units (KWH/Lacs)	0.46	0.54
Total Amount (Rs. in Lacs)	7.38	6.95
2. Coal	Current Year	Previous Year
	31.03.2013	31.03.2012
Qty. (M. Tons)	4715.89	4814.64
Total Cost (Rs. in Lacs)	287.46	289.02
Avg. Rate (Rs./MT)	6095.48	6002.90
3. Furnace Oil	Not Applicable	

(B) Consumption per Unit of Production:

	Current Year	Previous Year
	31.03.2013	31.03.2012
Electricity (KWH per Tonne of Yarn)	3211.81	3163.42
Coal (MT per Tonne of Yarn)	1.17	1.26

(i) Development

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

(ii) Technology Absorption, Adaptation & Innovation

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

For and on behalf of the Board

Suresh N. Mutreja
Managing Director

Place: Mumbai

Date: 30th May, 2013

CORPORATE GOVERNANCE REPORT

(Under Clause 49 (VI) (i) of Listing Agreement)

I. The Company's Philosophy on Code of Governance

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

II. BOARD OF DIRECTORS

(i) Composition and category of Director :

The strength of the Board was 4 Directors as on 31st March, 2013. The Composition and category of Directors on the Board of the Company are :

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

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

Date of Board Meetings	Mr. Suresh Mutreja	Mr. Lalit Mutreja	Mr. Chandan Gupta	Mr. Surendra Kumar Suri
15th May, 2012	Present	Present	Present	Present
13th August, 2012	Present	Present	Present	Present
10th October, 2012	Present	Present	Present	Present
14th February, 2013	Present	Present	Present	Present
Total Attendance (Out of 4 Meetings.)	4	4	4	4
Attendance – Last AGM 28th September, 2012	Present	Present	Present	Present

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

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

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

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

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

iv) Code of Conduct :

The Board has formulated a code of conduct for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the code for the financial year ended 31st March, 2013. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

III. AUDIT COMMITTEE

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

Date of Committee Meeting	Mr. Chandan Gupta#	Mr. Surendra Kumar Suri \$	Mr. Lalit N. Mutreja*
15th May, 2012	Present	Present	Present
13th August, 2012	Present	Present	Present
10th October, 2012	Present	Present	Present
14th February, 2013	Present	Present	Present
Total (out of 4 meetings)	4	4	4

Chairman & Non Executive Independent Director

\$ Non Executive Independent Director

* Executive Whole Time Director

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

IV. REMUNERATION COMMITTEE

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

i) **Remuneration Policy:**

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

Mr. Suresh Mutreja, Managing Director and Mr. Lalit Mutreja, Executive Director were re-appointed for a term of 3 years w.e.f. 1st July, 2013. The re-appointment and remuneration payable to them was approved by the Board of Directors by board resolution dated 30th May, 2013. The same is placed for the approval of the share holders at item no. 4 and 5 of the notice convening 29th Annual General Meeting.

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

- A. The Company does not have any pecuniary relationship or transactions with the non-executive directors. During the year, the Company has paid sitting fees to non-executive directors.
- B. The aggregate value of remuneration, perquisites and sitting fees paid to the Directors for the year ended 31st March, 2013, is as under;

Sr. No.	Name	Salary & Perqs Rs.	Meeting Fees Rs.	Total Rs.
1.	Mr. Suresh Mutreja	1742413	-	1742413
2.	Mr. Lalit Mutreja	1386487	-	1386487
3.	Mr. Chandan Gupta	-	25000	25000
4.	Mr. Surendra Kumar Suri	-	25000	25000

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

D. Details of Service Contracts :

Name	Date of initial appointment	Current tenure	From	To
Shri Suresh N. Mutreja	26.06.1983	3 years	01.07.2010	30.06.2013
Shri Lalit N. Mutreja	09.09.1995	3 years	01.07.2010	30.06.2013

E. Equity shares of Valson Industries Limited held by the Non-Executive Directors as on 31st March, 2013 are as follows:

Directors	No. of shares held as on 31 st March, 2013	No. of shares held as on 31 st March, 2012
Mr. Chandan Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	400

V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

Date of Committee Meeting	Mr. Suresh Mutreja*	Mr. Lalit Mutreja#	Mr. Surendrakumar Suri@
15th May, 2012	Present	Present	Present
13th August, 2012	Present	Present	Present
10th October, 2012	Present	Present	Present
14th February, 2013	Present	Present	Present
Total (out of 4 meetings)	4	4	4

* Chairman & Managing Director # Executive Whole - Time Director
@ non executive Independent Director

B. COMPLIANCE OFFICER:

As required by the Listing Agreement, the Company has appointed Mr. Pritesh Shah as the Compliance Officer. Email address of Compliance Officer is cs@valsonindia.com

.A. Complaint Status for the year 01/04/2012 to 31/03/2013

Category	Complaint Received	Complaint Resolved	Complaint Pending
Non receipt. of credit of dividend	NIL	NIL	NIL
Non receipt of dividend warrant	1	1	0
Non receipt of interest warrant	NIL	NIL	NIL
Non receipt of annual reports	NIL	NIL	NIL
SEBI	NIL	NIL	NIL
Stock exchange	NIL	NIL	NIL
Non Receipt of share certificate	NIL	NIL	NIL
Non Receipt of share transfer	NIL	NIL	NIL
Others	NIL	NIL	NIL
Total	1	1	0

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VI. GENERAL BODY MEETINGS

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

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date	Location	Time
31.03.2010	26th AGM	Note 1*	30.09.2010	Registered Office	11.30 a.m.
31.03.2011	27th AGM	NIL	30.09.2011	Registered Office	11.30 a.m.
31.03.2012	28th AGM	NIL	28.09.2012	Registered Office	4.30 p.m.

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

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

Notes:

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

VII. DISCLOSURES

- i. The Company has not entered into any materially significant related party transactions during the financial year that may have potential conflict with the interests of the Company at large.
- ii. There has been no incidence of non-compliance by the Company of any statutory regulations nor any penalty or stricture has been imposed by the Stock Exchange or any other statutory authority, on any matter relating to the capital market over the last three financial years.
- iii. The details of all transactions with related parties are placed before the Audit Committee on quarterly basis.
- iv. In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- v. The constitution of whistle blower policy is a non mandatory requirement. However the Company affirms that no employee has been denied access to the Audit Committee during the financial year 2012 - 2013.
- vi. The Company has complied with all mandatory requirements of clause 49 of Listing Agreement.

VIII. MEANS OF COMMUNICATION

i. Quarterly Results:

The quarterly financial results of the company (in the format prescribed by the Listing Agreement) are reviewed by Audit Committee and then, approved and taken on record by the Board within the prescribed time frame and immediately send to the Stock Exchange where the shares of the company are listed. Limited Review is performed by the statutory auditors for all the quarters for the financial year. The annual financial results, post completion of audit are approved by the Board of Directors (after review by Audit Committee) and the same are then submitted to the Stock Exchange.

- ii. The quarterly results for the financial year 2012-13 were published in the News Papers. (Details given below):

Quarter Result	News Paper
June, 2012	Free Press Journal English, Navshakti, Marathi
September, 2012	Free Press Journal English, Navshakti, Marathi
December, 2012	Free Press Journal English, Navshakti, Marathi
March, 2013	Free Press Journal English, Navshakti, Marathi

- iii. The quarterly and year to date financial result of the company has been displayed on company's website i.e www.valsonindia.com

iv. **Annual Report:**

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

- v. All the shareholders are requested to register their e-mail address with M/s. Link Intime India Private Limited for the purpose of service of documents under Section 53 of the Companies Act, 1956 by e-mode instead of under posting certificate (UPC) in view of Circular No. 17/95/2011 CL-V.

IX. GENERAL SHAREHOLDER INFORMATION

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

X. Practising Company Secretary Certificate on Corporate Governance

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

For and On Behalf of the Board

**Place: Mumbai
Date: 30th May, 2013**

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

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

To,
The Members,
Valson Industries Limited

This is to affirm that the Board of Directors of **Valson Industries Limited** has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (I) (D) of the Listing Agreement. The Board Members and Senior Management Personnel of the Company have confirmed compliance of the provisions of the said code for the financial year ended 31st March, 2013.

Suresh N. Mutreja
Chairman & Managing Director

Place: Mumbai
Date: 30th May, 2013

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF VALSON INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **Valson Industries Limited** for the financial year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For P. P. SHAH & CO.

Place: Mumbai
Date: 30th May, 2013

(PRADIP C. SHAH)
Practising Company Secretary
Partner
Membership: 1483
Certificate of Practice: 436

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

Share Transfer System and Dematerialization of Shares:

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

As on March 31, 2013 98.04% of the shares of the Company are dematerialized. All this shares are electronically transferred through the demat facility. 1.96% 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	2	1300
30 – 60 days	-	-
Above 60 days	-	-
Total	2	1300

Distribution of Shareholding as on March 31, 2013

Range (Rs. in lacs)	Number of Shareholders	Percentage of Total Holders	Total Share Holding (in Rs.)	Percentage to Capital
1 - 5000	1637	64.99	3588710	4.6845
5001 - 10000	419	16.63	3512000	4.5844
10001 - 20000	222	8.81	3441530	4.4924
20001 - 30000	71	2.82	1835030	2.3954
30001 - 40000	45	1.79	1612180	2.1045
40001 - 50000	20	0.79	925430	1.2080
50001 - 100000	58	2.30	4055380	5.2937
100001 & Above	47	1.87	57637740	75.2371
Total	2519	100.00	76608000	100.0000

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

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

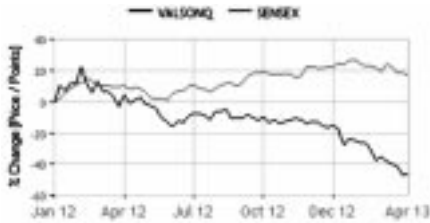
Consolidation of Folios:

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

Nomination Facility:

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

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



Market Price Data :

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	* Spread(Rs.)	
								H-L	C-O
Apr 12	14.75	17.5	13.85	14.73	29196	397	432250	3.65	-0.02
May 12	14.75	15.89	13.07	13.50	14455	180	203032	2.82	-1.25
Jun 12	13.30	14.45	12.20	13.70	12142	125	160691	2.25	0.4
Jul 12	13.05	14.60	13.00	14.00	17487	159	242497	1.60	0.95
Aug 12	14.49	15.35	12.50	13.50	19179	212	266847	2.85	-0.99
Sep 12	13.50	14.70	13.05	13.31	30736	206	419749	1.65	-0.19
Oct 12	13.45	14.45	12.65	13.62	25562	314	341723	1.8	0.17
Nov 12	13.70	13.70	12.90	13.00	15413	159	204273	0.8	-0.7
Dec 12	13.00	13.80	12.33	12.88	23787	283	306353	1.47	-0.12
Jan 13	12.37	13.25	10.15	11.10	60145	844	676907	3.1	-1.27
Feb 13	11.40	12.00	9.10	9.95	28033	558	273787	2.9	-1.45
Mar 13	9.60	11.00	7.80	8.01	28394	637	250742	3.2	-1.59
Apr 13	8.10	9.10	7.58	9.10	3916	68	32657	1.52	1

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

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Shareholding Pattern as on 31st March, 2013:

	Category	No of Shares Held	% Of Share Holding
A.	Promoter (S) Holding		
	Promoter (s)		
	- Indian Promoters	37,56,200	49.03
	- Foreign Promoters	0	0.00
	Sub - Total (A)	37,56,200	49.03
B.	Non-Promoters Holding		
	Institutional Investors		
i.	Mutual Funds & UTI	0	0.00
ii.	Banks, Financial Inst, Insurance Company, Central / State Govt Inst / Non-Govt Inst FII's	0 0	0.00 0.00
	Others		
i.	Private Corporate Bodies	1,36,721	1.78
ii.	Indian Public	32,53,207	42.47
iii.	NRI/OCBS	1,18,452	1.55
iv	Clearing Members	19,239	0.25
v	Market Maker	362	0.00
vi	Hindu Undivided Family (HUF)	3,76,619	4.92
	Sub - Total (B)	39,04,600	50.97
	GRAND TOTAL	76,60,800	100.00

For and On behalf of the Board

Place: Mumbai
Date: 30th May, 2013

Suresh N. Mutreja
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Economy:

India is expected to record 6.1 per cent gross domestic product (GDP) growth in the current fiscal. The growth is expected to increase further to 6.7 per cent in 2014-15, according to the World Bank's latest India Development Update, a bi-annual report on the Indian economy. While, the Prime Minister's Economic Advisory Panel expects the economic growth rate to increase to 6.4 per cent in 2013-14 from 5 per cent during 2012-13, on back of improvement in performance of agriculture and manufacturing sectors.

India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country, according to Deloitte.

Textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. Man-made fibre production recorded an increase of 2 per cent during the year 2012-13.

Polyester filament yarn market presented modest appearance and prices were relatively stable due to moderate demand from the downstream market in the Chinese domestic market. Polyester filament yarn market sentiments remained moderate due to weak market fundamentals during the second half.

Company's Business

The Company has established its name in Polyester Texturised yarn since 1983. Today we are one of the leading manufacturers of Polyester Texturised Yarn and processors of cotton, Polyester and other Fancy yarns in India with Customers having diverse uses. **Quality Products and services** has been our top most priority and after continuous research and efforts, we have ventured into the dyeing of various qualities of Yarns. Its end-users comprise players from the Shirting, Suitings, Label, Upholstery, Hosiery, Furnishings, Automative and ready-made garments industries etc.

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

Industry Structure and Developments:

The Indian Textile Industry is one of the key and integrated industries in the Indian economy. It is the largest employer after agriculture. It employs approximately 35 million people directly and 50 million people indirectly. The industry accounts for approximately 14% of industrial production, 17% to gross export earnings and 4% to national GDP.

Textile industry can be segmented into Natural fibres and Man-Made Fibres (MMFs) based on use of basic raw material, cotton or crude oil derivate, respectively. Due to tropical climate, cotton is considered as preferred choice over MMF. Even though, cotton is the dominantly consumed fibre in India the share of cotton in total fibre consumption has shown a decline over the years. It has declined from 74% in FY10 to 59% in FY11. The share of MMF is poised for higher growth and is expected to share 45% by FY17 of the overall fibre consumption pie by the textile industry, mainly driven by the limited availability & growth of cotton, increased blending and the huge price differential.

The demand for MMF from textile sector will largely be driven by the growing demand for clothing along with the augmented demand for the home textiles and technical textiles. The MMF industry can be classified into synthetic and cellulosic fibres comprising polyester, olefin, nylon, acrylics, viscose etc. Polyester alone accounted for approximately 82% of the total MMF consumption in FY11. The widening price differential between cotton and polyester and growth in use of non-cotton spun yarn and fabrics will drive the demand for polyester in India.

Raw material prices and availability play a crucial role in the MMF industry. Raw material cost contributes 75-85% to the total operating cost. The key raw materials used are Purified Terephthalic Acid (PTA), Mono - Ethylene Glycol (MEG) - for Polyester, Caprolactam - for Nylon and Rayon Grade Wood pulp -for Viscose.

Opportunities:

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

Threats:

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

Segment-wise performance:

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

Insurance:

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

Human Resources:

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

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

Safety, Health and Environment

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

Outlook:

The outlook India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has many long-term challenges that it has not yet fully addressed, including poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration.

The textile industry, including cotton textile producers, exporters and the apparel exporters have sought reduction in excise duty on Man Made Fibres from 12% to 8% optional excise duty, to ensure parity along with cotton textiles. With the cost of production going up in China, man-made fibre-based textiles industry of India has an opportunity of opening up for expansion of its market share, if competitive raw materials can be ensured. The reduction in the duty for raw materials such as PTA, MEG and DMT is necessary to avoid an inverted duty structure once the duty on fibres is reduced.

And also, land to cultivate cotton is going to fall, with the same land competing with other remunerative food crops and water consumption across the whole cotton textile value chain is also very high. This puts a question mark on long term viability and prospects of the production of the natural fibre. Man-made fibres will also be in very good demand from the burgeoning technical textiles sector.

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

Risks and concerns:

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

Environmental Preservation:

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

Internal control systems and their adequacy:

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

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

Discussion on financial performance with respect to operational performance:

During the year, your Company has performed substantially well purely due to utilization of its rich experience and concentration on optimum utilisation of capacity along with the better conversion and also monitoring; controlling and restricting the manufacturing expenses. FY 2012-13 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. Despite these constraints and challenging environment, the company performed reasonably well and the highlights of the performance are as under:

- Revenue from operations increased by 12.21% to Rs 9323.23 lacs.
- Exports increased by 204.64% to Rs 438.99 lacs
- PBDIT increased by 24.95% to Rs 603.82 lacs
- Net Profit after tax decreased by 24.99% to Rs 87.59 lacs mainly due to increase in finance cost and enhanced depreciation.

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

**Place: Mumbai
Date: 30th May, 2013**

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

INDEPENDENT AUDITOR'S REPORT

To the Members of VALSON INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **VALSON INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**

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

Place: Mumbai

Date: 30th May 2013

Annexure to the Auditor's Report

(Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of **VALSON INDUSTRIES LIMITED** for the year ended 31st March, 2013)

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 a Director and fifteen of their relatives covered in the Register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 257.50 Lacs. The maximum amount outstanding from the said parties is Rs. 293.50 Lacs.
(d) 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.

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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 and have complied with the directives of the Reserve Bank of India and the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate.
9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2013 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. 512.04 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
3	Gujarat Vat Authorities	Entry Tax	Dy. Commissioner of Commercial Tax Appeal, Division 05	Financial Year 2008-2009	509.65

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

**For MEHTA CHOKSHI & SHAH
CHARTERED ACCOUNTANTS**

**A. R. MEHTA
PARTNER**

**MEMBERSHIP NO. 46088
Firm Registration No : 106201W**

**Place: Mumbai
Date: 30th May 2013**

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BALANCE SHEET AS AT 31ST MARCH 2013

	NOTE NO.	AS AT 31.03.2013 Rs. in Lacs	AS AT 31.03.2012 Rs. in Lacs
A) EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	766.08	766.08
(b) Reserves and surplus	4	1,449.68	1,406.91
		2,215.76	2,172.99
2) Non-current liabilities			
(a) Long-term borrowings	5	1,033.36	1,132.39
(b) Deferred tax liabilities (net)	6	401.99	370.42
		1,435.35	1,502.81
3) Current liabilities			
(a) Short-term borrowings	7	495.66	405.59
(b) Trade payables	8	526.30	572.54
(c) Other current liabilities	9	406.17	304.92
(d) Short-term provisions	10	44.81	-
		1,472.94	1,283.05
		5,124.05	4,958.85
TOTAL			
B) ASSETS			
1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		3,144.39	3,037.92
(ii) Intangible assets		20.93	25.42
(iii) Capital work-in-progress - Tangible		13.22	103.04
		3,178.54	3,166.38
(b) Non Current Investments		1.27	1.27
451 (451) equity shares of Reliance Power Ltd - (Rs.10/- Face Value) (Market Value Rs. 0.27 Lacs (prev. year Rs. 0.53 Lacs)			
(c) Long-term loans and advances	12	101.49	127.00
		3,281.30	3,294.65
2) Current assets			
(a) Inventories	13	652.32	600.90
(b) Trade receivables	14	891.12	773.37
(c) Cash and cash equivalents	15	103.58	94.41
(d) Short-term loans and advances	16	53.25	75.55
(e) Other Current Assets	16	142.48	119.97
		1,842.75	1,664.20
		5,124.05	4,958.85
TOTAL			

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

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

ABHAY R. MEHTA
Partner
Membership No. 46088
Firm Registration No. 106201W
Place : Mumbai
Date : 30th May, 2013

For and on behalf of the Board of Directors

Suresh N. Mutreja
Chairman and
Managing Director

Lalit N. Mutreja
Executive Director

Kunal S. Mutreja
Chief Executive Officer

Statement of Profit and Loss for the year ended 31ST March, 2013

	NOTE NO.	FOR THE YEAR ENDED 31.03.2013 Rs. in Lacs	FOR THE YEAR ENDED 31.03.2012 Rs. in Lacs
1 Revenue from operations (gross)	17	9,388.10	8,356.01
Less: Excise duty		64.87	47.03
Revenue from operations (net)		9,323.23	8,308.98
2 Other Income	18	90.95	49.15
3 Total revenue (1+2)		9,414.18	8,358.13
4 Expenses			
(a) Cost of materials consumed	19	5,818.73	5,219.26
(b) Changes in inventories of finished goods	20	47.18	13.95
(c) Employee benefits expense	21	729.00	544.65
(d) Finance costs	22	207.38	122.88
(e) Depreciation and Amortisation expense	11	247.49	217.95
(f) Other expenses	23	2,215.45	2,097.01
Total Expenses		9,265.23	8,215.70
5 Profit before tax (3 - 4)		148.95	142.43
6 Tax expense:			
(a) Current tax expense for current year		29.80	30.00
(c) Current tax expense relating to prior years		-	(2.30)
(d) Net current tax expense		29.80	27.70
(e) Deferred tax		31.56	(2.03)
		61.36	25.67
7 Profit for the year (5 - 6)		87.59	116.76
8 Earnings per share (of Rs.10/- each):			
Basic & Diluted - EPS		1.14	1.52

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

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

ABHAY R. MEHTA
Partner
Membership No. 46088
Firm Registration No. 106201W
Place : Mumbai
Date : 30th May, 2013

For and on behalf of the Board of Directors

Suresh N. Mutreja
Chairman and
Managing Director

Lalit N. Mutreja
Executive Director

Kunal S. Mutreja
Chief Executive Officer

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	For the year ended 31 March, 2013 (Rs. In Lacs)	For the year ended 31 March, 2012 (Rs. In Lacs)
A. Net Cash flow from operating activities :		
Net profit before tax	148.95	142.43
<i>Adjustments for:</i>		
Depreciation and amortisation	247.49	217.95
Loss on sale / Extinguishment of assets	-0.40	-10.40
Finance costs	178.41	102.96
Operating Profit before working capital changes	574.45	452.95
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	-51.42	91.38
Trade receivables	-117.75	-155.94
Long-term loans and advances	25.51	-54.20
Short-term loans and advances	22.30	-22.08
Other Current Assets	-22.50	0.45
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	-46.25	-30.34
Other current liabilities	101.25	-14.05
	-88.87	-184.78
Cash generated from operations	485.58	268.16
Less :- Direct Tax Paid (Net of Refund)	29.80	35.29
Net cash flow from operating activities (A)	455.78	232.88
B. Net Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	-277.92	-455.88
Proceeds from sale of fixed assets	18.67	45.42
Interest Income	28.97	19.91
Net cash flow from investing activities (B)	-230.28	-390.55
C. Net Cash flow from financing activities :		
Net Increase / (decrease) of long-term borrowings	-99.02	384.92
Net increase / (decrease) in short term borrowings	90.07	45.40
Finance cost	-207.38	-122.88
Dividends paid	0.00	-76.61
Tax on dividend	0.00	-12.43
Net cash flow from financing activities (C)	-216.33	218.41
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	9.17	60.74
Cash and cash equivalents at the beginning of the year	94.41	33.67
Cash and cash equivalents at the end of the year	103.58	94.41
<i>Reconciliation of Cash and cash equivalents with the Balance Sheet:</i>		
Cash on hand	11.72	5.90
Balances with Banks	91.86	88.51
Cash and cash equivalents at the end of the year	103.58	94.41

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

ABHAY R. MEHTA
Partner
Membership No. 46088
Firm Registration No. 106201W
Place : Mumbai
Date : 30th May, 2013

For and on behalf of the Board of Directors

Suresh N. Mutreja
Chairman and
Managing Director

Lalit N. Mutreja
Executive Director

Kunal S. Mutreja
Chief Executive Officer

Notes forming part of the financial statements for the year ended 31st March 2013

Note 1 Corporate information

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

Note 2 Significant accounting policies:**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

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

2.2 USE OF ESTIMATES:

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

2.3 REVENUE RECOGNITION:

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

2.4 FIXED ASSETS:

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

2.5 INVENTORIES:

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

2.6 DEPRECIATION:

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

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

2.7 BORROWING COST:

The borrowing cost has been treated in accordance with the Accounting Standard on Borrowing Cost (AS – 16) issued by ICAI.

2.8 RETIREMENT BENEFITS:

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

2.9 TAXES ON INCOME:

Provision for taxation has been made in accordance with the applicable income tax laws prevailing for the relevant assessment year.

Notes forming part of the financial statements for the year ended 31st March 2013

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2.10 **EXCISE DUTY:**

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

The Company has opted for optional excise duty of either to take cenvat credit on input and payment of excise duty on removal of goods and accordingly provision for excise duty on closing stock as on 31st March, 2013 Rs. 0.46 Lacs (Previous year Rs. 0.39 Lacs) has been made for the same.

2.11 **CENVAT:**

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

2.12 **TRANSACTIONS IN FOREIGN CURRENCY:**

Revenue transactions made in foreign currency are translated at the applicable prevailing exchange rate. Payments / Receipts made in foreign currency are translated at the applicable rate prevailing on the date of remittance. Outstanding balance 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.

Premiums or discounts arising at the inception of the forward foreign exchange contracts, other than contracts to hedge a firm commitment or a highly probable forecast transaction, are amortised and recognised in the Statement of Profit and Loss over the period of the contract. Such forward foreign exchange contract outstanding as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

2.13 **PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET:**

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

2.14 **IMPAIRMENT OF ASSETS:**

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

2.15 **INVESTMENT:**

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

2.16 **GOVERNMENT GRANTS, SUBSIDIES:**

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

Notes forming part of the financial statements for the year ended 31st March 2013

2.17 EMPLOYEE BENEFITS:**i. Provident Fund:**

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

ii. Gratuity:

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

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

a) Mortality Rate	LIC (1994-96)
b) Discounting Rate	8.25%
c) Salary Escalation	6.0%
d) Retirement Age	60

iii. Provision for Unutilized Leave

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

2.18 SEGMENT REPORTING:

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

2.19 EARNINGS PER SHARE:

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

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Notes forming part of the financial statements for the year ended 31st March 2013

Note 3 - Share capital :

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares (in Lacs)	Rs. in Lacs	Number of shares (in Lacs)	Rs. in Lacs
(a) Authorised Equity shares of Rs.10 each with voting rights	120.00	1,200.00	120.00	1,200.00
(b) Issued Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
(c) Subscribed and fully paid up Equity shares of Rs.10 each with voting rights	76.61	766.08	76.61	766.08
Total	76.61	766.08	76.61	766.08

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

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2013				
- Number of shares(in lacs)	76.61	-	-	76.61
- Amount (Rs. in lacs)	766.08	-	-	766.08
Year ended 31 March, 2012				
- Number of shares(in lacs)	76.61	-	-	76.61
- Amount (Rs. in lacs)	766.08	-	-	766.08

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

Class of shares / Name of shareholders	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares helds	% holding in that class of shares	Number of shares helds	% holding in that class of shares
Equity shares with voting rights				
Suresh N. Mutreja	7.02	9.16	7.02	9.16
Lalit N. Mutreja	6.571	8.58	6.571	8.58

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

a) Bonus (1 : 1) Equity shares allotted on 9th December 2009

Particulars	Aggregatenumeroof shares (in lacs)	
	As at 31 March, 2013	As at 31 March, 2012
Equity shares with voting rights Fully paid up by way of Bonus shares as on 9th December 2009.	38.304	38.304

Notes forming part of the financial statements for the year ended 31st March 2013

Note 4 Reserve and Surplus :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
(a) Securities premium Reserve		
Opening balance	160.54	160.54
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	160.54	160.54
(b) General Reserve		
Opening balance	301.47	286.47
Add: Transferred from Statement of Profit and Loss	15.00	15.00
Less: Utilised / transferred during the year	-	-
Closing balance	316.47	301.47
(c) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	944.90	843.14
Add: Profit for the year	87.59	116.76
Less: Proposed Dividend on equity shares	38.30	-
Tax on dividend	6.51	-
Transferred to General Reserve	15.00	15.00
Closing balance	972.67	944.90
Total	1,449.68	1,406.91

Note 5 Long-term borrowings :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
SECURED:		
Term Loan from Banks		
Bank of India	468.47	428.06
IDBI Bank Ltd.	202.72	259.64
	671.19	687.70
Vehicle Loans	4.17	10.69
Total	675.36	698.39
UNSECURED:		
Deposits from Related Parties (Refer note 25)	72.00	72.00
Deposits from Others	286.00	362.00
Total	358.00	434.00
Total	1,033.36	1132.39

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

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

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Notes forming part of the financial statements for the year ended 31st March 2013

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

Particulars	Term Loan Rs. in Lacs	Vehicle Loan Rs. in Lacs
In first year (refer Note 9)	208.67	10.59
	208.67	10.59
In Second year	192.33	3.39
In Third to fifth year	478.86	0.78
	671.19	4.17

Note 6 Deferred Tax Liability (Net):

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
<u>Attributable to the following items:</u>		
Liabilities - Depreciation	419.73	383.96
Assets - Provision for Bonus & Leave salary	17.74	13.54
Total	401.99	370.42

Note 7 Short-term borrowings:

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
<u>SECURED:</u>		
<u>Facilities from Bank of India:</u>		
Cash Credit facilities	432.51	387.79
Packing Credit facilities	63.15	17.80
Total	495.66	405.59
Security :- <u>Working Capital Facility</u>		
a) Secured by First charge on Pari Passu charge on Current Assets including Stocks and Book debts and Personal Guarantee of the directors.		
b) Secured by second Pari Passu charge on all fixed Assets of existing units of company in Silvassa and Vapi and exclusive charge on all fixed assets of Silli Unit.		

Notes forming part of the financial statements for the year ended 31st March 2013

Note 8 Trade Payables:

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
Trade payables:		
Micro, Small & Medium Enterprises (Refer Note 24.2)	25.21	30.07
Others	501.09	542.47
Total	526.30	572.54

Note 9 Other current liabilities :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
(a) Current maturities of long-term debt from Banks. (Refer Note 5 for Security.)	219.26	169.91
(b) Interest accrued & due on deposits	-	8.37
(c) Interest accrued & due on Term Loan	4.50	5.67
(d) Other payables :		
(i) Statutory Liabilities	47.75	34.20
(ii) Advances from customers	50.47	8.06
(iii) Unpaid Dividend	3.54	5.72
(iv) Other Liabilities	80.65	72.99
Total	406.17	304.92

a) Details of Current maturities of Long Term Debts.

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
SECURED:		
Term Loan from:		
Bank of India	148.67	72.00
IDBI Bank Ltd	60.00	87.92
Vehicle Loans	10.59	9.99
Total	219.26	169.91

Note 10 Short-term provisions:

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
Provision for proposed Equity Dividend	38.30	-
Provision for Tax on dividend	6.51	-
Total	44.81	-

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Notes forming part of the financial statements for the year ended 31st March 2013

Note 11 FIXED ASSETS

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT 1/04/2012	ADDITIONS DURING THE YEAR	DISPOSAL DURING THE YEAR	BALANCE AS AT 31/03/2013	BALANCE AS AT 01/04/2012	FOR THE CURRENT YEAR	ELIMINATED ON DISPOSAL OF ASSETS	BALANCE AS AT 31/03/2013	BALANCE AS AT 31/03/2013	BALANCE AS AT 31/03/2012
A) Tangible Assets										
Land - Freehold	37.03	-	-	37.03	-	-	-	-	37.03	37.03
Land - Leasehold	48.65	-	-	48.65	-	-	-	-	48.65	48.65
Factory Building	953.98	23.36	-	977.34	187.91	32.35	-	220.26	757.08	766.07
Plant & Machineries										
Basic Machineries	2,776.84	246.40	84.47	2,938.77	1,046.14	166.72	68.00	1,144.86	1,793.91	1,730.70
Utility Ancillary Equipments and Expenses Capitalised	333.37	9.96	8.94	334.39	182.95	12.58	7.14	188.39	146.00	150.42
Electrical Installation	188.90	70.34	-	259.24	49.82	11.26	-	61.08	198.16	139.08
Office Premises*	43.83	-	-	43.83	6.43	0.71	-	7.14	36.69	37.40
Staff Quarters	7.28	-	-	7.28	1.20	0.12	-	1.32	5.96	6.08
Office Equipments	27.64	5.25	-	32.89	13.84	1.77	-	15.61	17.28	13.80
Computer	58.18	3.36	-	61.54	43.68	4.20	-	47.88	13.66	14.50
Vehicles - Car	84.31	5.72	-	90.03	22.51	7.93	-	30.44	59.59	61.80
Vehicles - Scooter	2.82	-	-	2.82	1.71	0.27	-	1.98	0.84	1.11
Furniture & Fixtures	65.55	1.84	-	67.39	34.26	3.59	-	37.85	29.54	31.29
Total - A	4,628.38	366.23	93.41	4,901.20	1,590.45	241.50	75.14	1,756.81	3,144.39	3,037.92
Previous Year - A	4,117.32	767.07	256.01	4,628.38	1,594.59	216.86	220.99	1,590.45	3,037.93	2,522.73
B) Intangible Assets										
Software **	32.54	1.50	-	34.04	7.12	5.99	-	13.11	20.93	25.42
Total - B	32.54	1.50	-	34.04	7.12	5.99	-	13.11	20.93	25.42
Previous Year - B	8.86	23.69	-	32.54	6.03	1.10	-	7.13	25.41	2.83
Total - A + B	4,660.92	367.73	93.41	4,935.24	1,597.58	247.49	75.14	1,769.93	3,165.31	3,063.34
Previous Year - A+B	4,126.18	790.76	256.01	4,660.92	1,600.62	217.96	220.99	1,597.58	3,063.34	2,525.56

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

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

Note 12 Long-term loans and advances:

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
Unsecured, considered good :		
Deposits with Govt. Authorities	69.08	68.98
Deposits for Raw-materials Utility and Service providers	7.56	7.56
Advance against Capital Goods	10.09	33.81
Advance Tax (Net of Provisions)	14.76	16.65
Total	101.49	127.00

Notes forming part of the financial statements for the year ended 31st March 2013

Note 13 Inventories :

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

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
Raw materials (At Cost)	225.36	239.54
Raw materials in Transit (At Cost)	3.95	-
Finished goods (lower of cost or market value)	352.38	399.56
Packing Materials (At cost)	30.61	34.21
Packing materials in Transit (At Cost)	0.40	-
Stores and Spares (At cost)	25.38	9.26
Stores and Spares in Transit (At Cost)	0.02	-
Coal and Diesel (At cost)	14.22	12.12
Total	652.32	600.90

Note 14 Trade receivables :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
Unsecured, considered good:		
Debts exceeding six months	41.40	30.14
Others	849.72	743.23
Total	891.12	773.37

Note 15 Cash and cash equivalents :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
(a) Cash on hand	11.72	5.90
(b) Balances with banks		
(i) In current accounts	63.02	60.29
(ii) For Unpaid dividend accounts	3.56	5.74
(iii) In earmarked deposit accounts		
- Balances held as margin money against guarantees and other commitments. All the deposits are for period exceeding 12 months	25.28	22.48
Total	103.58	94.41

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Notes forming part of the financial statements for the year ended 31st March 2013

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

Particulars	As At 31 March, 2013 Rs. in Lacs	As At 31 March, 2012 Rs. in Lacs
A) Short term Loans & Advances: Unsecured, considered good:		
(i) Loans and advances to employees	36.36	31.33
(ii) Advances to Others Suppliers	16.89	44.22
	53.25	75.55
B) Others Current Assets: Unsecured, considered good:		
(i) Balances with government authorities	1.80	6.97
(ii) Prepaid expenses	16.10	26.17
(iii) Others	124.58	86.83
	142.48	119.97
Total	195.73	195.52

Note 17 Revenue from operations :

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
(a) Sale of Manufactured Goods (Texturised, Twisted, Dyed & Fancy Yarn)		
Domestic Sales	7714.52	7,069.18
Export Sales	474.26	151.50
	8188.78	7,220.68
(b) Sale of Waste Yarn	3.10	6.22
(c) Processing Charges (Texturising, Twisting & Dyeing)	1,196.22	1,129.11
Total	9,388.10	8,356.01

Note 18 Other income:

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
(i) Interest received	28.97	19.91
(ii) Sundry balances written back	5.44	3.31
(iii) Export Incentives	29.75	12.49
(iv) Foreign exchange fluctuation gain	4.19	1.10
(v) Profit on sale of Fixed assets	0.40	10.40
(v) Other Misc Income	22.20	1.94
Total	90.95	49.15

Notes forming part of the financial statements for the year ended 31st March 2013

Note 19 Cost of Materials Consumed :

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Indigenous		
Opening stock	145.75	239.54
Add: Purchases	5,902.29	5,125.47
	6,048.04	5,365.01
Less: Closing stock	229.31	145.75
Total	5,818.73	5,219.26

a) Cost of Materials consumed

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Yarns	4,970.74	4,435.40
Dyes & Chemicals	847.99	783.86
Total	5,818.73	5,219.26

Note 20 Changes in inventories of finished goods:

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Inventories at the end of the year:		
Finished goods	352.38	399.56
Inventories at the beginning of the year:		
Finished goods	399.56	413.51
Total	47.18	13.95

Note 21 Employee benefits expense :

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Salaries and Wages	665.74	485.63
Contributions to Provident funds / ESIC & LWF	41.75	40.39
Staff welfare expenses	21.51	18.63
Total	729.00	544.65

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Notes forming part of the financial statements for the year ended 31st March 2013

Note 22 Finance costs :

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
(a) Interest expense on:		
On Term Loans (Net of Tuf's subsidy)	102.36	60.49
On Working Capital	51.45	42.23
On Unsecured Loans & Others	53.57	20.16
Total	207.38	122.88

Note 23 Other Expenses :

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
a) Manufacturing Expenses:		
Stores and spare part consumption (Refer Note below)	73.75	73.70
Packing Materials consumption	362.63	337.40
Power and fuel	961.43	927.37
Machinery Repairs and maintenance	20.33	26.82
Processing & Labour Charges	7.63	28.20
Security Charges	25.26	21.68
Factory Expenses	28.67	28.80
Total	1,479.70	1,443.97
b) Administrative & Selling Expenses:		
Freight and forwarding	246.78	185.75
Brokerage and Commission	105.82	85.50
Discounts	83.78	86.72
Sales Tax (VAT)	55.25	75.25
Advertisement & Business Promotion expenses	2.58	13.18
Rent	4.59	3.84
Repairs - Buildings	1.80	2.18
Repairs - Others	27.25	23.23
Insurance	3.80	3.06
Rates and taxes	10.80	0.49
Travelling	16.86	26.43
Conveyance	7.16	5.36
Printing and stationery	22.63	19.83
Bank Charges & Commission	6.94	5.83
Postage, Telephone and Courier Charges	15.88	16.86
Vehicle Maintenance Exps	17.54	16.50
Office Electricity	5.80	5.22
Donations	0.29	0.28
Legal and professional fees	34.35	30.38
Director's Remuneration	31.29	29.51
Director's Sitting Fees	0.50	0.80
Payments to Auditors: (Refer Note below)	2.79	2.69
Miscellaneous Expenses	14.85	14.16
Bad Debts	16.42	-
Total	735.74	653.05
Total (a+b)	2,215.45	2,097.02

Notes forming part of the financial statements for the year ended 31st March 2013

a) Stores and Spares consumed

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Indigenous	62.33	73.30
Imported	11.42	0.40
Total	73.75	73.70

b) Payments to the Auditors:

Particulars	For the year ended 31 March, 2013 Rs. in Lacs	For the year ended 31 March, 2012 Rs. in Lacs
Statutory & Tax Audit Fees	2.36	2.35
Certification fees	0.43	0.34
Total	2.79	2.69

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Notes forming part of the financial statements for the year ended 31st March 2013

Note 24 Additional information to the financial statements :

Particulars	As at 31 March, 2013 Rs. in Lacs	As at 31 March, 2012 Rs. in Lacs
24.1 Contingent Liabilities and Commitments		
<u>i) Claims against the Company not acknowledged as debts :</u>		
The disputed demands of VAT & Entry Tax on the Yarn received for Dyeing Job Work by the Vapi Unit for FY 2008-2009 wherein the company is in appeal before the appellate authority and has also obtained for the stay of demand.	509.65	NIL
The assessment resulting in the disputed demands of VAT & Entry Tax on the Yarn received for Dyeing Job Work by the Vapi Unit for F Y 2006-2007 and 2007-2008 amounting to Rs. 643.48 Lacs have been remanded back to the Assessing Officer for remand assessments by the appellate authority. The Company has made the representation to the Gujarat Govt. for Remission.	NIL	643.48
Textile Cess claim against the claim not admitted as debts	2.39	2.39
	512.04	645.87
24.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	25.21	30.07
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(d) The amount of interest due and payable for the year	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil
Note :- Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
24.3 Value of Imports (calculated on CIF basis) :		
(a) Capital goods (Capital WIP)	-	28.06
(b) Plant & Machinery	7.89	-
(c) Machinery Spares	9.97	0.40
24.4 Expenditure in foreign currency (on accrual basis) :		
Travelling Expenses	0.51	8.11
24.5 Earnings in foreign exchange (calculated on FOB value) :		
Export of goods calculated on FOB basis	438.99	144.10

Notes forming part of the financial statements for the year ended 31st March 2013

Note 25 Disclosures under Accounting Standards :

Segment information

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

Inter divisional transfer

Inter divisional transfer for Sales/ Processing charges for Texturising, Twisting and Dyeing of Rs. 14,59,29,733/- (Previous Year Rs. 13,07,40,984/-) are not considered for sales as well as manufacturing expenses as per Accounting Standard (AS-9) 'Revenue Recognition' issued by The Institute of Chartered Accountants of India.

Related party disclosures as per (AS-18)

Details of related parties:	
Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Suresh Mutreja (Chairman & Managing Director) Mr. Lalit Mutreja (Executive Director)
Relatives of Key Management Personnel	Mrs. Sheeladevi Mutreja - Mother of CMD Mrs. Kajal Mutreja - Wife of Executive Director Mrs. Tina Mutreja - Daughter in law of CMD Mr. Kunal Mutreja - Son of CMD Mr. Varun Mutreja - Son of CMD Mr. Ankit Mutreja - Son of CMD
Note: Related parties have been identified by the Management. Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:	

Related party transactions Contd....

(Rs. in lacs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Total
Rent Income	Nil (Nil)	3.60 (Nil)	3.60 0.00
Rent Paid	Nil (Nil)	3.84 (3.84)	3.84 (3.84)
Packing Materials	Nil (Nil)	79.74 (Nil)	79.74 (Nil)
Remuneration	31.29 (29.51)	12.69 (11.15)	43.98 (40.66)

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Notes forming part of the financial statements for the year ended 31st March 2013

Related party transactions Contd....

(Rs. in lacs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest Payment	3.00 (1.37)	5.64 (3.33)	8.64 (4.70)
Balances outstanding at the end of the year: Borrowings - Deposits (unsecured)	25.00 (25.00)	47.00 (47.00)	72.00 (72.00)
Packing Materials	Nil (Nil)	16.97 (Nil)	16.97 (Nil)

Earnings per share:

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Basic & Diluted EPS		
Net profit after Tax for the year from continuing operations attributable to the equity shareholders (Rs. In Lacs)	87.59	116.76
Weighted average number of Equity Shares (shares in Lacs)	76.61	76.61
Nominal Value per share	10.00	10.00
Earnings per share - Basic & Diluted	1.14	1.52

Deferred tax (liability) / Assets:

Particulars	As At 31 March, 2013 Rs. in Lacs	As At 31 March, 2012 Rs. in Lacs
Tax effect of items constituting deferred tax liability		
On difference between book and tax depreciation	419.73	383.96
On expenditure deferred in the books but allowable for tax purpose.		
Tax effect of items constituting deferred tax liability	419.73	385.33
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	17.74	13.54
Tax effect of items constituting deferred tax assets	17.74	13.54
Net deferred tax (liability) / asset	401.98	370.42

Previous year's figures :

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

FINANCIAL PERFORMANCE HIGHLIGHTS

(Rs. in Lacs)

Particulars	2013	2012	2011
Revenue from operations (net)	9323.23	8308.98	8192.28
Expenses	8810.36	7874.87	7519.56
Earnings before other Income Interest, Tax, Depreciation (EBITDA)	512.87	434.11	672.72
Other Income	90.95	49.15	32.10
Earnings before Interest, Tax, Depreciation (EBITDA)	603.82	483.26	704.82
Finance costs	207.38	122.88	80.28
Earnings before Tax, Depreciation (EBTDA)	396.44	360.39	624.54
Depreciation and amortisation expense	247.49	217.95	225.68
Earnings before Tax	148.95	142.43	398.86
Taxes	61.36	25.67	130.56
Earnings after Tax	87.59	116.76	268.31
A) EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	766.08	766.08	766.08
(b) Reserves and surplus	1,449.68	1,406.91	1,290.15
Non-current liabilities			
(a) Long-term borrowings	1,033.36	1,132.39	747.46
(b) Deferred tax liabilities (net)	401.99	370.42	372.45
Current liabilities			
(a) Short-term borrowings	495.66	405.59	360.19
(b) Trade payables	526.30	572.54	602.88
(c) Other current liabilities	406.17	304.92	318.97
(d) Short-term provisions	44.81	-	96.63
	5124.05	4958.85	4554.81
B) ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	3,144.39	3,037.92	2,525.73
(ii) Intangible assets	20.93	25.42	7.05
(iii) Capital work-in-progress - Tangible	13.22	103.04	430.70
(b) Non Current Investments	1.27	1.27	1.27
(c) Long-term loans and advances	101.49	127.00	72.80
Current assets			
(a) Inventories	652.32	600.90	692.28
(b) Trade receivables	891.12	773.37	617.43
(c) Cash and cash equivalents	103.58	94.41	33.67
(d) Short-term loans and advances	53.26	75.55	53.47
(e) Other Current Assets	142.48	119.97	120.41
	5124.05	4958.85	4554.81

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Particulars	2013	2012	2011
Important Ratios			
(A) Measures of Performance			
Operating Profit	5.50%	5.22%	8.21%
Interest / Sales	2.22%	1.48%	0.98%
Gross Profit Margin	4.25%	4.34%	7.62%
Net Profit	0.94%	1.41%	3.28%
Return of Net worth	3.95%	5.37%	13.05%
(B) Measures of Financial Status			
Debt / Equity Ratio (LT & ST)	0.7	0.7	0.5
Current Ratio	1.3	1.3	1.1
Interest Coverage	2.6	3.7	7.2
Debtors Period (in Days)	34.9	34.0	27.5
Fixed Assets to Turnover	2.9	2.6	2.8
(C) Measures of Investments			
Earnings Per Share (EPS/Diluted)	1.14	1.52	3.50
Cash Earnings per Share	4.37	4.37	6.45
Dividend per Share	-	1.00	1.50
Dividend Payout (%)	0.0%	0.0%	28.6%
Profit Plough back (%)	100.0%	100.0%	71.4%
Book Value*	28.92	28.37	26.84

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

Annexure to Gratuity Valuation Report Valuation as at 31.3.2013

I	Assumptions as at	31.3.2012	31.3.2013
	Mortality Rate	LIC(1994-96)	LIC(1994-96)
	Discount Rate	8.50%	8.25%
	Salary escalation rate	6.00%	6.00%
	Rate of return (expected) on plan assets	0.00%	0.00%
	Withdrawal rate	1%throughout	1%throughout
	Benefits (As per Act) with Limit	1,000,000	1,000,000
	Retirement age	60	60
	Expected average remaining service	28	28
Period of accounting		1-4-2012 to 31-3-2013	
I.	Data information	on 31.3.2013	on 31.3.2012
	Number of members	364	333
	Total monthly salaries	2383877	2232102
	Average age	32.1	32.4
	Average Service (years)	2.1	2.4
II	Changes in present value of obligations		
	PVO at beginning of year	1,995,258	
	Interest cost	150,606	
	Current service cost	200,189	
	Benefits Paid	(446,838)	
	Actua(gain)/loss on obligation	136,731	
	PVO at end of year	2,035,946	(all 6 units together)

III Changes in fair values of plan assets

Fair Value of Plan Assets at beginning of year	0	
Expected Return on Plan Assets	0	
Contributions	446,838	
Benefit Paid	(446,838)	as given
Actuarial (gain)/loss on plan assets	0	
Fair Value of Plan Assets at end of year (estimated)	0	

IV Fair Value of Plan Assets

Fair Value of Plan Assets at beginning of year	0	
Actual Return on Plan Assets	0	as given
Contributions	446,838	as given
Benefit Paid	(446,838)	as given
Fair Value of Plan Assets at end of year	0	
Funded Status	(2,035,946)	
Excess of actual over estimated return on Plan Assets	0	

V Actuarial (gain)/loss Recognized

Actuarial (gain)/loss for the year (Obligation)	(136,731)
Actuarial (gain)/loss for the year (Plan Assets)	0
Total (gain)/loss for the year	(136,731)
Actuarial (gain)/loss recognized for the year	(136,731)
Unrecognized Actuarial (gain)/loss at end of year	0

VI Amounts to be recognized in the balance sheet and statement of profit & loss account

PVO at end of year	2,035,946
Fair Value of Plan Assets at end of year	0
Funded Status	(2,035,946)
Unrecognized Actuarial (gain)/loss	0
Net Asset/(Liability) recognized in the balance sheet	(2,035,946)

VII Expense recognized in the statement of P & L A/C

Current Service Cost	200,189
Interest cost	150,606
Expected Return on Plan Assets	0
Net Actuarial (gain)/loss recognized for the year	136,731
Expense recognized in the statement of P & L A/C	487,526

VIII Movements in the Liability recognized in Balance Sheet

Opening Net Liability	1,995,258
Expenses as above	487,526
Contribution paid	(446,838)
Closing Net Liability	2,035,946

IX. Break up of total liabilities as per Revised Schedule VI of Companies Act.

	31.3.2013	31.3.2012
Current liabilities.	62,214	81,441
Non-current liability	1,973,732	1,913,817
Total liability	2,035,946	1,995,258

X. Experience History Information:

	current year 31.3.2013	last year 31.3.2012
Defined benefit obligation at end of period	2,035,946	1,995,258
Plan Assets at end of period (No Fund)	0	0
Funder status - Surplus / (Deficit)	(2,035,946)	(1,995,258)
Actuarial (gain) /loss due to change in basis	7,141	(9,981)
Actuarial (gain) /loss due to experience	129,590	696,929
Total Actuarial (gain) / loss in liabilities.	136,731	686,948
Experience (gain)/loss in plan assets	0	0



VALSON INDUSTRIES LIMITED

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

Dear Shareholder,

Sub: "GO GREEN" initiative of the Ministry of Corporate Affairs ("MCA"), Government of India

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

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

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

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

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

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

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

We look forward to your support in this initiative.

Thanking you,
Yours faithfully,

For Valson Industries Limited.

(Suresh Mutreja)
Chairman and Managing Director
Dated: May 30, 2013



VALSON INDUSTRIES LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the meeting venue

Name of the Shareholder :

Shareholder's Folio No. / DP Client ID :

Number of Share(s) held :

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

I hereby record my presence at the **29th Annual General Meeting** of the Company held on Tuesday, 13th August, 2013, Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 11.30 a.m.

Shareholder / Proxy Signature _____



VALSON INDUSTRIES LIMITED

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

PROXY FORM

Member's Folio No / Dp Client ID :

I/We

of

being a Member/Members of Valson Industries Limited hereby appoint

.....

of failing him.....

of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the **29th Annual General Meeting** of the Company to be held on Tuesday the 13th day of August, 2013, at Unit No. 28, Bldg. No. 6, Gr. Floor, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059 at 11.30 a.m. or at any adjournment thereof.

Signed this day of2013

No. of Shares held :

Affix 1 Re.
Revenue
Stamp

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

BOOK - POST



VALSON INDUSTRIES LIMITED

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



VALSON INDUSTRIES LTD.
MANUFACTURER OF ART SILK SYNTHETIC YARN
AN ISO 9001 CERTIFIED COMPANY

FORM A

ANNUAL AUDIT REPORT

1	Name of the Company	VALSON INDUSTRIES LIMITED	
2	Annual financial statement for the year ended	31 st March, 2013	
3	Type of Audit Observation	Un-qualified* / Matter of Emphasis *All the clauses in the Audit Report alongwith the annexure to the Audit Report, both, dated May 30, 2013 are un-qualified in nature.	
4	Frequency of Observation	Whether appeared first time Whether appeared repetitive Since how long (period)	Not Applicable Not Applicable Not Applicable

5	For Valson Industries Limited		
	 Suresh Mutreja Managing Director	 Chandan Gupta Audit Committee Chairman	 Kunal Mutreja CEO

For Mehta Chokshi & Shah
Chartered Accountants

A R Mehta
Partner

Membership No. 46088
FRN: 106201W

