



**VALSON INDUSTRIES LIMITED**

**CIN: L17110MH1983PLC030117**

**35<sup>TH</sup> ANNUAL REPORT  
2018 – 2019**

## MISSION STATEMENT

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

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

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

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



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Suresh N. Mutreja, Chairman & Mg. Director  
Mr. Varun S. Mutreja, Director – CFO  
Mrs. Asha S. Mutreja, Whole Time Director  
Mr. Kunal S. Mutreja, Director – CEO  
Mr. Chandan S. Gupta, Independent Director  
Mr. Surendra Kumar Suri, Independent Director  
Mr. Pradip C. Shah, Independent Director  
Mrs. Radhika V. Shah, Independent Director

### AUDIT COMMITTEE

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

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Pradip C. Shah, *Chairman*  
Mr. Surendra Kumar Suri  
Mr. Varun S. Mutreja

### AUDITORS:

#### Statutory Auditors:

M/s. Bastawala And Associates,  
Chartered Accountants, Mumbai

#### Secretarial Auditors:

Mr. Punit Shah,  
Practicing Company Secretary, Mumbai

### BANKERS

Kotak Mahindra Bank

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### REGISTERED OFFICE

28, Bldg. No. 6, Mittal Industrial Estate,  
Sir M. V. Road, Andheri (East),  
Mumbai – 400 059.  
Tel No.: 022 4066 1000 Fax No.: 022 4066 1199  
Email Id: pritesh@valsonindia.com  
Website: www.valsonindia.com

### MANUFACTURING UNIT AT

Vapi, Gujarat  
Silli, UT of Dadra & Nagar Haveli

### REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C – 101, 247 Park,  
L. B. S. Marg, Vikhroli (West),  
Mumbai – 400 083.  
Tel No: 022 4918 6000 Fax: 022 4918 6060  
Email: rnt.helpdesk@linkintime.co.in

### 35<sup>TH</sup> ANNUAL GENERAL MEETING

On September 30, 2019 at 11.00 a.m. at  
28, Bldg. No. 6, Mittal Industrial Estate,  
Sir M. V. Road, Andheri (East),  
Mumbai – 400 059.

## NOTICE

**NOTICE** is hereby given that the Thirty-Fifth Annual General Meeting of the members of **VALSON INDUSTRIES LIMITED** will be held on Monday, September 30, 2019 at 11.00 a.m. at the Registered Office of the Company situated at 28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai – 400 059 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt an Audited Financial Statement of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors' thereon.
2. To declare dividend on Equity Shares @ 10% i.e. Re. 1/- per Equity Share.
3. To appoint a Director in place of Mr. Varun S. Mutreja (DIN: 07022832), who retires by rotation and being eligible, offers himself for re-appointment.
4. Re-Appointment of Statutory Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s Bastawala And Associates, Chartered Accountants, Mumbai having ICAI Firm Registration No. 121789W, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules and certificate issued by the Peer Review Board of ICAI, be and are hereby re-appointed as Statutory Auditors of the Company for the Company's financial year 2019-20, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to Goods and Service Tax and re-imbusement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.”

### SPECIAL BUSINESS:

5. To re-appoint Mr. Chandan Gupta (DIN: 00082609) as an Independent Director for a second consecutive term of 5 years and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), Mr. Chandan Gupta (DIN: 00082609) whose term as an Independent Director of the Company expires on 31<sup>st</sup> March, 2019, and who meets the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible to be re-appointed as an Independent Director of the Company, be and is hereby re-appointed for a second consecutive term of 5 years with effect from 01<sup>st</sup> April, 2019 up to 31<sup>st</sup> March, 2024 and shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company.”

6. To re-appoint Mr. Surendrakumar Suri (DIN: 00427799) as an Independent Director for a second consecutive term of 5 years and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), Mr. Surendrakumar Suri (DIN: 00427799) whose term as an Independent Director of the Company expires on 31<sup>st</sup> March, 2019, and who meets the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible to be re-appointed as an Independent Director of the Company, be and is hereby re-appointed for a second consecutive term of 5 years with effect from 01<sup>st</sup> April, 2019 up to 31<sup>st</sup> March, 2024 and shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company.”



7. To re-appoint Mr. Suresh N. Mutreja (DIN: 00052046) as a Chairman and Managing Director and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and such other necessary approval(s), consent(s) or permission(s), as may be required, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Suresh N. Mutreja (DIN: 00052046) as a Chairman and Managing Director of the Company for a further period of 5 (Five) years effective 01<sup>st</sup> July, 2019 on the terms and conditions and remuneration as set out in the Letter of Appointment, to be executed by the Company with Mr. Suresh N. Mutreja, placed before the Meeting as also set out in the Explanatory Statement attached to this Notice and to alter and vary from time to time, the terms and conditions of the said appointment, subject to the overall ceiling on remuneration specified in the said Schedule V and other applicable provisions under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof for the time being in force.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, Mr. Suresh N. Mutreja will be paid the salary and perquisites as minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 by making such compliances as provided in the said schedule.

**RESOLVED FURTHER THAT** Mr. Chandan Gupta or Mr. Pradip Shah, Directors of the Company be and is hereby authorized to sign and execute such agreements, papers, letters and documents as may be necessary and required and to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution.”

8. To re-appoint Mr. Varun S. Mutreja (DIN: 07022832) as a Whole-Time Director designated as Chief Financial Officer (CFO) and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and such other necessary approval(s), consent(s) or permission(s), as may be required, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Varun S. Mutreja (DIN: 07022832) as a Whole-Time Director designated as Chief Financial Officer (CFO) of the Company for a further period of 5 (Five) years effective 14<sup>th</sup> November, 2019 on the terms and conditions and remuneration as set out in the Letter of Appointment, to be executed by the Company with Mr. Varun S. Mutreja, placed before the Meeting as also set out in the Explanatory Statement attached to this Notice and to alter and vary from time to time, the terms and conditions of the said appointment, subject to the overall ceiling on remuneration specified in the said Schedule V and other applicable provisions under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof for the time being in force.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, Mr. Varun S. Mutreja will be paid the salary and perquisites as minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 by making such compliances as provided in the said schedule.

**RESOLVED FURTHER THAT** Mr. Chandan Gupta or Mr. Pradip Shah, Directors of the Company be and is hereby authorized to sign and execute such agreements, papers, letters and documents as may be necessary and required and to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. ABK & Associates, Cost Accountants (Regd. No. 000036), the Cost Auditors be appointed by the Board of Directors of the company, to conduct the audit of the cost records of the company for the financial year ended 31<sup>st</sup> March, 2020, be paid remuneration of Rs. 80,000/- as also the payment of service tax as applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

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

**NOTES:**

1. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Annual General Meeting (the AGM or Meeting) is annexed hereto.
2. **In terms of provisions of Section 105 of the Companies Act, 2013, A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of**

**the Company. The instrument appointing a proxy, in order to be effective, should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting i.e. by 11.00 a.m. on Saturday, September 28, 2019. As per Secretarial Standard 2 on General Meeting, the proxy should carry a valid photo-id card to the venue to tender vote.**

3. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
8. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company shall remain closed on all days from Tuesday, September 24, 2019 to Monday, September 30, 2019, both days inclusive for determining the names of members eligible for final dividend on equity shares, if declared in the Meeting.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
10. Members desiring any relevant information on the Accounts at the Annual General Meetings are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready. Members can also email their queries at the email address of the Company Secretary and Compliance Officer, Mr. Anand Dubey (cs@valsonindia.com).
11. Members holding shares in electronic form are requested to intimate immediately, any change in their address or bank mandates to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar and Share Transfer Agent, Link Intime India Private Limited.
12. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH – 13 for this purpose.
13. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form. Members of the Company, who have registered their e-mail ID, are entitled to receive such communications in physical form upon request.
14. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred on due dates, the unpaid or unclaimed dividends for the financial year ended 31<sup>st</sup> March, 2011 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29<sup>th</sup> September, 2018 (date of the last Annual General Meeting) on the website of the Ministry of Corporate Affairs (www.mca.gov.in).

**For Equity Shareholders:**

<b>Financial Year</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date of Claiming Unpaid Dividend</b>
Final Dividend 2012 – 2013	13.08.2013	17.09.2020
Final Dividend 2013 – 2014	13.09.2014	18.10.2021
Final Dividend 2014 – 2015	14.08.2015	18.09.2022
Final Dividend 2015 – 2016	13.08.2016	17.09.2023
Final Dividend 2016 – 2017	05.08.2017	09.09.2024
Final Dividend 2017 – 2018	29.09.2018	03.11.2025





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

15. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s), unless the Members have registered their request for a physical copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
16. Information required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting relating to Documents & Information to Shareholders with respect to the Director being appointed and Director retiring by rotation and being eligible, seeking re-appointment are as under:

<b>Name</b>	<b>Mr. Suresh N. Mutreja</b>	<b>Mr. Varun S. Mutreja</b>	<b>Mr. Chandan Gupta</b>	<b>Mr. Surendra kumar Suri</b>
Director Identification Number (DIN)	00052046	07022832	00082609	00427799
Date of Birth	15/07/1957	16/09/1984	07/06/1955	24/08/1943
Nationality	Indian	Indian	Indian	Indian
Date of Appointment on Board	26/06/1983	14/11/2014	31/10/2003	31/01/2005
Qualifications	B.com	MBA in Finance	B.Com, LLB, FCA, ACS	B.A.
Shareholding in Valson Industries Limited	16,79,500 Shares	3,62,200 Shares	Nil	Nil
Expertise in specific functional areas	Industrialist	Export, Finance and Marketing	Practicing Chartered Accountant since 40 years.	HR and Labour Law practice since last 45 years.
Directorships and the Memberships of Committees of the Board	Nil	Nil	Nil	1

17. Route Map showing directions to reach to the venue of the 35<sup>th</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards 2 on General Meetings.

#### **PROCESS FOR MEMBERS OPTING FOR E-VOTING**

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

##### **Voting through electronic means:**

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, Secretarial Standard 2 on General Meeting and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide shareholders facility to exercise their right to vote on resolutions proposed to be considered at the 35<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the shareholders using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
2. The facility for voting through ballot papers shall also be made available at the venue of the AGM and the shareholders attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right at the meeting through ballot papers at the venue.
3. The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting System.
4. The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
5. The remote e-voting period commences on Friday, September 27, 2019 (9:00 am) and ends on Sunday, September 29, 2019 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-Off Date of Monday, September 23, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the shareholder casts his vote on a resolution, the shareholder shall not be allowed to change it subsequently.

6. The process and manner for remote e-voting are as under:
  1. Open the attached PDF file “**e-Voting.pdf**” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password.
  2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
  3. Click on “Shareholder - Login”.
  4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.

*NOTE: Shareholders who forgot the User Details/Password can use “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).*

*In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).*

*In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).*
  5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
  6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
  7. Select “EVEN” of **Valson Industries Limited**. Members can cast their vote online from **September 27, 2019 (9:00 am) till September 29, 2019 (5:00 pm)**.

**Note: e-Voting shall not be allowed beyond said time.**
  8. Now you are ready for “e-Voting” as “Cast Vote” page opens.
  9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
  10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [noticetome@gmail.com](mailto:noticetome@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Further, NSDL is pleased to inform you that NSDL has now integrated its e-Services website (<https://eservices.nsdl.com/>) with the aforesaid e-Voting system of NSDL, which enables you as a registered User of IDEAS facility to also access e-Voting system of NSDL for casting your votes by using your existing login credentials viz.; User ID and password of IDEAS facility. Thus, you would not be required to log-in to e-Voting system separately for casting votes in respect of the resolutions of companies.

**Please note the following:**

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

Mr. Punit P. Shah, Practicing Company Secretary (Membership No. A20536) has been appointed as Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through “Forgot User Details/Password?” or “Physical User Reset Password?” option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.





## Valson Yarns - Creation Never Ends Here

- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; **www.icicidirect.com** for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website **www.icicidirect.com**. Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the evoting system of NSDL.

In case a shareholder receives physical copy of the Notice of AGM (for shareholders whose Email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):

- i. Initial password is provided as below/ at the bottom of the Attendance Slip of the AGM:

<b>EVEN (Remote e-voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>
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- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

7. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

8. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

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

**Place: Mumbai  
Date: May 30, 2019**

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

### **ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 5 & 6 – Re-Appointment of Mr. Chandan Gupta and Mr. Surendrakumar Suri as Independent Directors.**

Mr. Chandan Gupta and Mr. Surendrakumar Suri were appointed as Independent Directors (Non-Executive) on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ('Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014, to hold office up to 31<sup>st</sup> March, 2019.

The expertise, vast experience, qualifications, performance evaluation and deliberations by Mr. Chandan Gupta and Mr. Surendrakumar Suri in the Board / Committee meetings have helped the Company in taking appropriate decisions from time to time.

Considering the above, the Nomination and Remuneration Committee recommended and the Board of Directors of the Company at their meetings held on 13<sup>th</sup> February, 2019, approved re-appointment of Mr. Chandan Gupta and Mr. Surendrakumar Suri as Non-executive Independent Director for the second consecutive term of 5 (five) years w.e.f. 01<sup>st</sup> April, 2019.

Mr. Chandan Gupta and Mr. Surendrakumar Suri, Independent Directors of the Company, has given declarations to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time.

In the opinion of the Board, Mr. Chandan Gupta and Mr. Surendrakumar Suri fulfills the conditions specified in the Act, the rules framed thereunder and SEBI (LODR) Regulations, 2015 for re-appointment as an Independent Director and they are independent of the management.

The required details as per the Secretarial Standards ('SS-2') and Regulation 36(3) of the SEBI (LODR) Regulations 2015, is already provided at Note No. 16 of this Notice.

The Letter of Appointment containing terms and conditions of re-appointment of the said Independent Directors shall be open for inspection on all working days at the Registered Office of the Company, except Sundays and Public Holidays, between 11.00 a.m. and 1.00 p.m. till the date of AGM.

Except Mr. Chandan Gupta and Mr. Surendrakumar Suri and their relatives, none of the Directors / Key Managerial Personnel of the Company are in any way, concerned or interested, directly or indirectly, financially or otherwise, in the Special Resolution set out at Item No. 5 and 6 of the Notice, except to the extent of shareholding in the Company, if any.

The Board of Directors recommends the Special Resolution set out at Item No. 5 and 6 for your approval.

**Item No. 7 – Re-Appointment of Mr. Suresh N. Mutreja as a Chairman and Managing Director.**

In the 32<sup>nd</sup> Annual General Meeting of the Company held on 13<sup>th</sup> August, 2016, Mr. Suresh N. Mutreja was re-appointed as a Chairman and Managing Director of the Company for a further period of 3 (Three) years commencing from 1<sup>st</sup> July, 2016 till 30<sup>th</sup> June, 2019.

Mr. Suresh N. Mutreja is associated with the Company since its incorporation and is involved in the business affairs of the Company. It is due to his dedication towards work, focused approach and valuable guidance that today the Company is amongst reputed manufacturing of dyed yarns in India. He has always been a leading member of core Senior Management team. He has the business acumen and in-depth knowledge about the industry and overall market scenario. He provides overall guidance and plays key role in Policy making and managing the affairs of the Company.

Considering the contribution of Mr. Suresh N. Mutreja in the overall growth and progress of the Company and also considering that his valuable guidance will be required for the Company to take a big leap, in the years to come, the Board of Directors in its meeting held on May 30, 2019, based on the recommendation of Nomination and Remuneration Committee and subject to approval of members, have approved re-appointment of Mr. Suresh N. Mutreja, as a Chairman and Managing Director of the Company for further period of 5 years effective from 1<sup>st</sup> July, 2019 till 30<sup>th</sup> June, 2024, on the terms and conditions mentioned in 'Annexure A' which forms part of the Notice. The remuneration payable to Mr. Suresh N. Mutreja shall be minimum remuneration as per Schedule V, Section II, Part II of the Companies Act, 2013.

The re-appointment of Mr. Suresh N. Mutreja as a Chairman and Managing Director of the Company shall require the approval of the members by way of passing of Ordinary Resolution.

The Letter of Appointment containing terms and conditions of re-appointment of Mr. Suresh N. Mutreja shall be open for inspection on all working days at the Registered Office of the Company, except Sundays and Public Holidays, between 11.00 a.m. and 1.00 p.m. till the date of AGM.

The details of Mr. Suresh N. Mutreja as per requirements of Secretarial Standard ('SS-2') and Regulation 36(3) of the SEBI (LODR) Regulations 2015 are already provided at Note No. 16 of this Notice.

The same may be treated as a written memorandum setting out the terms of re-appointment of Mr. Suresh N. Mutreja under Section 190 of the Companies Act, 2013.

Mr. Suresh N. Mutreja, Mr. Varun S. Mutreja, Mrs. Asha S. Mutreja and Mr. Kunal S. Mutreja are concerned or interested in the resolution set out at Item No. 7 of the Notice. None of the other Directors, Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested, directly or indirectly, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board of Directors recommends the resolution as set out at Item No. 7 of the Notice relating to the re-appointment of Mr. Suresh N. Mutreja as a Chairman and Managing Director and payment of remuneration to him, for the approval of the members of the Company by way of Ordinary Resolution in terms of the requirements of Section 196, 197 and 198 of the Company Act, 2013 and the Rules made thereunder.

**Item No. 8 – Re-Appointment of Mr. Varun S. Mutreja as a Whole-Time Director designated as Chief Financial Officer (CFO).**

In the 31<sup>st</sup> Annual General Meeting of the Company held on 14<sup>th</sup> August, 2015, Mr. Varun S. Mutreja was appointed as a Whole-Time Director designated as Chief Financial Officer (CFO) of the Company for a further period of 5 (Five) years commencing from 14<sup>th</sup> November, 2014 to 13<sup>th</sup> November, 2019.

Mr. Varun S. Mutreja is associated with the Company since last 15 years and he is looking after Overall Finance, Banking and Accounts of the Company. It is due to his dedication towards work, focused approach and valuable guidance that today the Company has achieved the export upto 9.5 crore; since last two years. He has always been a leading member of core Senior Management team. He has the business acumen and in-depth knowledge about the industry and overall finance of the Company. He provides overall guidance and plays key role in Policy making and managing the affairs of the Company.

Considering the contribution of Mr. Varun S. Mutreja in the overall growth and progress of the Company and also considering that his valuable guidance will be required for the Company to take a big leap, in the years to come, the Board of Directors in its meeting held on May 30, 2019, based on the recommendation of Nomination and Remuneration Committee and subject to approval of members, have approved re-appointment of Mr. Varun S. Mutreja, as a Whole-Time Director designated as Chief Financial Officer (CFO) of the Company for further period of 5 years effective from 14<sup>th</sup> November, 2019 till 13<sup>th</sup> November, 2024, on the terms and conditions mentioned in 'Annexure A' which forms part of the Notice. The remuneration payable to Mr. Varun S. Mutreja shall be minimum remuneration as per Schedule V, Section II, Part II of the Companies Act, 2013.

The re-appointment of Mr. Varun S. Mutreja as a Whole-Time Director designated as Chief Financial Officer (CFO) of the Company shall require the approval of the members by way of passing of Ordinary Resolution.



The Letter of Appointment containing terms and conditions of re-appointment of Mr. Varun S. Mutreja shall be open for inspection on all working days at the Registered Office of the Company, except Sundays and Public Holidays, between 11.00 a.m. and 1.00 p.m. till the date of AGM.

The details of Mr. Varun S. Mutreja as per requirements of Secretarial Standard ('SS-2') and Regulation 36(3) of the SEBI (LODR) Regulations 2015 are already provided at Note No. 16 of this Notice.

The same may be treated as a written memorandum setting out the terms of re-appointment of Mr. Varun S. Mutreja under Section 190 of the Companies Act, 2013.

Mr. Varun S. Mutreja, Mr. Suresh N. Mutreja, Mrs. Asha S. Mutreja and Mr. Kunal S. Mutreja are concerned or interested in the resolution set out at Item No. 8 of the Notice. None of the other Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, directly or indirectly, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board of Directors recommends the resolution as set out at Item No. 8 of the Notice relating to the re-appointment of Mr. Varun S. Mutreja as a Whole-Time Director designated as Chief Financial Officer (CFO) and payment of remuneration to him, for the approval of the members of the Company by way of Ordinary Resolution in terms of the requirements of Section 196, 197 and 198 of the Companies Act, 2013 and the Rules made thereunder.

**Item No. 9 – Appointment of M/s. ABK & Associates as Cost Auditor**

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. ABK & Associates, Cost Accountant (Regd. No. 000036), as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2020 as set out in the resolution, excluding applicable taxes and out of pocket expenses, which shall be paid on actual basis.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March, 2020.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 9 of the Notice.

The Board commends the Ordinary Resolution set out at item No. 9 of the Notice for approval by the shareholders.

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

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

**Place: Mumbai  
Date: May 30, 2019**

**“Annexure A”**

**The terms and conditions of the re-appointment of Mr. Suresh N. Mutreja, Chairman and Managing Director and Mr. Varun S. Mutreja, Whole-Time Director designated as Chief Financial Officer (CFO) are as follows:**

The terms and conditions of his re-appointment are given below:

<b>Name of Director</b>	<b>Designation</b>	<b>Responsibility</b>
Mr. Suresh N. Mutreja	Managing Director	Overall management, administration and marketing of the Company
Mr. Varun S. Mutreja	Whole-Time Director and Chief Financial Officer	Overall Finance, Banking, Accounts of the Company

As per the Part II Section II (B) (iv) of Schedule V, the Company is required to furnish the following information in the Explanatory Statement:

**I. GENERAL INFORMATION:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Information</b>	
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.	<b>31-3-2019</b> <b>(Rs. in Lakhs)</b>	<b>31-3-2018</b> <b>(Rs. in Lakhs)</b>
	Sales (Net of Excise)	10,482.31	9,828.27
	Net Profit before Tax	244.92	357.57
	Net Profit After Tax	219.24	237.11
5.	Foreign investments or collaborators, if any	Not Applicable	

**II. INFORMATION ABOUT THE APPOINTEE:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Information</b>
1.	Background Details	Mr. Suresh N. Mutreja and Mr. Varun S. Mutreja are the promoters of the Company. Mr. Suresh N. Mutreja is associated since incorporation and Mr. Varun S. Mutreja is associated since last 15 years; having vast experience in the Textile industry.
2.	Past Remuneration	Mr. Suresh N. Mutreja: Rs. 4 Lakhs per month Mr. Varun S. Mutreja: Rs. 2 Lakhs per month
3.	Recognition or Awards	Nil
4.	Job Profile and His Suitability	Mr. Suresh N. Mutreja: Experience of more than 3 decades in Textile Industry, Accounts Finance & Administration. Mr. Varun S. Mutreja: Experience of more than 10 years in Textile Industry marketing Export & Domestic.
5.	Remuneration proposed	Mr. Suresh N. Mutreja: Rs. 4 Lakhs per month Mr. Varun S. Mutreja: Rs. 2.25 Lakhs per month
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 and Mr. Varun S. Mutreja are father and son and are promoters of the Company. The other Managerial Personnel on the Board are Mr. Kunal S. Mutreja and Mrs. Asha S. Mutreja are relatives and are promoters of the Company. Mr. Suresh N. Mutreja is holding 16,79,500 equity shares of the Company which is 21.92% of the Equity Share Capital of the Company. Mr. Varun S. Mutreja is holding 3,62,200 equity shares of the Company which is 4.73% of the Equity Share Capital of the Company.



**III. OTHER INFORMATION:**

Sr. No.	Particulars	Information
1.	Reasons of loss or inadequate profits	The company has earned profits, but the profits are inadequate as per Section 197 of the Companies Act, 2013, to enable the Company to pay the remuneration to Mr. Suresh N. Mutreja and Mr. Varun S. Mutreja. The profits are inadequate due to fluctuation in yarn price, exchange rate, draught in the most part of the Country which affects the demand. The trade war in the World has also affected the price realization for dyed yarn.
2.	Steps taken or proposed to be taken for improvement	The Company has carried out consolidation and shifted its all plants and machinery to Silli unit from the small units situated at D&NH which results into the saving on man power cost, power cost, administrative cost and miscellaneous cost.
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. Varun S. Mutreja are as follows:

The Company proposes to pay following remuneration and perquisites to Mr. Suresh N. Mutreja w.e.f. 1<sup>st</sup> July, 2019 and to Mr. Varun S. Mutreja w.e.f. 14<sup>th</sup> November, 2019.

**A. REMUNERATION**

Name of Director	Designation	Remuneration
Mr. Suresh N. Mutreja	Managing Director	Rs. 4,00,000/- per month and shall be eligible for increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.
Mr. Varun S. Mutreja	Whole-Time Director and Chief Financial Officer	Rs. 2,25,000/- per month and shall be eligible for increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.

**B. INCREMENTS**

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

**C. PERQUISITES**

NON MONETARY CEILING PERQUISITES:

The Company's contribution to the Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of Income Tax Act.

Gratuity: One half of a month's salary for each completed year of service in accordance with the Rules of the Company

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

General Exemption: Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, Gratuity payable and Leave encashment at the end of the tenure shall not be included in the computation of the ceiling on Remuneration under Schedule V of the Companies Act, 2013.

**D. MINIMUM REMUNERATION**

The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the Audited Financial Statements as on 31<sup>st</sup> March, 2019 and has been fixed as provided in Part II of Section II of Schedule V to the said Act based on the Effective Capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof and shall be considered as minimum remuneration.

During the tenure of their appointments, if the Company earns profits in excess of the limits prescribed under Schedule V or if the profits are adequate in any financial year, as per the provisions of Section 196, 197, 203 and any other applicable provisions of the, Companies Act, 2013 then the remuneration of Mr. Suresh N. Mutreja and Mr. Varun S. Mutreja shall be paid as per the profits earned by the Company in that particular financial year.

**E. OTHER CONDITIONS:**

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



## BOARD'S REPORT

TO THE MEMBERS OF  
VALSON INDUSTRIES LIMITED

The Directors take pleasure in presenting the Thirty Fifth Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019. The Management Discussion and Analysis has also been incorporated into this report.

### 1. FINANCIAL RESULTS

Key highlights of Financial Results for Valson Industries Limited for the financial year 2018 – 19 are tabulated below:

(Rs. in Lakhs)

Particulars	Year ending 31.03.19	Year ending 31.03.18
Revenue from operations	10482.39	9828.27
Operating Profit ( <b>PBOIDT</b> ) before other income and Interest and Depreciation and Tax	584.55	635.99
Finance Cost	81.34	54.73
Depreciation	306.75	287.88
Operating Profit before other income and extra ordinary activity (i.e. profit on Sale of Fixed Assets)	196.47	293.38
Other Income	48.46	64.19
Profit before Tax	244.92	357.57
Taxation	25.69	120.46
Profit after Tax	219.23	237.11
Other Comprehensive Income (Net)	1.92	0.54
Total Comprehensive Income	221.16	237.65
Balance of Profit brought forward	1780.81	1650.36
Amount available for appropriations	<b>2001.97</b>	<b>1888.01</b>
<b>Appropriations:</b>		
Transfer to General Reserve	10.00	15.00
Dividend on Equity Shares	76.61	76.60
Dividend Tax on Equity Shares	15.75	15.60
Balance carried forward to Balance Sheet	1899.61	1780.81
Total	<b>2001.97</b>	<b>1888.01</b>
EPS (Basic & Diluted)	<b>2.89</b>	<b>3.10</b>

### 2. TRANSFER TO RESERVES

Your Company proposes to transfer an amount of Rs. 10 Lakhs to the General Reserves.

### 3. DIVIDEND

The Board of Directors of your Company has recommended a dividend of Re. 1/- per equity share in financial year 2018-19 for approval by shareholders at the 35<sup>th</sup> Annual General Meeting, which if approved would result in a total liability arising to your Company of Rs. 92.29 Lakhs (including Dividend Distribution Tax of Rs. 15.60 Lakhs).

During the previous year (31<sup>st</sup> March, 2018) your Company had declared a final dividend of Re. 1/- per equity share of Rs. 10/- each amounting to Rs. 92.29 Lakhs including Dividend Distribution Tax of Rs. 15.75 Lakhs.

### 4. BUSINESS OPERATIONS & HIGHLIGHTS OF PERFORMANCE

Your Company is a leading manufacturer of polyester texturised dyed yarn and processor of cotton and other fancy yarns with customers having diverse uses. Quality Products and Services has been the top most priority and after continuous research and efforts, your Company has ventured into the dyeing of various qualities of yarns. Your Company today has wide range of polyester dyed yarn with a strong market acceptance and niche position for exclusive shades and grades.

The management has decided to improve the quality and give the reproducibility of dyeing production during the year the Company has gone for automisation and modernisation in dyeing system (Colour matching kitchen). Company has already





installed the colour matching kitchen in the LAB dept. now the company is matching and creates new shades from the automation machine of M/s. Technorama which has been successfully installed. On the basis of the same the company had already order the automisation system for all dyeing machines which will come in month of May and for the same the company has installed automisation system in existing dyeing machines which will link to the main automatic colour matching system. The said automisation and modernization of dyeing machines along with the necessary accessories (i.e. Automisation CAPEX) is of Rs. 399.00 Lakhs which has been partly financed way of term loan from by Kotak Mahindra Bank (i.e. Rs. 275.00 Lakhs).

During the year 2018-2019 the company has incurred the CAPEX of Rs. 203.15 Lakhs against the said automisation and modernization project; the details are as under:

<b>Assets</b>	<b>Cost (Rs in Lakhs)</b>
<b>Indigenous Plant &amp; Machinery</b>	149.70
Errection, Installation & Other Charges	20.57
Electrical Installation	3.56
Utilities & Ancillary Machinery	24.30
ERP Software	5.02
<b>Total capital expenditure for the Vapi and Silli Unit</b>	<b>203.15</b>

The company is confident that the said project will be completed till October 2019 and the results will start coming from 3<sup>rd</sup> quarter of 2019-20. The said expansion will support in the reduction of staff, admin and other fixed cost and the quality will be perfect and we can give the reproducibility in a better way to the customer, which result into increase in productivity and profitability.

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

The said year was a very tough phase in textile industry and our company as well; please find below the highlights financial performances of your Company during the financial year 2018-2019:

- 1) There is increase of 6.66% in terms of Revenue from operations (Rs. 10482.39 Lakhs) compared to last year (Rs. 9892.46 Lakhs).
- 2) There is decline in growth of 7.7% in Texturising production (4347 MT) compared to last year (4711 MT).
- 3) There is decline in growth of 10.61% in Twisting production (2333 MT) compared to last year (2610 MT).
- 4) There is a marginal decline in growth of 3.9% in Sales (4896 MT) compared to last year (5096 MT).
- 5) During the year Company has availed term loan for need based expansions which resulted in increase in finance cost to Rs. 83.38 Lakhs from Rs. 54.73 Lakhs (i.e. increase of 52.34%).
- 6) Depreciation is Rs. 306.75 Lakhs and has increased in comparison to last year (Rs. 287.88 Lakhs).
- 7) The Operating Profit (PBOIDT) before other income and Interest and Depreciation and Tax decreased by 8.8% Rs. 584.56 Lakhs as compared to last year amount of (Rs. 635.99 Lakhs).
- 8) The Net after Tax decreased by 7.50% Rs. 221.16 Lakhs as compared to last year (Rs. 237.65 Lakhs).

#### **5. DISCLOSURES UNDER SECTION 134 (3) (I) OF THE COMPANIES ACT, 2013**

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

#### **6. SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2019 is Rs. 766.08 Lakhs. During the year under review, your Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. There was no change in your Company's share capital during the year under review. The Promoter and Promoter Group are holding 51,39,517 shares equivalent to 67.09% of the total Issued and Paid-up Share Capital.

#### **7. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND**

During the year 2018 – 19, unclaimed Dividend of Rs. 60,742/- was transferred to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. The said amount represent Dividend for the year 2010 – 11 which remain unclaimed for a period of 7 years from its due date of payment.

## 8. DIRECTORS

### 8.1 Retirement by Rotation

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

### 8.2 Re-Appointment of Director and Chief Executive Officer (CFO)

8.2.1. Your Company has at its Board Meeting held on 13<sup>th</sup> February, 2019 re-appointed Mr. Chandan Gupta and Mr. Surendrakumar Suri as Independent Directors for a second consecutive term of 5 years w.e.f. 01<sup>st</sup> April, 2019. The approval from Members has been proposed at Item No. 5 and 6 of the Notice of 35<sup>th</sup> Annual General Meeting.

8.2.2. Your Company has at its Board Meeting held on 30<sup>th</sup> May, 2019 re-appointed Mr. Suresh N. Mutreja as Chairman and Managing Director of your Company w.e.f. 01<sup>st</sup> July, 2019. The approval from Members has been proposed at Item No. 7 of the Notice of 35<sup>th</sup> Annual General Meeting.

8.2.3. Your Company has at its Board Meeting held on 30<sup>th</sup> May, 2019 re-appointed Mr. Varun S. Mutreja as Whole-Time Director designated as Chief Financial Officer (CFO) of your Company w.e.f. 14<sup>th</sup> November, 2019. The approval from Members has been proposed at Item No. 8 of the Notice of 35<sup>th</sup> Annual General Meeting.

### 8.3 Declaration by Independent Directors

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

### 8.4 Familiarisation Program for Independent Directors

The Program intends to provide insights into your Company so that the Independent Directors can understand your Company's business in depth and the roles, rights, responsibility that they are expected to perform / enjoy in your Company to keep them updated on the operations and business of your Company thereby facilitating their active participation in managing the affairs of your Company. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, SEBI (LODR) Regulations, 2015 with regards to their roles, rights and responsibilities as Directors of your Company.

### 8.5 Annual Board Evaluation

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

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

### 8.6 Key Managerial Personnel

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

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

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

### 8.7 Remuneration Policy

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



## **8.8 Board Meetings**

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

During the year your Company has held 6 (Six) Board Meetings which were held on 05<sup>th</sup> April, 2018; 21<sup>st</sup> May, 2018; 14<sup>th</sup> August, 2018; 25<sup>th</sup> October, 2018; 14<sup>th</sup> November, 2018 and 13<sup>th</sup> February, 2019. The maximum interval between any two meetings did not exceed 120 days.

## **9. PARTICULARS OF EMPLOYEES**

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

## **10. DIRECTORS’ RESPONSIBILITY STATEMENT**

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

- a) that in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 2 of the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March, 2019 and of the profit of your Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) that the Annual Financial Statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **11. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY**

Your Company maintains an adequate and effective Internal Control System commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safe-guarded against significant misuse or loss.

An independent Internal Audit function is an important element of your Company’s internal control system. The internal control system is supplemented through an extensive internal audit programme and periodic review by Management and Audit Committee.

Your Company has in place, adequate Internal Financial Controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

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

## **12. COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

There are no companies which have become or ceased to be its Subsidiaries, Joint Venture or Associate Companies during the financial year 2018 – 19.

**13. DEPOSITS**

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

(Rs. In Lakhs)

Sr. No.	Particulars	Amount
1.	Accepted during the year	<b>10.00</b>
2.	Remained unpaid or unclaimed as at the end of the year	<b>138.00</b>
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:-	<b>NIL</b>
	(i) at the beginning of the year	
	(ii) maximum during the year	
	(iii) at the end of the year	
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Companies Act.	<b>NIL</b>

**14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

**15. RELATED PARTY TRANSACTIONS**

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

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

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

**16. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

**17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**18. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

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

The inherent risks to the business of your Company are as follows:

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



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

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

#### **19. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

#### **20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

#### **21. AUDITORS**

##### **21.1 Statutory Auditors**

Your Company Auditors, M/s. Bastawala And Associates, Chartered Accountants, who retire at the forthcoming Annual General Meeting of your Company, are eligible for re-appointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for re-appointment as Auditors of your Company. As required under regulation 33 of SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

##### **21.2 Statutory Auditors' Observations**

The Report given by the Auditors on the financial statements of your Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

##### **21.3 Cost Audit**

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

a) Limit under Rule 3 for Cost Records-

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

b) Limit under Rule 4 for Cost Audit-

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

By virtue of above limits specified, the net turnover of the Company for manufacturing of dyed yarns is Rs. 104.82 Crores during the year financial year ended 31<sup>st</sup> March 2019. Hence, the Company does required to get its cost records audited for manufacturing of dyed yarns for the financial year 2019-20.

The Board appointed M/s. ABK & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2019-20 at a fee of Rs. 80,000/- plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the 35<sup>th</sup> Annual General Meeting.

##### **21.4 Secretarial Audit**

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

## 21.5 Qualifications in Secretarial Audit Report

### a) Appointment of Company Secretary:

As per Section 203 (1) (ii), the Company is required to appoint Company Secretary. *The Company has not appointed Company Secretary, consequently the Annual Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2018 were not signed by Company Secretary.* In this regard the management of the Company has provided the following reply:

- i. The Company has appointed Mr. Pritesh Shah, Compliance Officer of the Company to ensure compliance of the Companies Act, 2013 and SEBI Act and rules made there under.
- ii. The Company has availed of the services of Practicing Company Secretary for advise on the compliance of the Companies Act, 2013 and the SEBI Act and rules made there under.
- iii. The Company at its Board Meeting held on 30<sup>th</sup> May, 2019 has appointed Mr. Anand Madanlal Dubey as Company Secretary and Compliance Office of the Company w.e.f. 11<sup>th</sup> June, 2019.

### b) Cost Audit Report:

As per Section 148, the Company is required to obtain Cost Audit Report for the financial year 2017-18. *During the year, the Company has failed to file Form CRA-4 (Cost Audit Report for the financial year 2017-18) with Registrar of Companies, Mumbai, Maharashtra.* In this regard the management of the Company has provided the following reply:

- i. The Company has obtained the Cost Audit Report for the financial year 2017-18 and the same has been placed before the Board Meeting held on 30<sup>th</sup> May, 2019 and the Company is in the process of filing the same with the Registrar of Companies, Mumbai, Maharashtra.

## 22. COMPLIANCE OF SECRETARIAL STANDARDS

During the year under review, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## 23. EXTRACT OF ANNUAL RETURN

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

## 24. HUMAN RESOURCES

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

## 25. ENVIRONMENT AND SAFETY

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

## 26. ENHANCING SHAREHOLDERS VALUE

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

## 27. GREEN INITIATIVES

Electronic copies of the Annual Report 2018 – 19 and Notice of the 35<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with your Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2018 – 19 and the Notice of the 35<sup>th</sup> Annual General Meeting under Section 101 of the Companies Act, 2013 are sent in the permitted mode. Members requiring physical copies can send a request to your Company.





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

**28. CORPORATE GOVERNANCE**

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

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

Your Company firmly believes in providing a safe, supportive and friendly workplace environment – a workplace where our values come to life through the supporting behaviours. Positive workplace environment and a great employee experience are integral part of our culture. Your Company believes in providing and ensuring a workplace free from discrimination and harassment based on gender.

Your Company educates its employees as to what may constitute sexual harassment and in the event of any occurrence of an incident constituting sexual harassment, your Company provides the mechanism to seek recourse and redressal to the concerned individual subjected to sexual harassment.

Your Company has a Sexual Harassment Prevention and Grievance Handling Policy in place to provide clarity around the process to raise such a grievance and how the grievance will be investigated and resolved. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No complaint has been raised during the year ended 31<sup>st</sup> March, 2019.

**30. CEO AND CFO CERTIFICATION**

Certificate from Mr. Kunal S. Mutreja, Director & CEO and Mr. Varun S. Mutreja, Director & CFO, pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year under review was placed before the Board of Directors of your Company at its meeting held on 30<sup>th</sup> May, 2019.

**31. INDIAN ACCOUNTING STANDARDS (IND-AS)**

Your Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing financial statements.

**32. CAPITAL EXPENDITURE**

Your Company has made an application for need based Capital Expenditure (mainly automisation of dyeing machine) during the financial year 2018-19 towards Tangible & Intangible Assets and apply the term loan of Rs. 275 Lakhs, the total CAPEX amounting to Rs. 399.00 Lakhs, out of that till March 2019 The company has incurred the CAPEX of Rs. 203.15 Lakhs. The details of CAPEX made at Vapi and Silli unit are as under:

<b>Assets</b>	<b>Cost (Rs in Lakhs)</b>
<b>Indigenous Plant &amp; Machinery</b>	149.70
Errection, Installation & Other Charges	20.57
Electrical Installation	3.56
Utilities & Ancillary Machinery	24.30
ERP Software	5.02
<b>Total capital expenditure for the Vapi and Silli Unit</b>	<b>203.15</b>

**33. SUBSIDIARY COMPANIES**

Your Company does not have any Subsidiary Company.

**34. PLEDGE OF SHARES**

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

**35. INFORMATION SYSTEM**

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

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

**36. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**37. LISTING WITH STOCK EXCHANGES**

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

**38. ACKNOWLEDGEMENTS**

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

**39. CAUTIONARY STATEMENT**

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

**For and on behalf of the Board of Directors**

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

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

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

**Place: Mumbai**  
**Date: May 30, 2019**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economy Overview:

Textile is a flexible material formed using various processes including weaving, knitting, crocheting, or felting. These materials find application for manufacturing a broad range of conventional as well as advanced finished goods used for bedding, kitchen, upholstery, construction, transportation, handbags, protective, medical, fashion, apparel, and clothing accessories.

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

Major players in the global textile market are involved in product innovation to retain their positions and maintain a competitive edge in the market. For instance, several vendors are launching new heating technology to keep clothes warm during winter through infrared heat absorption. Similarly, the development of post-consumer cotton waste jeans that use waste cotton but ensure the garments' quality and strength are being developed. Therefore, such innovations are expected to drive the global textile market during the forecast period.

As per Technavio, the innovations in textile industry will have a positive impact on the market and contribute to its growth significantly over the forecast period. This **global textile market 2019-2023** research report also analyzes other important trends and market drivers that will affect market growth over 2019-2023.

This market research report segments the global textile market by product (natural fibers, polyesters, nylon, and others), by application (fashion, technical, household, others) and geographical regions (APAC, North America, Europe, and South America, and MEA).

The Textile Sector in India ranks next to Agriculture. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. The textile industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

Textile Industry is providing one of the most basic needs of people and the holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy. This paper deals with structure, growth and size of the Indian textile industry, role of textile industry in economy, key advantages of the industry, textile industry export and global scenario and strength, weakness, opportunities and treats of the Indian textile industry.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021. Exports of textiles and apparels from India reached US\$ 31.65 billion in FY19\*. Manmade garments remain the largest contributor to total textile and apparel exports from India.

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 250 billion by 2019. India's textiles industry contributed seven per cent of the industry output (in value terms) of India in 2017-18. It contributed two per cent to the GDP of India and employs more than 45 million people in 2017-18. The sector contributed 15 per cent to the export earnings of India in 2017-18.

India's exports are expected to reach \$32.38 billion in March, the highest in any month so far, on account of healthy growth in sectors such as pharmaceuticals, Commerce and Industry Minister Suresh Prabhu said on Wednesday. He said exports will cross the \$331-billion mark in the year 2018-19. He said for the "first time", India has crossed \$19- billion mark in pharma exports this fiscal. The Commerce Ministry will release the trade data on April 15. Prabhu said the country's exports were declining for a long time, but now "this year, we would have record exports". The figures in 2018-19 will be the highest ever at a time when there is a worst scenario in the world trade front, he said. Outbound shipments are growing because of concerted efforts by the Ministry in the last one year, the Minister said. "We created a matrix between every product and every geography. Secondly, we had done series of road shows," Prabhu said adding export potential was tapped in regions such as Africa and Latin America. The Ministry also held several meetings with the line ministries, including food, agri, pharma and IT Ministry, to resolve issues hindering exports. India's exports grew 8.85 per cent to \$298.47 billion during April-February 2018-19.

The production of raw cotton in India is estimated to have reached 36.1 million bales in FY19.

Some of the major investments in the Indian textiles industry are as follows:

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 3.09 billion during April 2000 to December 2018.

Some of the major investments in the Indian textiles industry are as follows:

- In May 2018, textiles sector recorded investments worth Rs 27,000 crore (US\$ 4.19 billion) since June 2017.
- The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunities and attract investments worth Rs 800.00 billion (US\$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth Rs 253.45 billion (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiatives taken by Government of India are:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- As of August 2018, the Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.
- The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunity and attract investments worth Rs 80,000 crore (US\$ 11.93 billion) during 2018-2020. As of August 2018 it generated additional investments worth Rs 25,345 crore (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US\$ 14.17 billion) by 2022.
- Integrated Wool Development Programme (IWDP) approved by Government of India to provide support to the wool sector starting from wool rearer to end consumer which aims to enhance the quality and increase the production during 2017-18 and 2019-20.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.

#### Outlook:

India Ratings has maintained a stable outlook for the textile sector for 2019-20 following strong domestic demand, waning impact of the disruptions due to GST and demonetisation and rising exports aided by a weak rupee. Textile companies are likely to improve cash-flow from operations in FY20, as their working capital would stabilise as challenges related to demonetisation and the GST subsidy. The sector is likely to continue deleveraging gradually in FY20 in view of strong annual growth generation and some moderation in the debt level. Liquidity of the majority of players in the sector is likely to remain adequate, alongwith an improvement in operational cash generation, backed by steady raw material costs and strong demand from end-user segments.

The domestic and global stock-to-use ratios will remain under pressure during cotton year 2018-19. Global cotton production is likely to decline in cotton year 2018-19 owing to a low acreage and adverse weather conditions in key cotton-growing nations. Meanwhile, India's textile exporters are likely to continue to benefit from improved cost competitiveness due to a weak rupee, which would drive volume growth.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.



**Risks and concerns:**

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

**Company's Business**

The company has established its brand name "VALSON" in polyester texturised yarn since 1983. Today we are one of the leading manufacturers of Polyester Texturised & Twisted Yarn and Processors of Cotton, Polyester and other Fancy yarns in India with Customers having diverse uses its end-users comprise players from the shirting, suiting's, label, upholstery, hosiery, furnishings, automative and ready-made garments industries etc. **Quality Products and Services** has been our top most priority and after continuous research, we have ventured into the dyeing of various qualities of yarns. We have more than 65000 shades in our data bank.

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

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

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

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

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

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

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

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

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

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

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

**Opportunities:**

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



**Threats:**

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

**Segment-wise performance:**

The Company'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 108 "Segment Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015.

**Human Resources:**

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

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

**Insurance:**

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

**Safety, Health and Environment**

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

**Environmental Preservation:**

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

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

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

**Internal control systems and their adequacy:**

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

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





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

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

FY 2018-19 proves a challenging year to the company; the financial performance has affected mainly due to global economic uncertainties and disturbances in many parts of the world and frequent fluctuations in crude price and dollar prices and major decrease in the trend of export textile market:

**Performance review of the company (Important ratio's):**

<b>Year Ended March</b>	<b>2019</b>	<b>2018</b>
Operating Profit	6.04%	7.12%
Net Profit after Tax	2.11%	2.42%
Return of Net worth (RONW)	6.93%	7.76%
Debt / Equity Ratio	0.3	0.3
Current Ratio	1.3	1.3
Inventory Turnover Ratio	15.1	18.9
Interest Coverage	8.1	15.0
Debtors Period (in Days)	29.8	29.9

1. There is increase of 6.66% in terms of Revenue from operations (Rs. 10482.39 Lakhs) compared to last year (Rs. 9892.46 Lakhs).
2. There is decline in growth of 7.7% in Texturising production (4347 MT) compared to last year (4711 MT).
3. There is decline in growth of 10.61% in Twisting production (2333 MT) compared to last year (2610 MT).
4. There is a marginal decline in growth of 3.9% in Sales (4896 MT) compared to last year (5096 MT).
5. The Operating Profit (PBOIDT) before other income and Interest and Depreciation and Tax decreased by 8.8% Rs. 584.56 Lakhs as compared to last year amount of (Rs. 635.99 Lakhs).
6. The Net after Tax decreased by 7.50% Rs. 221.16 Lakhs as compared to last year (Rs. 237.65 Lakhs).
7. RONW as compared to FY2017-18, FY2018-19 RONW is lower by 10.70%, mainly due to the decrease in profit (i.e. increase in cost of production purely change and frequent fluctuation in crude price).
8. Change in Interest coverage ratio is due to the impact of higher interest cost resulting from increased borrowings by way of term loan for the need base expansion.

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

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date: May 30, 2019**

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

## ANNEXURE 'A' TO BOARD'S REPORT

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

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

#### PARTICULAR OF EMPLOYEES

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

Sr. No.	Requirements	Details
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. Suresh N. Mutreja – Chairman – 15.8:1 Mrs. Asha S. Mutreja – WTD – 2:1 Mr. Varun S. Mutreja – Director – 7.7:1 Mr. Kunal S. Mutreja – Director – 7.7:1
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Key Managerial Personnel</b> Mr. Suresh N. Mutreja – Chairman – MD – 44.2% Mrs. Asha S. Mutreja – WTD – NIL Mr. Varun S. Mutreja – Director – CFO – 28.2% Mr. Kunal S. Mutreja – Director – CEO – 28.2%
3.	The percentage increase in the median remuneration of employees in the financial year	<b>7.8%</b>
4.	The number of permanent employees on the rolls of company as on 31 <sup>st</sup> March, 2019	<b>733 Employees</b>
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<b>Nil</b>
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year ended 31 <sup>st</sup> March, 2019 is as per the Remuneration Policy of the Company



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

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

<p>Disclosure under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988</p> <p><b>FORM A</b></p> <p><b>(A) Power and Fuel Consumption:</b></p> <p><b>1. Electricity</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">Current Year</th> <th style="width: 15%; text-align: center;">Previous Year</th> </tr> </thead> <tbody> <tr> <td><b>(i) Purchased</b></td> <td style="text-align: right;"><b>31.03.2019</b></td> <td style="text-align: right;">31.03.2018</td> </tr> <tr> <td>Avg. Unit Rate(Rs./KWH)</td> <td style="text-align: right;">5.54</td> <td style="text-align: right;">4.97</td> </tr> <tr> <td>Units (KWH/Lakhs)</td> <td style="text-align: right;">128.62</td> <td style="text-align: right;">125.92</td> </tr> <tr> <td>Total Amount (Rs. In Lakhs)</td> <td style="text-align: right;">713.18</td> <td style="text-align: right;">625.69</td> </tr> <tr> <td><b>(ii) Own Generation through D. G. Sets:</b></td> <td></td> <td></td> </tr> <tr> <td>Unit Rate (Rs./KWH)</td> <td style="text-align: right;">24.41</td> <td style="text-align: right;">21.20</td> </tr> <tr> <td>Units (KWH/Lakhs)</td> <td style="text-align: right;">0.20</td> <td style="text-align: right;">0.25</td> </tr> <tr> <td>Total Amount (Rs. In Lakhs)</td> <td style="text-align: right;">4.81</td> <td style="text-align: right;">5.28</td> </tr> </tbody> </table> <p><b>2. Coal</b></p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 70%;">Qty. (M. Tons)</td> <td style="width: 15%; text-align: right;">5878.204</td> <td style="width: 15%; text-align: right;">5816.995</td> </tr> <tr> <td>Total Cost (Rs. In Lakhs)</td> <td style="text-align: right;">253.45</td> <td style="text-align: right;">264.04</td> </tr> <tr> <td>Avg. Rate (Rs./MT)</td> <td style="text-align: right;">4311.71</td> <td style="text-align: right;">4539.12</td> </tr> </tbody> </table> <p><b>3. Furnace Oil</b> <span style="float: right;">Not Applicable</span></p> <p><b>(B) Consumption per Unit of Production:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 70%;">Electricity (KWH per Tonne of Yarn)</td> <td style="width: 15%; text-align: right;">2735.569</td> <td style="width: 15%; text-align: right;">2679.330</td> </tr> <tr> <td>Coal MT per Tonne of Yarn)</td> <td style="text-align: right;">1.25</td> <td style="text-align: right;">1.24</td> </tr> </tbody> </table>		Current Year	Previous Year	<b>(i) Purchased</b>	<b>31.03.2019</b>	31.03.2018	Avg. Unit Rate(Rs./KWH)	5.54	4.97	Units (KWH/Lakhs)	128.62	125.92	Total Amount (Rs. In Lakhs)	713.18	625.69	<b>(ii) Own Generation through D. G. Sets:</b>			Unit Rate (Rs./KWH)	24.41	21.20	Units (KWH/Lakhs)	0.20	0.25	Total Amount (Rs. In Lakhs)	4.81	5.28	Qty. (M. Tons)	5878.204	5816.995	Total Cost (Rs. In Lakhs)	253.45	264.04	Avg. Rate (Rs./MT)	4311.71	4539.12	Electricity (KWH per Tonne of Yarn)	2735.569	2679.330	Coal MT per Tonne of Yarn)	1.25	1.24	<p><b>Form B</b></p> <p><b>(I) Development</b></p> <p>During the year of review, the Company carried out its in-house development of additional innovative shades at the Laboratory, where new shades are constantly developed and introduced in the market for commercial acceptance. The Company has no immediate plans for conducting any further research and development activities and hence providing any details of expenditure to be incurred is not applicable.</p> <p><b>(II) Technology Absorption, Adaptation &amp; Innovation</b></p> <p>The Company has not absorbed or adopted any technology other than provided by the plant suppliers for manufacturing of texturing, twisting and dyeing of yarn.</p> <p style="text-align: right;"><b>For and on behalf of the Board</b></p> <p style="text-align: right;"><b>Mr. Suresh N. Mutreja</b> Chairman &amp; Managing Director</p> <p><b>Place: Mumbai</b> <b>Date: 30<sup>th</sup> May, 2019</b></p>
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**ANNEXURE 'C' TO BOARD'S REPORT  
SECRETARIAL AUDIT REPORT**

**FORM NO. MR-3**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

Valson Industries Limited

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts ('Regulation') Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not Applicable to the Company during audit period**).
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 w.e.f. 29<sup>th</sup> March 2019;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**Not Applicable to the Company during audit period**).
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008. (**Not Applicable to the Company during audit period**).
  - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agent), Regulations, 1993. Regarding the Companies Act, 2013 and dealing with the clients.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2009. (**Not Applicable to the Company during audit period**).
  - h) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 1998. (**Not Applicable to the Company during audit period**).

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

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

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



**a) Appointment of Company Secretary:**

As per Section 203 (1) (ii), the Company is required to appoint Company Secretary. *The Company has not appointed Company Secretary, consequently the Annual Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2018 were not signed by Company Secretary.* In this regard the management of the Company has provided the following reply:

- i. The Company has appointed Mr. Pritesh Shah as Compliance Officer of the Company to ensure compliance of the Companies Act, 2013 and SEBI Act and rules made there under.
- ii. The Company has availed the services of Practicing Company Secretary to advice on the compliance of the Companies Act, 2013 and the SEBI Act and rules made there under.
- iii. The Company at its Board Meeting held on 30<sup>th</sup> May, 2019 has appointed Mr. Anand Madanlal Dubey as Company Secretary and Compliance Office of the Company w.e.f. 11<sup>th</sup> June, 2019.

**b) Cost Audit Report:**

As per Section 148, the Company is required to obtain Cost Audit Report for the financial year 2017-18. *During the year, the Company has failed to file Form CRA-4 (Cost Audit Report for the financial year 2017-18) with Registrar of Companies, Mumbai, Maharashtra.* In this regard the management of the Company has provided the following reply:

- i. The Company has obtained the Cost Audit Report for the financial year 2017-18 and the same has been placed before the Board Meeting held on 30<sup>th</sup> May, 2019 and the Company is in the process of filing the same with the Registrar of Companies, Mumbai, Maharashtra.

**I further report that**

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

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

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

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

**I further report that** the Company has adopted new set of Articles of Association of the Company in order to make the Articles of Association of the Company in tandem with the relevant sections / provisions under the Companies Act, 2013 and rules made thereunder. The new AOA substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by shares.

Pursuant to Section 14 of the Companies Act, 2013, the consent of the members of the Company by way of a Special Resolution has been taken in the 34<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2018 for adoption of a new set of Articles of Association of the Company. The same has been registered with Registrar of Companies, Mumbai, Maharashtra.

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

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

Place: Mumbai  
Date: May 30, 2019

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

**ANNEXURE 'D' TO BOARD'S REPORT**
**FORM NO. MGT – 9**
**EXTRACT OF ANNUAL RETURN**
**As on the financial year ended 31.03.2019**

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

**I. REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	L17110MH1983PLC030117
<b>Registration Date</b>	2 <sup>nd</sup> June, 1983
<b>Name of the Company</b>	VALSON INDUSTRIES LIMITED
<b>Category of the Company</b>	Company limited by Shares
<b>Sub-Category of the Company</b>	Indian Non-Government Company
<b>Address of the Registered Office and Contact details</b>	28, Bldg.No.6, Mittal Industrial Estate, Sir M. V. Road, Andheri (E), Mumbai – 400 059 Tel. No. 022 4066 1000 Fax No. 022 4066 1199 Email: pritesh@valsonindia.com
<b>Whether Listed Company</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083. Tel No: 022 4918 6000 Fax: 022 4918 6060 Email: rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	4886209	0	4886209	63.78	5139517	0	5139517	67.09	+3.31
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total(A) (1):</b>	<b>4886209</b>	<b>0</b>	<b>4886209</b>	<b>63.78</b>	<b>5139517</b>	<b>0</b>	<b>5139517</b>	<b>67.09</b>	<b>+3.31</b>





Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub- Total (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>4886209</b>	<b>0</b>	<b>4886209</b>	<b>63.78</b>	<b>5139517</b>	<b>0</b>	<b>5139517</b>	<b>67.09</b>	<b>+3.31</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	159244	0	159244	2.08	110560	0	110560	1.44	-0.65
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 2 Lakhs	1412579	135210	1547789	20.20	1436475	128110	1564585	20.42	+0.22
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	687431	0	687431	8.97	486017	0	486017	6.34	-2.63
<b>c) Others (specify)</b>									
i) NRI / OCBs	137952	0	137952	1.80	140675	0	140675	1.84	+0.04
ii) Clearing Members / Clearing House	13766	0	13766	0.18	11378	0	11378	0.15	-0.03
iii) Hindu Undivided Family	228409	0	228409	2.98	208068	0	208068	2.72	-0.26
<b>Sub-Total (B)(2):</b>	<b>2639381</b>	<b>135210</b>	<b>2774591</b>	<b>36.22</b>	<b>2393173</b>	<b>128110</b>	<b>2521283</b>	<b>32.91</b>	<b>-3.31</b>
<b>Total Public Shareholding Public Group (B)= (B)(1)+(B)(2)</b>	<b>2639381</b>	<b>135210</b>	<b>2774591</b>	<b>36.22</b>	<b>2393173</b>	<b>128110</b>	<b>2521283</b>	<b>32.91</b>	<b>-3.31</b>
<b>Total (A) + (B)</b>	<b>7525590</b>	<b>135210</b>	<b>7660800</b>	<b>100.00</b>	<b>7532690</b>	<b>128110</b>	<b>7660800</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>7525590</b>	<b>135210</b>	<b>7660800</b>	<b>100.00</b>	<b>7532690</b>	<b>128110</b>	<b>7660800</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Suresh N. Mutreja	1679500	21.92	0.00	1679500	21.92	0.00	0.00
2.	Kunal S. Mutreja	850682	11.10	0.00	850682	11.10	0.00	0.00
3.	Asha S. Mutreja	734050	9.58	0.00	834050	10.89	0.00	+1.31
4.	Varun S. Mutreja	362200	4.73	0.00	362200	4.73	0.00	0.00
5.	Suresh N. Mutreja (HUF)	495200	6.46	0.00	495200	6.46	0.00	0.00
6.	Ankit S. Mutreja	289968	3.79	0.00	339276	4.43	0.00	+0.64
7.	Tina K. Mutreja	157000	2.05	0.00	157000	2.05	0.00	0.00
8.	Kunal S. Mutreja (HUF)	134000	1.75	0.00	134000	1.75	0.00	0.00
9.	Shweta V. Mutreja	120609	1.57	0.00	166609	2.17	0.00	+0.60
10.	Saachi A. Mutreja	63000	0.82	0.00	121000	1.58	0.00	+0.76
	<b>Total</b>	<b>4886209</b>	<b>63.78</b>	<b>0.00</b>	<b>5139517</b>	<b>67.09</b>	<b>0.00</b>	<b>+3.31</b>

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

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2018)		Cumulative Shareholding during the year (As on 31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1.</b>	<b>ANKIT S. MUTREJA</b>				
	At the beginning of the year	2,89,968	3.79		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+30,993 (Acquisition on 24/05/2018)	+0.40	3,20,961	4.19
		+18,315 (Acquisition on 26/10/2018)	+0.24	3,39,276	4.43
	At the end of the year			<b>3,39,276</b>	<b>4.43</b>
<b>2.</b>	<b>ASHA S. MUTREJA</b>				
	At the beginning of the year	7,34,050	9.58		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+50,000 (Acquisition on 25/05/2018)	+0.65	7,84,050	10.23
		+50,000 (Acquisition on 26/10/2018)	+0.65	8,34,050	10.88
	At the end of the year			<b>8,34,050</b>	<b>10.88</b>
<b>3.</b>	<b>SHWETA V MUTREJA</b>				
	At the beginning of the year	1,20,609	1.57		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+46,000 (Acquisition on 26/10/2018)	+0.60	1,66,609	2.17
	At the end of the year			<b>1,66,609</b>	<b>2.17</b>



Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2018)		Cumulative Shareholding during the year (As on 31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>4.</b>	<b>SAACHI A MUTREJA</b>				
	At the beginning of the year	63,000	0.82		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	+30,000 ( Acquisition on 24/05/2018)	+0.39	93,000	1.21
		+28,000 ( Acquisition on 26/10/2018)	+0.37	1,21,000	1.58
	At the end of the year			<b>1,21,000</b>	<b>1.58</b>

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2018)		Shareholding at the end of the year (As on 31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Sunil N. Mutreja	164315	2.14	0	0.00
2.	Premilaben Mahendra Kumar Dharu	105152	1.37	110382	1.44
3.	Madan Bhagchand Melwani	93942	1.23	93942	1.22
5.	Mahendra Chandulal Dharu	91891	1.20	103496	1.35
6.	Rita Sunil Mutreja	60993	0.80	0	0.00
7.	Duby Rex	60000	0.78	62000	0.81
8.	Vinod N. Mutreja	50317	0.66	50317	0.66
9.	Shashi Rani Gupta	47813	0.62	47813	0.62
10.	Mahendra R. Shah	45500	0.59	19157	0.25
11.	Kalpana Gupta	42978	0.56	39263	0.51
12.	Nirvi Ketan Vakharia	39293	0.51	45613	0.60
13.	LRSD Securities Private Limited	27803	0.36	27803	0.36
14.	Shyamsunder Gupta	23128	0.30	23128	0.30

**v) Shareholding of Directors and Key Managerial Personnel**

Particulars	Shareholding at the beginning of the year (As on 01.04.2018)		Cumulative Shareholding during the year(As on 31.03.2019)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>A. DIRECTORS</b>				
At the beginning of the year	Promoter Director Shareholding and their changes have already been given in the earlier table. Mr. Chandan Gupta, Mr. Pradip C. Shah and Mrs. Radhika V. Shah (Independent Directors) do not hold any shares in the Company. Mr. Surendra Kumar Suri holds only 400 Shares at the beginning and at the end of the year.			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
At the end of the year				
<b>B. KEY MANAGERIAL PERSONNEL</b>				
At the beginning of the year	Not Applicable			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
At the end of the year				

**V. INDEBTEDNESS**

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2018)</b>				
i) Principal Amount	652.28	0.00	128.00	780.28
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>652.28</b>	<b>0.00</b>	<b>128.00</b>	<b>780.28</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	284.08	0.00	10.00	294.08
Reduction	71.49	0.00	0.00	71.49
<b>Net Change</b>	<b>212.59</b>	<b>0.00</b>	<b>10.00</b>	<b>222.59</b>
<b>Indebtedness at the end of the financial year (31.03.2019)</b>				
i) Principal Amount	864.87	0.00	138.00	1002.87
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>864.87</b>	<b>0.00</b>	<b>138.00</b>	<b>1002.87</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Suresh N. Mutreja	Asha S. Mutreja	Varun S. Mutreja	Kunal S. Mutreja	Total Amount (Rs. in Lakhs)
		WTD	WTD	Director & CFO	Director & CEO	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	45.00	6.00	23.00	23.00	97.00
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	1.93	0.00	0.00	0.00	1.93
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Options	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00	0.00
5	Others, please specify (Provident Fund)	3.42	0.36	1.64	1.64	7.07
	<b>TOTAL (A)</b>	<b>50.35</b>	<b>6.36</b>	<b>24.64</b>	<b>24.64</b>	<b>106.00</b>
	<b>Ceiling As Per The Act</b>	<b>Minimum Remuneration up to Rs. 14,00,000 per month</b>	<b>Minimum Remuneration up to Rs. 7,00,000 per month</b>	<b>Minimum Remuneration up to Rs. 7,00,000 per month</b>	<b>Minimum Remuneration up to Rs. 7,00,000 per month</b>	<b>--</b>



**B. Remuneration to other Directors:**

**1. Independent Directors**

Particulars of Remuneration	Chandan S. Gupta	Surendra Kumar Suri	Pradip C. Shah	Radhika V. Shah	Total Amount (Rs. In Lakhs)
- Fee for attending Board/Committee Meetings	1.20	1.30	1.30	0.60	4.40
- Commission	0.00	0.00	0.00	0.00	0.00
- Others, please specify	0.00	0.00	0.00	0.00	0.00
<b>Total (B)(1)</b>	<b>1.20</b>	<b>1.30</b>	<b>1.30</b>	<b>0.60</b>	<b>4.40</b>

**2. Other Non Executive Directors**

Particulars of Remuneration	Name of Director	Total Amount (Rs. In Lakhs)
- Fee for attending Board / Committee Meetings	0.00	0.00
- Commission	0.00	0.00
- Others, please specify	0.00	0.00
<b>Total (B)(2)</b>		<b>0.00</b>
<b>Total (B)= (B)(1)+(B)(2)</b>		<b>4.40</b>
<b>Overall Ceiling as per the Act</b>		<b>Upto Rs. 100000 per meeting</b>

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Mr. Pritesh H. Shah	Total Amount (Rs. in Lakhs)
		Head Compliance	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13.25	13.25
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	0.15	0.15
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00
2.	Stock Options	0.00	0.00
3.	Sweat Equity	0.00	0.00
4.	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	- others, specify	0.00	0.00
5.	Others, please specify	0.00	0.00
	<b>TOTAL (C)</b>	<b>13.40</b>	<b>13.40</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## CORPORATE GOVERNANCE REPORT

*Pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

For The Financial Year 31<sup>st</sup> March, 2019

The Directors' Report on the compliance of the Corporate Governance Code is given below.

### 1. CORPORATE GOVERNANCE

#### 1.1 Company's Philosophy on Corporate Governance

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

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

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

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

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

#### 1.2 The Governance Structure

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

- a. Board of Directors** – The Valson Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company; ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.
- b. Committee of Directors** - With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee. Each of these Committees has been mandated to operate within a given framework.
- c. Management Structure-** Management structure for running the business as a whole is in place with appropriate delegation of powers and responsibilities to the functional heads. The Managing Director, CFO and CEO are in overall control and responsible for day-to-day working of the Company. They give strategic directions, lays down policy guidelines and ensures implementation of decisions of the Board of Directors and its various committees.





## 2. BOARD OF DIRECTORS

### 2.1 Composition and Category of Directors

The Board consists of 8 Directors, out of which 4 are Independent Directors. Composition of the Board and category of Directors are as follows:

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

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

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

#### Directors' Profile:

The Board of Directors comprises of professionals of eminence and stature drawn from diverse fields. They collectively bring to the fore a wide range of skills and experience to the Board, which elevates the quality of the Board's decision making process.

#### Mr. Suresh N. Mutreja (DIN: 00052046), Chairman and Managing Director:

Mr. Suresh Mutreja is a graduate, B.Com. He has vast experience almost 4 and half decade in administration and Management. He has sound knowledge and very good experience in overall management, etc.

He is looking overall administration and Management of the Company.

#### Mr. Varun S. Mutreja (DIN: 07022832), Director and Chief Financial Officer:

Mr. Varun Mutreja is a post graduate, MBA. He has vast experience almost a decade in Banking, Accounts and Marketing (Domestic and Export). He has sound knowledge in marketing, etc.

He is looking after Banking, Accounts and Marketing of the Company.

Mr. Varun Mutreja is a member of Audit Committee.

#### Mr. Kunal S. Mutreja (DIN: 07022857), Director and Chief Executive Officer:

Mr. Kunal Mutreja is a graduate, B.com. He has vast experience almost a one and half decade in production. He has very good practical experience in production.

#### Mrs. Asha S. Mutreja (DIN: 07092404), Whole-Time Director:

Mrs. Asha Mutreja is a graduate, B.com. She has good experience two decade in HR and administration related work. She has very good practical experience in HR & Admin.

She is looking after the HR and admin activities of Mumbai (Head office).

#### Mr. Chandan S. Gupta (DIN: 00082609), Non Executive Independent Director:

Mr. Gupta is a Practicing Chartered Accountant and fellow member of ICAI and also the member of Company Secretary. He has vast experience in Corporate Finance, Accounts, Taxation and Compliance Management. He has sound knowledge and practical aspect of Corporate Finance, Accounts, Company Laws, Tax Laws, etc since last 4 decades.

Mr. Gupta is a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

**Mr. Surendra Kumar Suri (DIN: 00427799), Non Executive Independent Director:**

Mr. Suri is a graduate. He has vast experience in HR and compliance PF, ESIC and labour law. He has sound knowledge and practical aspect of PF, ESIC and Labour Laws and HR related matters since last 5 decades.

He is a Director of 1 Private Limited Company. He has developed his own system on Compliance of HR, ESIC, PF and Labour Law. He advises his clients on various labour laws and ESIC & PF related matters. He has sound knowledge and implementation

Mr. Suri is a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

**Mr. Pradip C. Shah (DIN: 00012803), Non Executive Independent Director:**

Mr. Shah is a Practicing Company Secretary and Fellow member of ICSI. He has vast experience in Corporate Compliance Management. He has sound knowledge and practical aspect of Corporate Laws, Tax Laws, FEMA, SEBI, etc.

He is a Director of 1 Foreign Subsidiary Company and 3 Private Limited Companies. He has developed his own system on Compliance Management. He advises his clients on various legal and secretarial compliances under various Corporate Laws. He has sound knowledge and implementation of Scheme of Merger and De-merger. Under his able guidance, the Company has achieved good compliances of Companies Act, 2013, SEBI and SEBI Regulations.

Mr. Shah is a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

**Mrs. Radhika V. Shah (DIN: 02537656), Non Executive Independent (Woman) Director:**

Mrs. Shah is a Master of Commerce and Bachelor of Management Studies from University of Mumbai. She has vast experience in following areas:

- Worked as a Marketing Executive in Iffco -Tokio General Insurance Company Ltd.
- Acquired the project of National Highway for civil and engineering insurance
- The major market areas were fire, civil, engineering and portfolio insurance for oil and petroleum corporate
- Smaller targets of marine, motor, mediclaim and individual travel policy at retail level
- She had also got the opportunity to sell the fire insurance policy to the corporate

She is a Director of 1 Private Limited Company. She has a very vast experience in general insurance related matter.

**Confirmation as regards independence of Independent Directors**

In the opinion of the Board, the existing Independent Directors, fulfill the conditions specified in the SEBI Listing Regulations and are independent of the Management.

**2.2 Board Training and Induction**

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

**2.3 Board Meetings held during the Year**

Dates on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
05 <sup>th</sup> April, 2018	8	6
21 <sup>st</sup> May, 2018	8	8
14 <sup>th</sup> August, 2018	8	8
25 <sup>th</sup> October, 2018	8	5
14 <sup>th</sup> November, 2018	8	8
13 <sup>th</sup> February, 2019	8	8



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

Date of Board Meetings	Mr. Suresh N. Mutreja	Mr. Varun S. Mutreja	Mrs. Asha S. Mutreja	Mr. Kunal S. Mutreja	Mr. Chandan S. Gupta	Mr. Surendra Kumar Suri	Mr. Pradip C. Shah	Mrs. Radhika V. Shah
05 <sup>th</sup> April, 2018	Present	Present	Absent	Absent	Present	Present	Present	Present
21 <sup>st</sup> May, 2018	Present	Present	Present	Present	Present	Present	Present	Present
14 <sup>th</sup> August, 2018	Present	Present	Present	Present	Present	Present	Present	Present
25 <sup>th</sup> October, 2018	Present	Present	Absent	Present	Absent	Present	Present	Absent
14 <sup>th</sup> November, 2018	Present	Present	Present	Present	Present	Present	Present	Present
13 <sup>th</sup> February, 2019	Present	Present	Present	Present	Present	Present	Present	Present
Total Attendance (out of 6 Board Meetings)	6	6	4	5	5	6	6	5
Attendance at Last AGM	Present	Present	Present	Present	Present	Present	Present	Present

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

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

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

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance, and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behavior, ensures transparency in corporate dealings and compliance with laws and regulations. The Agenda for the Board Meeting covers items set out as guidelines in SEBI Regulations to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

**3. COMMITTEES OF THE BOARD**

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

**3.1 Audit Committee**

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

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

### 3.1.1 Financial Reporting and Related Processes

- Effective oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with the Management (i) the quarterly Un-Audited Financial Results and the Auditors' Limited Review Report thereon, (ii) Audited Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and practices and reasons for such change, major accounting entries involving estimates based on exercise of judgment by the Management.
- Review the Management Discussion & Analysis of financial condition and results of the Company's operation.
- Review of Management Letters / Letters of Internal Control Weaknesses, if any, issued by the Statutory Auditors.
- Review of internal audit reports relating to internal control weaknesses, if any.
- Discuss with the Statutory Auditors, its judgment about the quality and appropriateness of the Company's accounting principles with reference to relevant Accounting Standards and the relevant Rules under the Act as amended from time to time.
- Scrutiny and review the investments and inter-corporate loans made by the Company.

### 3.1.2 Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's Accounting system and internal financial controls.
- Review and discuss with the Management on the Company's major financial risk exposures and steps taken by the Management to monitor and mitigate such risks.
- To oversee and review the functioning of the vigil mechanism implemented in the Company as a Whistle Blower Policy and to review the findings of investigations into cases of material nature, if any, and the actions taken in respect thereof.

### 3.1.3 Audit

- Review the scope of the Statutory Audit, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review and monitor the Auditors' independence and performance and effectiveness of the audit process.
- Review and discuss the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board the appointment / re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal, if necessary.
- Approve such additional services which are to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Act and payment for such services.
- Recommend to the Board the remuneration of the Statutory Auditors / Cost Auditors.
- Discussion with the Statutory Auditors / Chief Internal Auditors on significant findings and follow-up thereon.
- Review the Annual Cost Audit Report submitted by the Cost Auditor.

### 3.1.4 Other Functions

- To approve the appointment, removal and terms of remuneration of the Chief Internal Auditor and to approve the appointment of the Chief Financial Officer after assessing the qualifications and experience of the candidates.
- To grant omnibus approval to all related party transactions including any subsequent modifications thereto, grant of omnibus approvals for related party transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions subject to the approval of the Board or shareholders, as the case may be.
- The scope and terms of reference of the Committee will be widened further effective from 01<sup>st</sup> April, 2019, in line with the amendments made to the listing regulations which become applicable from the said date.



The composition of the Audit Committee as at 31<sup>st</sup> March, 2019 and details of the Members participation at the Meetings of the Committee are as under:

<b>Date of Meeting</b>	<b>Mr. Chandan S. Gupta<sup>*</sup></b>	<b>Mr. Surendra Kumar Suri<sup>#</sup></b>	<b>Mr. Varun S. Mutreja<sup>@</sup></b>	<b>Mr. Pradip S. Shah<sup>§</sup></b>
05 <sup>th</sup> April, 2018	Present	Present	Present	Present
21 <sup>st</sup> May, 2018	Present	Present	Present	Present
14 <sup>th</sup> August, 2018	Present	Present	Present	Present
14 <sup>th</sup> November, 2018	Present	Present	Present	Present
13 <sup>th</sup> February, 2019	Present	Present	Present	Present
<b>Total (out of 5 meetings)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

<sup>\*</sup>Chairman & Non Executive Independent Director

<sup>#</sup>Member & Non Executive Independent Director

<sup>@</sup>Member & Executive Director – CFO

<sup>§</sup>Member & Non Executive Independent Director

The Chairman of the Committee was present at the last Annual General Meeting of the Company held on 29<sup>th</sup> September, 2018.

The present constitution of the Audit Committee is compliant with Section 177(2) of the Companies Act, 2013. The Company has adopted at its Board Meeting held on May 30, 2014 the terms of reference of Audit Committee as prescribed under Section 177(4) of the Companies Act, 2013 w.e.f. 1<sup>st</sup> April, 2014. All the Members on the Audit Committee are financially literate and possess sound knowledge in finance, accounting practice. The representative of the Statutory Auditors is permanent invitees to the Audit Committee Meetings. He have attended all Audit Committee Meetings held during the year at which the financial results / financial statements have been placed for review. Also the Internal Auditors are invited to attend the Audit Committee Meetings.

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

**Performance Review of the Audit Committee:**

The performance of the Audit Committee is assessed annually by the Board of Directors through a structured questionnaire which broadly covers Functions and Duties, Management Relations and Committee Meetings and Procedures. The performance of the Audit Committee were found satisfactory for the financial year 2018-19 and the same has been forwarded to Mr. Suresh N. Mutreja, Chairman & Managing Director of the Company for record.

**3.2 Stakeholders' Relationship Committee**

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

**3.2.1 Terms of Reference of the Committee**

- to approve transfer / transmission of shares / debentures and such other securities, as may be issued by the Company from time to time;
- to issue of duplicate share certificates for shares / debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- to issue and allot right shares / bonus shares pursuant to a rights issue / bonus issue, subject to such approvals as may be required;
- to oversee the implementation of ESOS Scheme, if any implemented by the Company;
- to issue and allot debentures, bonds and other securities as approved by the Board of Directors, subject to such other approvals of the Regulators as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to

- o transfer / transmission of shares, issue of duplicate share certificates for shares reported lost, defaced or destroyed, to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates;
- o non receipt of annual reports, notices, non receipt of declared dividend, change of address for correspondence etc. and to monitor action taken;
- to monitor Investor Relation activities of the Company and give guidance on the flow of information from the Company to the Investors;
- to monitor expeditious redressal of grievances of shareholders / security holder and all other matters incidental or related to issue of shares, debentures and other securities, if any of the Company.
- to review reports relating to grievances of investors, shareholding pattern and other reports which are to be submitted to the Stock Exchanges periodically in line with the requirements of the SEBI Listing Regulations;
- to review overall functioning of the Share Department;
- in line with the changes brought about to the SEBI Listing Regulations which are applicable from 01<sup>st</sup> April, 2019, the scope of the Committee shall be widened to cover the following new areas:
  - o review of measures taken for effective exercise of voting rights by shareholders;
  - o review of adherence to the service standards adopted by the Company in respect of various services rendered by the in-house Share Department, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
  - o any other matters as may be assigned to the Committee by the Board of Directors from time to time.

The composition of the Stakeholders' Relationship Committee as at 31<sup>st</sup> March, 2019 and details of the Members participation at the Meetings of the Committee are as under:

<b>Date of Meeting</b>	<b>Mr. Pradip C. Shah*</b>	<b>Mr. Surendra Kumar Suri#</b>	<b>Mr. Varun S. Mutreja@</b>
21 <sup>st</sup> May, 2018	Present	Present	Present
14 <sup>th</sup> August, 2018	Present	Present	Present
14 <sup>th</sup> November, 2018	Present	Present	Present
13 <sup>th</sup> February, 2019	Present	Present	Present
<b>Total (out of 4 meetings)</b>	<b>4</b>	<b>4</b>	<b>4</b>

\*Chairman & Non- Executive Independent Director

#Member & Non- Executive Independent Director

@Member & Executive Director – CFO

### 3.2.2 Compliance Officer

As required by the SEBI Regulations, the Company has appointed Mr. Anand Dubey as Company Secretary and Compliance Officer. Email address of Compliance Officer is [cs@valsonindia.com](mailto:cs@valsonindia.com).

### 3.2.3 Status of Transfers

During the year ended 31<sup>st</sup> March, 2019, 1200 shares in physical form were processed for transfer. There were no pending share transfers as on 31<sup>st</sup> March, 2019.

### 3.2.4 Complaints

During the financial year ended 31<sup>st</sup> March, 2019, Nil complaints were received from the shareholders and no complaints were pending for redressal either at the beginning or at the end of the year. The complaints relate to non-receipt of annual report, dividend, share transfers, etc.

Opening as on 1 <sup>st</sup> April, 2018	Nil
Received during the year	Nil
Disposed of during the year	Nil
Closing as on 31 <sup>st</sup> March, 2019	Nil

### 3.3 Nomination and Remuneration Committee (NRC)

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





### 3.3.1 Terms of Reference

- Identifying and selecting candidates who are qualified for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to recommend to the Board of Directors their appointment and removal;
- Review the performance of the Board of Directors, and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company;
- To recommend to the Board of Directors the extension or continuance in office of the Independent Directors on the basis of the report of their performance evaluation;
- In line with the amendments made to the Listing Regulations, effective from April 1, 2019, the functions of the Committee shall be extended to recommend to the Board, all remuneration, in whatever form, which is payable to Senior Management.

### 3.3.2 Remuneration Policy

While formulating the policy the Committee has to ensure that:

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

The composition of the Nomination and Remuneration Committee as at 31<sup>st</sup> March, 2019 and the details of Members participation at the Meetings of the Committee are as under:

Date of Meeting	Mr. Chandan S. Gupta <sup>*</sup>	Mr. Surendra Kumar Suri <sup>#</sup>	Mr. Pradip C. Shah <sup>@</sup>
21 <sup>st</sup> May, 2018	Present	Present	Present
13 <sup>th</sup> February, 2019	Present	Present	Present
Total (out of 2 meeting)	<b>2</b>	<b>2</b>	<b>2</b>

<sup>\*</sup>Chairman & Non Executive Independent Director

<sup>#</sup>Member & Non- Executive Independent Director

<sup>@</sup>Member & Non- Executive Independent Director

### 3.4 Corporate Social Responsibility (CSR) Committee

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

### 3.5 Risk Management Committee (Non-Mandatory)

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

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

- Foreign Exchange Risk
- Yarn Price Risk
- Stiff Global Competition
- Government Policy on incentives for exports
- Risk elements in business transactions
- Success of Cotton Crop

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

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

### 3.6 Independent Directors' Meeting

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

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

The Nomination and Remuneration Committee in its meeting held on 14<sup>th</sup> February, 2015 had adopted the performance evaluation criteria for the Independent Directors and the same had been applied by the Board in its meeting held on 13<sup>th</sup> February, 2019 for evaluating the performance of the Independent Directors. All the Independent Directors attended the meeting held on 13<sup>th</sup> February, 2019 and discussed the above points.

### 3.7 Policy for Selection and Appointment of Directors and their Remuneration

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

#### 3.7.1 Criteria of Selection of Non Executive Directors

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

#### 3.7.2 Remuneration

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

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

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

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



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

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

### 3.7.4 Remuneration Policy for the Senior Management Employees

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

### 3.8 Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Board Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

### 3.9 Details of Remuneration paid to all Directors

The aggregate remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2019 is as under:

Name of Director	Designation	Salary & Perquisites	Commission	(Rs. In Lakhs)	
				Sitting Fees	Total
Mr. Suresh N. Mutreja	Managing Director	50.35	0	0	50.35
Mr. Varun S. Mutreja	Director – CFO	24.64	0	0	24.64
Mr. Chandan S. Gupta	Independent Director	0	0	1.20	1.20
Mr. Surendra Kumar Suri	Independent Director	0	0	1.30	1.30
Mrs. Asha S. Mutreja	Whole-Time Director	6.36	0	0	6.36
Mr. Pradip C. Shah	Independent Director	0	0	1.30	1.30
Mr. Kunal S. Mutreja	Director – CEO	24.64	0	0	24.64
Mrs. Radhika V. Shah	Independent Director	0	0	0.60	0.60

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

**Details of Service Contracts**

Name and Designation	Current Tenure	From	To
Mr. Suresh N. Mutreja Managing Director	5 Years	1 <sup>st</sup> July, 2019	27 <sup>th</sup> June, 2024
Mr. Varun S. Mutreja Director – CFO	5 Years	14 <sup>th</sup> November, 2014 14 <sup>th</sup> November, 2019*	13 <sup>th</sup> November, 2019 13 <sup>th</sup> November, 2024*
Mrs. Asha S. Mutreja Whole Time Director	5 years	1 <sup>st</sup> June, 2015	31 <sup>st</sup> May, 2020
Mr. Kunal S. Mutreja Director – CEO	5 Years	01 <sup>st</sup> June, 2017	31 <sup>st</sup> May, 2022

\*Renewal of appointment for a period of 5 years.

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

Non Executive Directors	No. of shares held as on 31 <sup>st</sup> March, 2019	No. of shares held as on 31 <sup>st</sup> March, 2018
Mr. Chandan S. Gupta	Nil	Nil
Mr. Surendra Kumar Suri	400	400
Mr. Pradip C. Shah	Nil	Nil
Mrs. Radhika V. Shah	Nil	Nil

**Details of Remuneration paid to the Directors are given in Form MGT-9**
**4. SUBSIDIARY COMPANIES**

The Company does not have any Subsidiary Company.

**5. DISCLOSURES**
**5.1 Indian Accounting Standards (Ind As)**

The Company has followed the relevant Accounting Standards notified by the Companies (India Accounting Standards) Rules, 2015 while preparing Financial Statements.

**5.2 Related Party Transactions**

All Transactions entered into by the Company during the year with related parties were in the ordinary course of business and on an arm's length pricing basis. These transactions are also subject to scrutiny by an external Independent Agency. The policy on related party transactions has been placed on the Company's website and can be accessed at <http://valsonindia.com/investor-relations/> in line with the amended SEBI Listing Regulations, this Policy will be amended suitably effective from 01<sup>st</sup> April, 2019.

**5.3 Confirmation by the Board of Directors' acceptance of recommendation of mandatory committees**

In terms of the amendments made to the SEBI Listing Regulations, the Board of Directors confirms that during the year, it has accepted all recommendations received from its mandatory committees.

**5.4 Strictures and Penalties**

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

**5.5 CFO & CEO Certification**

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

**5.6 Code of Conduct for the Board Members and Senior Management**

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

In terms of the resolution passed by the Board of Directors in their meeting held on 30<sup>th</sup> May, 2019, the Board has authorized Mr. Suresh N. Mutreja, Executive Chairman & Managing Director to sign all Certificates as may be required, to comply with the statutory requirements.



Accordingly, a declaration from the Executive Chairman & Managing Director that all Board Members and Senior Management personnel have duly complied with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2019 forms part of the Annual report.

#### **5.7 Vigil Mechanism / Whistle Blower Policy**

During the financial year 2017 – 18, in accordance with the Regulation 22 of the SEBI Regulations and pursuant to Section 177 (9) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the company has adopted a Whistle Blower Policy. The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. As per the whistle blower policy, the employees are free to report violations of laws, rules, regulations or un-ethical conduct to their immediate superior. The confidentiality of those reporting / violations is maintained and they are not subjected to any discriminatory practice.

#### **5.8 Prevention of Insider Trading**

Pursuant to SEBI Listing Regulations, the Company has formulated the “Code of Internal Procedures and Conduct for Regulating, Monitoring And Reporting of Trading by Insiders” and the “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information” (Code) which allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company’s shares. It also prohibits the purchase or sale of Company’s shares by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company’s shares is closed.

The Company Secretary & Head Compliance is responsible for implementation of the Code. The Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

In line with the amendments introduced recently by SEBI, the above Code will be amended suitably to align it with the amendments which are effective from 01<sup>st</sup> April, 2019.

#### **5.9 Communication with the Members/ Shareholders**

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

### **6. GENERAL INFORMATION TO SHAREHOLDERS**

Financial Year Ended: 31<sup>st</sup> March, 2019

#### **6.1 Investor Services**

Pursuant to the directive of SEBI, whereby all work related to share register in terms of both physical and electronic mode for maintenance had to be carried out at a single point, the Company has appointed M/s. Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent, to handle its entire share related activities, both for physical shares and shares in demat form.

##### **Link Intime India Pvt. Ltd.**

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083

Tel No: 022 4918 6000 Fax: 022 4918 6060

E mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### **6.2 Address for correspondence with Depositories**

National Securities Depository Limited  
Trade World, 4<sup>th</sup> & 5<sup>th</sup> Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013  
Telephone No : 022-2499 4200;  
Fax Nos : 022-2497 2993/6351  
E-mail : [info@nsdl.co.in](mailto:info@nsdl.co.in); Website : [www.nsdl.co.in](http://www.nsdl.co.in)

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001  
Telephone No : 022-2272 3333  
Fax Nos : 022-2272 3199/2072  
E-mail : [investors@cdslindia.com](mailto:investors@cdslindia.com); Website : [www.cdslindia.com](http://www.cdslindia.com)

**6.3 Registered Office & Correspondence Address**
**Valson Industries Limited**

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

Tel No: 022 4066 1000 / Fax: 022 4066 1199

**Website:** www.valsonindia.com / **Email Address:** cs@valsonindia.com

**Contact Person:** Mr. Anand Dubey, Company Secretary and Compliance Officer

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

Members who hold shares in physical form should address their requests to the Company for change of address, change in bank details, processing of unclaimed dividend, subdivision of shares, renewal / split / consolidation of share certificates, issue of duplicate share certificates and such requests should be signed by the first named Member, as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as proof of identity and/or address as considered appropriate in addition to the requirement of certified copies of PAN cards.

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

**6.4 Plant Location**
**6.4.1 Texturising and Twisting**

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

**6.4.2 Yarn Dyeing**

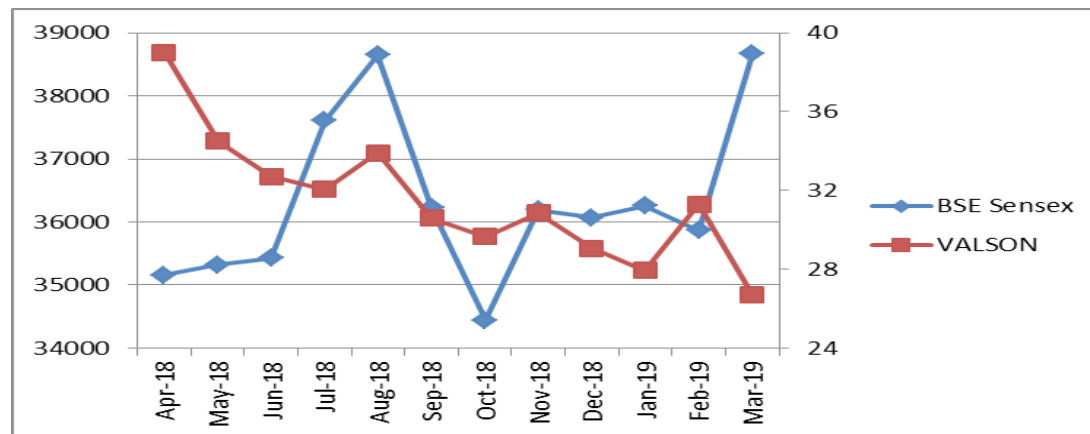
**Vapi Unit:** Plot No. 1204, GIDC, Phase III, Vapi, Gujarat 396 195.

**6.5 Market Information**
**Listing on Stock Exchanges**

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

Name & Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	530459	INE 808A01018

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

**Index Comparison**






**\*Monthly High and Low Prices of the Equity Shares of the Company for the year ended 31<sup>st</sup> March, 2019:**

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-18	39	41.5	37.15	39	71876	546	2827355	4.35	0
May-18	41.4	41.4	30.1	34.5	162293	401	5596137	11.3	-6.9
Jun-18	34	36.7	30.5	32.7	19561	166	644453	6.2	-1.3
Jul-18	31.5	38.95	29.6	32.05	23123	234	747641	9.35	0.55
Aug-18	38.05	38.9	29.6	33.9	26133	252	901853	9.3	-4.15
Sep-18	35.3	39.5	28.7	30.6	18365	220	600967	10.8	-4.7
Oct-18	30.95	32.9	26	29.65	166965	266	4769574	6.9	-1.3
Nov-18	31.65	37.5	28.05	30.85	35099	213	1031021	9.45	-0.8
Dec-18	26.4	35.65	25.2	29.05	29890	275	848462	10.45	2.65
Jan-19	28.55	32.4	27	27.95	15168	190	430743	5.4	-0.6
Feb-19	26.15	32.75	26	31.3	26699	125	769303	6.75	5.15
Mar-19	32.95	36.2	25.8	26.7	16277	332	471664	10.4	-6.25

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

**Annual Fees:**

The Company has paid Annual Custody Fees for the year 2018 – 19 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

The Company has paid Annual Listing Fees for the year 2018 – 19 to the BSE Ltd. within the stipulated time.

**6.6 Shareholders' rights**

A shareholder in a Company enjoys certain rights, which are as follows:

- To receive share certificates, on allotment or transfer as the case may be, in due time.
- To receive copies of the Annual Report, Balance Sheet and Profit and Loss Account and the Auditor's Report.
- To participate and vote in General Meetings either personally or through proxies.
- To receive dividends in due time, once approved in General Meetings or Board Meetings.
- To receive corporate benefits like rights and bonus etc. once approved.
- To apply to the National Company Law Tribunal to call or direct the Annual General Meeting.
- To inspect the minute books of the General Meetings and to receive copies thereof.
- To proceed against the Company by way of civil or criminal proceedings.
- To apply for the winding-up of the Company.
- To receive the residual proceeds.

The above-mentioned rights may not necessarily be absolute.

**7. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS**

**7.1 Share transfers**

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

**7.2 Nomination facility for shareholding**

As per the provisions of Section 72 of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Share Department of the Company. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

**7.3 Permanent Account Number (PAN)**

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

**7.4 Dividend**

- Payment of dividend through Automated Clearing House (ACH):

The Company provides the facility for direct credit of dividend to the Members' Bank Account. SEBI Listing Regulations also mandate companies to credit the dividend to the members electronically. Members are therefore urged to avail this facility to ensure safe and speedy credit of their dividend into their bank account through the Banks' "Automated Clearing House" mode. Members who hold shares in demat mode should inform their Depository Participant, whereas Members holding shares in physical form should inform the Company of the core banking account details allotted to them by their bankers. In cases where the core banking account details are not available, the Company will issue the demand drafts mentioning the existing bank details available with the Company.

- Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years from the date, the dividend has become due for payment to the Investor Education & Protection Fund (IEPF) established by the Government. Accordingly, during the financial year 2018-19, unclaimed dividend pertaining to the financial year 2010 – 11 was transferred to IEPF.

**For Equity Shareholders:**

Financial Year	Date of Declaration of Dividend	Last Date of Claiming un-paid Dividend
Final Dividend 2012 – 2013	13.08.2013	17.09.2020
Final Dividend 2013 – 2014	13.09.2014	18.10.2021
Final Dividend 2014 – 2015	14.08.2015	18.09.2022
Final Dividend 2015 – 2016	13.08.2016	17.09.2023
Final Dividend 2016 – 2017	05.08.2017	09.09.2024
Final Dividend 2017 – 2018	29.09.2018	03.11.2025

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

- Dividend History (last 5 Years)

Sr. No.	Financial Year	Final / Interim	Dividend %	Total Dividend (Rs. in Lakhs)
1.	2017 – 18	Final	10%	76.61
2.	2016 – 17	Final	10%	76.61
3.	2015 – 16	Final	10%	76.61
4.	2014 – 15	Final	10%	76.61
5.	2013 – 14	Final	8%	61.29

**7.5 Transfer of the 'Shares' into Investor Education and Protection Fund (IEPF) (in cases where dividend has not been paid or claimed for seven consecutive years or more)**

In terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid / unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, the Company has transferred the required number of shares to the IEPF.

**7.6 Guidelines for Investors to file claim in respect of the Unclaimed Dividend or Shares transferred to the IEPF**

With effect from September 7, 2016, Investors/Depositors whose unpaid dividends, matured deposits or debentures etc. have been transferred to IEPF under Companies Act, 1956 and/or the Act, can claim the amounts. In addition, claims can also be made in respect of shares which have been transferred into the IEPF, as per the procedures/guidelines stated below:

- (a) Download the Form IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for the refund of dividend / shares. Read the instructions provided on the website / instruction kit alongwith the e-form carefully before filling the form.
- (b) After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.



- (c) Take a print out of the duly filled Form IEPF-5 and the acknowledgement issued after uploading the form.
- (d) Submit an indemnity bond in original, copy of the acknowledgement and self attested copy of e-form along with other documents as mentioned in the Form IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked “Claim for refund from IEPF Authority” / “Claim for shares from IEPF” as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.
- (e) Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company’s Verification Report, refund will be released by the IEPF Authority in favour of claimants’ Aadhar linked bank account through electronic transfer and / or the shares shall be credited to the demat account of the claimant, as the case may be.

The Nodal Officer of the Company for IEPF Refunds Process is Mr. Anand Dubey whose e-mail id is [cs@valsonindia.com](mailto:cs@valsonindia.com).

#### **7.7 Dealing with securities which have remained unclaimed**

Regulation 39(4) of SEBI Listing Regulations read with Schedule VI “Manner of dealing with Unclaimed Shares”, had directed Companies to dematerialize such shares which have been returned as “Undelivered” by the postal authorities and hold these shares in an “Unclaimed Suspense Account” to be opened with either one of the Depositories viz. NSDL or CDSL.

All corporate benefits on such shares viz. bonus, dividends etc. shall be credited to the unclaimed suspense account as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Act.

#### **7.8 Pending Investors’ Grievances**

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

#### **7.9 Dematerialization of Shares and Liquidity**

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

As on 31<sup>st</sup> March, 2019, 98.28% of the Company’s total paid up capital representing 75,29,290 equity shares were held in dematerialised form and the balance 1.72% representing 1,35,510 equity shares were held in physical form.

#### **7.10 Disclosure with respect to demat suspense account/unclaimed suspense account**

As on 31<sup>st</sup> March, 2019, there are no outstanding shares lying in the demat suspense account / unclaimed suspense account.

#### **7.11 Reconciliation of Share Capital Audit**

As required by SEBI, quarterly audit of the Company’s share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with Central Depository Services (India) Limited (CDSL), National Securities Depository Limited (NSDL) and held in physical form, with the issued and listed capital. The Auditors’ Certificate in regard to the same is submitted to BSE Limited and is also placed before Stakeholders’ Relationship Committee and the Board of Directors.

#### **Distribution of Shareholding as on 31<sup>st</sup> March, 2019**

<b>Range</b>	<b>No. of Shareholders</b>	<b>% to Total Holders</b>	<b>Total Shareholding</b>	<b>% to Capital</b>
1 – 500	1706	70.32	318981	4.16
501 – 1000	349	14.39	285483	3.73
1001 – 2000	162	6.68	248573	3.24
2001 – 3000	58	2.39	146054	1.91
3001 – 4000	33	1.36	117043	1.53
4001 – 5000	20	0.82	93584	1.22
5001 – 10000	60	2.47	435786	5.69
10001 & Above	38	1.57	6015296	78.52
<b>Total</b>	<b>2426</b>	<b>100.00</b>	<b>7660800</b>	<b>100.00</b>

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

**Shareholding Pattern as on 31<sup>st</sup> March, 2019 (Equity Shares)**

	Category	No. of Shares Held	% of Share Holding
<b>A.</b>	<b>Promoter(s) Holding</b>		
	Promoter(s)		
	- Indian Promoters	5139517	67.09
	- Foreign Promoters	0	0.00
	<b>Sub – Total (A)</b>	<b>5139517</b>	<b>67.09</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
	<b>Institutional Investors</b>		
i.	Mutual Funds & UTI	0	0.00
ii.	Banks, Financial Inst, Insurance Company	0	0.00
iii.	(Central/State Govt. Inst/Non-Govt. Inst) FIs	0	0.00
	<b>Others</b>		
i.	Private Corporate Bodies	110560	1.44
ii.	Indian Public and Others	2050602	26.76
iii.	NRI/OCBS	140675	1.84
iv.	Directors / Relatives	0	0.00
v.	Clearing Members	11378	0.15
vi.	Hindu Undivided Family and Others	208068	2.72
	<b>Sub-Total (B)</b>	<b>2521283</b>	<b>32.91</b>
	<b>GRAND TOTAL (A+B)</b>	<b>7660800</b>	<b>100.00</b>

**Statement showing Shareholding of more than 1% of the Capital as on 31<sup>st</sup> March, 2019**

Sr. No.	Names of the shareholders	No. of Shares	% of Capital
<b>1</b>	<b>Promoters:</b>		
	Suresh N. Mutreja	1679500	67.09
	Kunal S. Mutreja	850682	
	Asha S. Mutreja	834050	
	Suresh N. Mutreja (HUF)	495200	
	Varun S. Mutreja	362200	
	Ankit S. Mutreja	339276	
	Tina K. Mutreja	157000	
	Kunal S. Mutreja (HUF)	134000	
	Shweta V. Mutreja	166609	
Saachi A. Mutreja	121000		
	<b>Others:</b>		
<b>2</b>	Premilaben Mahendra Kumar Dharu	110656	1.44
<b>3</b>	Mahendra Chandulal Dharu	103496	1.35
<b>4</b>	Madan Bhagchand Melwani	93942	1.23
	<b>Total</b>	<b>5447611</b>	<b>71.11</b>

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

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

**Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

The Company does not have any exposure to commodity price risk. However, foreign exchange exposure risks have not been hedged by any derivative instrument or otherwise.



#### Particulars of Past Three Annual General Meetings

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

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date & Time	Location
31.03.2016	32 <sup>nd</sup> AGM	Note 1	13.08.2016 10.30 A.M.	Registered Office
31.03.2017	33 <sup>rd</sup> AGM	Note 2	05.08.2017 01.00 P.M.	Registered Office
31.03.2018	EGM	Note 3	05.05.2018 11.00 A.M.	Registered Office
31.03.2018	34 <sup>th</sup> AGM	Note 4	29.09.2018 04.00 P.M.	Registered Office

#### Note 1:

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

#### Note 2:

1. Ordinary Resolution for Regularization of appointment of Mr. Kunal S. Mutreja as Director w.e.f. 27<sup>th</sup> May, 2017.
2. Ordinary Resolution for Appointment of Mr. Kunal S. Mutreja as Director & CEO for a period of five years w.e.f. 1<sup>st</sup> June, 2017.

#### Note 3:

1. Ordinary Resolution to approve the appointment of M/s. Bastawala And Associates, Chartered Accountants as Statutory Auditors of the Company to fill the casual vacancy caused by resignation of M/s. M. A. Parikh & Co., Chartered Accountants and to fix their remuneration.

#### Note 4:

1. Ordinary Resolution for Regularization of appointment of Mrs. Radhika V. Shah as Independent Director of the Company for a period of five years.
2. Special Resolution for adoption of new set of Articles of Association of the Company.

#### Note 5:

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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
Valson Industries Limited  
Unit No. 28, Bldg.No.6, Mittal Ind. Estate,  
Andheri-Kurla Road, Andheri (E), Mumbai – 400 059

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Valson Industries Limited having CIN L17110MH1983PLC030117 and having registered office at Unit No. 28, Bldg.No.6, Mittal Ind. Estate, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Suresh Nanakchand Mutreja	00052046	26/06/1983
2.	Asha Suresh Mutreja	07092404	14/02/2015
3.	Varun Suresh Mutreja	07022832	14/08/2015
4.	Kunal Suresh Mutreja	07022857	27/05/2017
5.	Chandan Shantilal Gupta	00082609	31/10/2003
6.	Surendrakumar Suri	00427799	31/01/2005
7.	Pradip Chimanlal Shah	00012803	14/02/2015
8.	Radhika Vishal Shah	02537656	05/08/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai  
Date: 30<sup>th</sup> May, 2019

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





**D E C L A R A T I O N S**  
**FINANCIAL CALENDAR 2019**

Board Meeting for consideration of Accounts for the financial year ended March 31, 2019 and recommendation of dividend	May 30, 2019
Posting of Annual Reports	On or before Friday, August 30, 2019
Book Closure Dates	September 24, 2019 to September 30, 2019
Last date for receipt of Proxy Forms	September 28, 2019 by 11.00 a.m.
Date, Time & Venue of the 35 <sup>th</sup> Annual General Meeting	September 30, 2019 at 11.00 a.m. at Registered Office of the Company situated at 28, Bldg. No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai 400 059.
Dividend Payment Date	On or before October 25, 2019
Probable date of dispatch of warrants	On or before October 25, 2019
Board Meeting for consideration of unaudited quarterly results for the financial year ended March 31, 2020	Within Forty Five days from the end of the quarter, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges
Audited results for the current financial year ending March 31, 2020	Within Sixty days from the end of the last quarter, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges

**For and on behalf of the Board of Directors**

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

**Place: Mumbai**

**Date: 30<sup>th</sup> May, 2019**



## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2019.

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

Place: Mumbai

Date: 30<sup>th</sup> May, 2019

## CHIEF FINANCIAL OFFICER & CHIEF EXECUTIVE OFFICER CERTIFICATION

### Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

- A. We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2019 and that to the best of our knowledge and belief, we state that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate of the Company's Code of Conduct.
- C. We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Business Conduct as adopted by the Company.
- D. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- E. We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
1. significant changes, if any, in internal control over financial reporting during the year;
  2. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Yours Sincerely

Place: Mumbai

Date: 30<sup>th</sup> May, 2019

**Varun S. Mutreja**  
Chief Financial Officer

**Kunal S. Mutreja**  
Chief Executive Officer



## **INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

### **TO THE MEMBERS OF VALSON INDUSTRIES LIMITED**

1. I, Mr. Punit Shah, Practicing Company Secretary, the Secretarial Auditors of Valson Industries Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### **Management's Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### **Auditor's Responsibility**

3. My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. I have examined the secretarial and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

#### **Opinion**

5. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the financial year ended 31<sup>st</sup> March, 2019.
6. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Place: Mumbai**

**Date: 30<sup>th</sup> May, 2019**

## INDEPENDENT AUDITOR'S REPORT

To the Members of,  
**VALSON INDUSTRIES LIMITED**

### Report on the Audit of the Ind AS Financial Statements

#### I. Opinion

We have audited the Ind AS financial statements of **VALSON INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss, (statement of changes in equity) statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, of the state of affairs of the Company as at March 31, 2019, and its profit, changes in equity and its cash flows for the year ended on that date.

#### II. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (KAM)	How Our Audit Addressed The Key Audit Matter
<p><b>Existence and valuation of inventories</b> <b>Note no 7 to the balance sheet in the financial statements</b></p> <p>Total inventories of Rs. 769.13 Lakhs represent 14.13 % of the Company's total assets as at <b>March 31, 2019</b>. These inventories mainly consist of inventories of raw material (RM), packing material (PM), stores &amp; spares (S&amp;S), coal &amp; diesel (C&amp;D), and finished goods (FG). RM, PM stores &amp; spares and coal &amp; diesel are valued at cost and FG is valued at lower of cost or net realizable value (NRV).</p> <p>Cost comprises all cost of purchases, cost of conversion and other costs incurred in bringing inventories to their present location and condition.</p> <p>These inventories being major share of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.</p> <p>Furthermore, in a manufacturing company, inventory valuation is an important factor for determining profitability of the Company. Accordingly impact of the same on revenue need to be assessed correctly.</p>	<p><b>Principal Audit Procedure;</b></p> <p>Our audit procedures to test the existence of the Inventories mainly consist of testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and internal auditors. We on a test check basis attended inventory count at the year end at the Silli Unit of the Company.</p> <p>To validate the valuation of inventories, we performed following test / audit procedures to assess procedures followed by the Company to arrive at valuation of inventories is aligned with accounting policies of the Company;</p> <p>1. Valuation of RM, PM and stores &amp; spares and coal &amp; diesel at Cost;</p> <p>We selected sample of inventory items and compared the quantities we counted to the quantities recorded.</p> <p>On an overall basis quantity of packed RM, PM and Stores is verified from ERP system vis a vis the physical count taken by the management and internal auditors on a periodic basis.</p> <p>Rates wrt RM, PM stores &amp; spares and coal &amp; diesel are verified from latest purchase invoices to ensure RM, PM and stores are valued at cost determined on First in First out (FIFO) method.</p> <p>1. Valuation of Finished Goods FG;</p> <p>Finished goods cost comprises of all cost of purchases, cost of production including depreciation on machineries utilities and electrical installation and factory building directly involved in manufacturing activities. Accordingly all variable mfg. cost + Fixed mfg. costs (apportioned on total production) are considered for arriving at FG cost. Further we have verified NRV on test check basis of FG to arrive at conclusion of valuation of inventory at lower of Cost or NRV by the Company.</p> <p>We have checked valuation done by the Company on test check basis.</p> <p>Based on the procedures described we consider Management's estimates of the inventory valuation as well as its existence, as acceptable.</p>



#### **IV. Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **V. Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **VI. Auditor's Responsibilities for the Audit of the Ind AS Financial Statements.**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## VII. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 26 (II) to the Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

**For BASTAWALA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No: 121789W**

**PRANAV BASTAWALA  
PARTNER  
MEMBERSHIP NO. 100468**

**Place: Mumbai  
Date: May 30, 2019**





## Annexure A to the Independent Auditor's Report

(Referred to in paragraph VII, 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 March 31, 2019)

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) There is a regular programme of verification of fixed assets adopted by the Management whereby part of fixed assets were verified during the year. In our opinion the programme of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties including leasehold land, as disclosed in **Note 3** on property, plant and equipment to the Ind AS financial statements, are held in the name of the company.
- (ii) The inventory has been physically verified at reasonable intervals during the year by the Management. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act.

As the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly paragraph 3(iii), sub-clauses (a), (b) and (c) of the Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made and security provided by it.
- (v) In our opinion and according to the information and explanations given to us, the Company has accepted deposits and the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with.
- (vi) We have broadly reviewed the Cost records maintained by the company which have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, cess and any other statutory dues with the appropriate authorities

According to the information and explanations given to us, no undisputed amounts payable in respect of any of the above statutory dues were in arrears, as at March 31, 2019 for a period of more than six months from the date they became payable.

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

Sr. No.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs. Lakhs)
1.	Textiles Committee Act	Textiles Cess	Textiles Committee	2001 – 02 to 2005 – 06	2.39

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.

- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Companies Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind. AS) 24, Related Party Disclosures.
- (xiv) According to the information and explanations given to us the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us the company is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For BASTAWALA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No: 121789W**

**PRANAV BASTAWALA  
PARTNER  
MEMBERSHIP NO. 100468**

**Place: Mumbai  
Date: May 30, 2019**

## **Annexure B to the Independent Auditor's Report**

(Referred to in paragraph VII, 2 (f) of "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the accounts of **VALSON INDUSTRIES LIMITED** for the year ended March 31, 2019)

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

We have audited the internal financial controls over financial reporting of **VALSON INDUSTRIES LIMITED ('the Company')** as at March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

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



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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For BASTAWALA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No: 121789W**

**PRANAV BASTAWALA  
PARTNER  
MEMBERSHIP NO. 100468**

**Place: Mumbai  
Date: May 30, 2019**



Balance Sheet as at March 31, 2019

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Non Current Assets</b>			
a Property ,Plant and Equipment	3	3,285.01	3,321.17
b Capital work-in-progress		44.33	25.39
c Other Intangible Assets	3	6.37	5.82
d Financial Assets			
(i) Loans	4(i)	-	-
(ii) Other Financial Assets	5(i)	42.41	42.41
e Other Non Current Assets	6(i)	12.09	16.22
<b>Total Non Current Assets (A)</b>		<b>3,390.21</b>	<b>3,411.00</b>
<b>2 Current Assets</b>			
a Inventories	7	769.13	469.13
b Financial Assets			
(i) Trade Receivable	8	856.48	805.61
(ii) Cash and cash equivalents	9	5.12	6.76
(iii) Bank balances other than (ii) above	10	52.87	57.46
(iv) Loans	4(ii)	22.63	22.70
(v) Other Financial Assets	5(ii)	4.25	3.40
c Other Current Assets	6(ii)	342.70	341.07
<b>Total Current Assets (B)</b>		<b>2,053.18</b>	<b>1,706.14</b>
<b>Total Assets (A)+(B)</b>		<b>5,443.40</b>	<b>5,117.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
a Equity Share Capital	11	766.08	766.08
b Other Equity	12	2,424.89	2,296.09
<b>Total Equity (A)</b>		<b>3,190.97</b>	<b>3,062.17</b>
<b>Liabilities</b>			
<b>2 Non-Current Liabilities</b>			
a Financial Liabilities			
(i) Borrowings	13 (i)	371.00	344.46
(ii) Other Long term Liabilities	17 (i)	4.50	18.78
b Provisions	14 (i)	78.25	76.02
c Deferred tax liabilities (net)	15	268.45	315.02
<b>Total Non Current Liabilities (A)</b>		<b>722.20</b>	<b>754.28</b>
<b>2 Current Liabilities</b>			
a Financial liabilities			
(i) Borrowings	13 (ii)	631.87	435.82
(ii) Trade payables	16	573.51	590.43
(iii) Other Financial liabilities	17 (ii)	207.85	167.69
b Provisions	14 (ii)	1.69	1.69
c Other current liabilities	18	115.30	105.06
<b>Total Current Liabilities (B)</b>		<b>1,530.22</b>	<b>1,300.69</b>
<b>Total Equity and Liabilities (A)+(B)</b>		<b>5,443.40</b>	<b>5,117.14</b>
<b>Significant accounting policies and notes on Financial statements</b>	<b>1 to 26</b>		

As per our attached report of even date

For and on Behalf of the Board

For Bastawala And Associates  
Chartered Accountants  
Firm Registration No. 121789W

Valson Industries Limited  
Suresh N. Mutreja  
Chairman & MD

Name : Pranav Bastawala  
Partner  
Membership No. : 100468

Varun S Mutreja  
Director & CFO

Place :Mumbai  
Date : 30th May , 2019

Kunal S. Mutreja  
Chief Executive Officer



## Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in Lakhs)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I</b> Revenue from operations	<b>19</b>	<b>10,482.31</b>	9,828.27
<b>II</b> Other income	<b>20</b>	<b>48.46</b>	64.19
<b>III Total Income</b>		<b>10,530.77</b>	9,892.46
<b>IV Expenses</b>			
Cost of materials consumed	<b>21</b>	<b>6,472.77</b>	5,645.85
Changes in inventories of finished goods	<b>22</b>	<b>(111.40)</b>	(11.04)
Employee benefits expense	<b>23</b>	<b>1,336.11</b>	1,365.96
Finance costs	<b>24</b>	<b>81.34</b>	54.73
Depreciation and Amortisation expense	<b>3</b>	<b>306.75</b>	287.88
Other expenses	<b>25</b>	<b>2,200.27</b>	2,191.51
<b>Total expenses</b>		<b>10,285.85</b>	9,534.89
<b>V Profit before tax</b>		<b>244.92</b>	357.57
<b>VI Tax expense</b>			
Current tax		<b>(73.00)</b>	(105.00)
Tax (expense)/reversal of prior years		-	8.56
Net current tax		<b>(73.00)</b>	(96.44)
Deferred tax		<b>47.31</b>	(24.02)
		<b>(25.69)</b>	(120.46)
<b>VII Profit after tax</b>		<b>219.24</b>	237.11
<b>VIII Other Comprehensive Income</b>			
<b>A (i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurement of the defined benefit plans		<b>2.66</b>	0.81
<b>(ii) Income tax relating to items that will not be reclassified to Profit or Loss</b>			
Income Tax on Remeasurement of defined benefit Liability		<b>(0.74)</b>	(0.27)
<b>B (i) Items that will be reclassified to profit or Loss</b>		-	-
<b>(ii) Income tax relating to items that will be reclassified to Profit or Loss</b>		-	-
<b>Total Other Comprehensive Income</b>		<b>1.92</b>	0.54
<b>IX Total Comprehensive Income for the year</b>		<b>221.16</b>	237.65
<b>X Earnings per equity share (of Rs. 10/- each)</b>			
Basic and Diluted		<b>2.89</b>	3.10

Significant accounting policies and notes on Financial statements 1 to 26

As per our attached report of even date

For and on Behalf of the Board

For Bastawala And Associates  
Chartered Accountants  
Firm Registration No. 121789W

Valson Industries Limited

Suresh N. Mutreja  
Chairman & MD

Name : Pranav Bastawala  
Partner  
Membership No. : 100468

Varun S Mutreja  
Director & CFO

Place : Mumbai  
Date : 30th May , 2019

Kunal S. Mutreja  
Chief Executive Officer

**Cash Flow Statement for the year ended March 31, 2019****(Rs. in Lakhs)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash Flow From Operating Activities:</b>		
<b>Profit / (Loss) Before Tax</b>	<b>244.92</b>	357.57
<b>Adjustment</b>		
Interest received	(35.44)	(22.42)
Depreciation	306.75	287.88
Loss/(Profit) on sale of Fixed Assets	(1.25)	2.01
Interest Paid	81.34	54.73
<b>Working Capital Adjustments</b>		
(Increase)/Decrease in current Assets	(53.35)	(170.98)
Increase/(Decrease ) in current liabilities	36.15	133.45
Increase/(Decrease ) in Non current liabilities	(12.05)	25.39
(Increase)/Decrease in Inventories	(300.00)	(30.05)
<b>Cash from Operating Activities</b>	<b>267.08</b>	637.59
Less: Taxes paid	(73.00)	(106.10)
<b>Net Cash generated/(used) from Operating Activities</b>	<b>194.08</b>	531.49
<b>Cash Flow From Investing Activities:</b>		
Capital Expenditure on Fixed Assets	(290.09)	(717.92)
Sales Proceeds of Fixed Assets	1.25	1.33
Non Current Loan And Advances	4.13	36.17
Current Loan And Advances	0.07	0.51
Fixed Deposits with Banks	4.59	14.90
Interest Income	35.44	22.42
<b>Net Cash generated/(used) from Investing Activities</b>	<b>(244.61)</b>	(642.58)
<b>Cash Flow From Financing Activities:</b>		
Loan Accepted /Repaid	10.00	68.00
Net Increase/ (decrease) of long term borrowing	16.54	191.05
Net Increase/ (decrease) of short term borrowing	196.05	(8.51)
Finance Cost	(81.34)	(54.73)
Dividend Paid	(76.61)	(76.61)
Tax on dividend	(15.75)	(15.60)
<b>Net Cash generated/(used) from Financing Activities</b>	<b>48.89</b>	103.60
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1.64)</b>	(7.48)
Add: Cash & Cash Equivalents (Opening)	6.76	14.24
<b>Cash and Cash Equivalents (Closing)</b>	<b>5.12</b>	6.76
<b>Cash and cash Equivalents includes:</b>		
Cash on hand	2.78	3.06
Bank Balances	2.34	3.70
	<b>5.12</b>	6.76

As per our attached report of even date

For and on Behalf of the Board

For Bastawala And Associates  
Chartered Accountants  
Firm Registration No. 121789W

Valson Industries Limited

Suresh N. Mutreja  
Chairman & MD

Name : Pranav Bastawala  
Partner  
Membership No. : 100468

Varun S Mutreja  
Director & CFO

Place : Mumbai  
Date : 30th May , 2019

Kunal S. Mutreja  
Chief Executive Officer





## Notes Forming Part of Ind - AS Financial Statements

## A. Equity Share Capital

Rs. in Lakhs

Particulars	Amount
Balance as at April 1, 2017	766.08
Changes in equity share capital during FY 2017-18	-
Balance as at March 31, 2018	766.08
Changes in equity share capital during FY 2018-19	-
Balance as at March 31, 2019	766.08

## B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves and surplus			Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit obligation	
Balance as at April 1, 2017	160.54	339.75	1,654.20	(3.85)	2,150.64
Transferred to General reserve	-	15.00	(15.00)	-	-
Profit for the year 2017-18	-	-	237.11	-	237.11
Other Comprehensive Income for the year, net of income tax	-	-	-	0.54	0.54
Less: Dividend paid (including tax thereon)	-	-	(92.20)	-	(92.20)
<b>Balance as at March 31, 2018</b>	<b>160.54</b>	<b>354.75</b>	<b>1,784.11</b>	<b>(3.30)</b>	<b>2,296.09</b>
Transferred to reserve	-	10.00	(10.00)	-	-
Profit for the year 2018-19	-	-	219.24	-	219.24
Other Comprehensive Income for the year, net of income tax	-	-	-	1.92	1.92
Less: Dividend paid (including tax thereon)	-	-	(92.36)	-	(92.36)
<b>Balance as at March 31, 2019</b>	<b>160.54</b>	<b>364.75</b>	<b>1,900.99</b>	<b>(1.38)</b>	<b>2,424.89</b>

As per our attached report of even date

For and on Behalf of the Board

For Bastawala And Associates  
Chartered Accountants  
Firm Registration No. 121789W

Valson Industries Limited

Suresh N. Mutreja  
Chairman & MD

Name : Pranav Bastawala  
Partner  
Membership No. : 100468

Varun S Mutreja  
Director & CFO

Place : Mumbai  
Date : 30th May , 2019

Kunal S. Mutreja  
Chief Executive Officer

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019****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's shares are listed on Bombay Stock Exchange. The Company is engaged in Texturising, Twisting of Polyester yarns and Dyeing of Polyester, Cotton and other fancy Yarns. The company has it's registered office and principal place of business at 28, Building no. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri-(East), Mumbai 400 059.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency.

**Note 2: Significant Accounting Policies Accounting Judgements, Estimates and Assumptions:****(A) Significant accounting policies:****2.1 STATEMENT OF COMPLIANCE**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017.

These financials statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 read with the Companies (Indian Accounting Standards) Amendment Rules, 2017 and the Guidance Notes and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI).

**2.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**2.3 CURRENT/ NON-CURRENT CLASSIFICATION OF ASSETS AND LIABILITIES:**

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
  - o All other assets are classified as non-current.
  - o A liability is considered as current when:
    - It is expected to be settled in normal operating cycle,
    - It is held primarily for the purpose of trading,
    - It is due to be settled within twelve months after the reporting period, or
    - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
      - o All other liabilities are classified as non-current.
      - o Deferred tax assets and liabilities are classified as non-current assets and liabilities.



## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

### 2.4 USE OF ESTIMATES:

The presentation of financial statements is in conformity with the recognition and measurement principles of IndAS which requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

### 2.5 REVENUE RECOGNITION:

The Company derives revenues primarily from sale of manufactured goods and related services.

Effective April 1, 2018, the Company adopted IndAS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;  
or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;  
or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

#### Interest Income:

- a) Interest on delayed payment received is accounted for when the collection of the same is reasonably certain.
- b) Interest on FDR is measured using the contracted rate.

### 2.6 PROPERTY, PLANT AND EQUIPMENT:

Property, Plant and Equipment are recorded at their cost of acquisition, net of indirect taxes, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as on 1st April, 2016 measured as per previous GAAP as its deemed cost on the date of transition.

### 2.7 CAPITAL WORK IN PROGRESS AND CAPITAL ADVANCES:

Expenses incurred for acquisition of capital assets outstanding at each balance sheet date are disclosed under capital work-in-progress. Advances given towards the acquisition of fixed assets are shown separately as capital advances under the head Other Non-Current Assets.

## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

### 2.8 DEPRECIATION:

Depreciation on Property, Plant and Equipment is provided on Straight Line Method basis in accordance with the provisions of Schedule II to the Companies Act, 2013. The Management believes that the estimated useful lives as per the provisions of Schedule II to the Companies Act, 2013, are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.9 Intangible Assets and amortisation thereof:

The cost relating to Intangible assets, with finite useful lives, which are capitalised and amortised on a straight line basis over a period of five years, are based on their estimated useful lives.

An item of Intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognised as on 1<sup>st</sup> April, 2016 (date of transition) measured as per previous GAAP as its deemed cost on the date of transition.

### 2.10 Impairment of Property Plant & Equipment and Intangible Assets:

The carrying amount of assets are reviewed at each balance sheet date to assess, whether there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater than the assets net selling price and value in use.

During the year there is no impairment of the assets.

### 2.11 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.

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

### 2.12 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial Assets:

##### Initial Recognition and Measurement:

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included therein.

##### Subsequent Measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Investments measured at fair value through Profit & Loss (FVTPL)

##### Financial Assets at Amortised Cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and



## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

### Equity Instruments at FVTOCI:

For equity instruments not held for trading, an irrevocable choice is made on initial recognition to measure it at FVTOCI. All fair value changes on such investments, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale or disposal of the investment. However, on sale or disposal the company may transfer the cumulative gain or loss within equity.

### Financial Assets at FVTPL

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. All other financial assets are measured at fair value through profit or loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s statement of financial position) when:

- i) The rights to receive cash flows from the asset have expired, or
- ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either;
  - a. the Company has transferred substantially all the risks and rewards of the asset, or
  - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk

### (ii) Financial Liabilities:

Initial Recognition and Measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company’s financial liabilities include loans and borrowings.

Subsequent Measurement:

This is dependent upon the classification thereof as under:

Loans and Borrowings:

After initial recognition, interest - bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### (iii) Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity in accordance with the substance of the contractual arrangements. These are recognised at the amount of the proceeds received, net of direct issue costs.

### 2.13 BORROWING COST:

Borrowing costs comprising of interest and other costs that are incurred in connection with the borrowing of funds that are attributable to the acquisition or construction of qualifying assets are considered as a part of cost of such assets less interest earned on the temporary investment. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of profit and loss in the year in which they are incurred.

### 2.14 EMPLOYEE BENEFITS:

#### Short term employee benefits:

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

#### Post - Employment benefits:

##### Defined Contribution Plan

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

##### Defined Benefit Plan

Liabilities towards Defined Benefit Schemes viz. Gratuity benefits are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding effect in the Statement of Other Comprehensive Income. Past service cost is recognised immediately in the Statement of Profit and Loss.

### 2.15 LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### As a Lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease.

Finance lease is capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor.

### 2.16 TAXES ON INCOME:

#### Current Income Taxes:

Current income tax liabilities are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.





## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Taxes:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

### 2.17 TRANSACTIONS IN FOREIGN CURRENCY:

Transactions in foreign currencies are initially recorded at their respective custom announced rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the custom announced rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

### 2.18 PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

When the Company expects part or entire provision to be reimbursed, the same is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of enterprise or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the Financial Statements.

### 2.19 GOVERNMENT GRANTS, SUBSIDIES:

Grant from Government under Technology Up-gradation Fund Scheme (TUFS) is recognised at fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached condition.

### 2.20 SEGMENT REPORTING:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Director of the Company has been identified as being the Chief Operating Decision Maker (CODM) by the management of the Company.

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 108 "Segment Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015.

### 2.21 EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 2.22 Cash and Cash Equivalent:

Cash and cash equivalent for the purpose of Cash Flow Statement comprise cash at bank and in hand and short term highly liquid investments which are subject to insignificant risk of changes in value.

### 2.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 2.24 Commitments

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

- (a) The estimated amount of contracts remaining to be executed on capital account and not provided for; and
- (b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

### 2.25 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of Financial Statements is in conformity with the recognition and measurement principles of Ind AS which requires the management to make judgements for estimates and assumptions that affect the amounts of assets, liabilities and the disclosure of contingent liabilities on the reporting date and the amounts of revenues and expenses during the reporting period and the disclosure of contingent liabilities. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

#### Estimates, Assumptions and Judgements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements



## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**a) Estimation of current tax expense and deferred tax:**

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/ losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**b) Recognition of deferred tax assets/ liabilities:**

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

**c) Estimation of Provisions & Contingent Liabilities:**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision

**d) Estimated useful life of Property, Plant and Equipment:**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life, its expected usage pattern and the expected residual value at the end of its life. The useful lives, usage pattern and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology etc.

**e) Estimation of Provision for Inventory:**

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the carrying value may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

**f) Estimation of Defined Benefit Obligation:**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post-employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

**g) Estimated fair value of Financial Instruments.**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

### 2.26 Standards issued but not yet effective

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – Plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the Standalone Financial Statements.



## Notes Forming Part of Ind - AS Financial Statements

### 3 Property Plant and Equipment

Particulars	Land		Buildings/Premises			Plant & Machineries					others				Total	Capital WIP		Intangible Assets	Total	
	Freehold Land	Leasehold Land	Factory Building	Staff Quarters	Office Premises *	Basic Machineries	Utility Ancillary Equipments	Electrical Installation	Office Equipments	Computer	Vehicles - Car	Vehicles - Scooter	Furniture & Fixtures	Tangible Asset		Software				
Cost or deemed cost																				
Balance at March 31, 2018	25.12	192.41	1,107.36	208.03	34.60	1,750.32	178.87	202.05	23.06	7.92	111.30	1.68	24.60	25.39	10.20		3,867.30		3,902.89	
Additions	-	-	50.74	0.51	-	143.60	22.01	5.57	7.52	1.07	8.43	-	30.47	18.94	1.68		269.91		290.54	
Disposals	-	-	-	-	-	-	-	-	-	-	(0.45)	-	-	-	-		(0.45)		(0.45)	
Balance at March 31, 2019	25.12	192.41	1,158.10	208.54	34.60	1,893.91	200.87	207.62	30.58	8.98	119.28	1.68	55.07	44.33	11.89		4,136.76		4,192.98	
Accumulated Depreciation/ Amortisation and Impairment																				
Balance at April 1, 2018	-	2.30	75.49	0.50	1.38	344.36	27.65	52.73	9.65	2.57	24.27	-	5.05		4.39		546.13		550.52	
Depreciation / Amortisation Expense	-	1.97	40.72	3.37	0.69	185.74	20.57	27.74	5.15	1.68	13.79	-	4.22		1.13		305.62		306.75	
Balance at March, 2019	-	4.27	116.21	3.87	2.07	530.10	48.21	80.46	15.00	4.25	38.06	-	9.27		5.52		842.49		848.00	
Depreciation/ Amortisation Expense	-																			
Balance at March, 2019	-	4.27	116.21	3.87	2.07	530.10	48.21	80.46	15.00	4.25	38.06	-	9.27		5.52		842.49		848.00	
Carrying amounts of :																				
Balance at March, 2018	25.12	190.11	1,031.87	207.53	33.22	1,405.96	151.22	149.32	13.21	5.35	87.03	1.68	19.55	25.39	5.82		3,321.17		3,352.38	
Balance at March, 2019	25.12	188.15	1,041.89	204.67	32.53	1,363.81	152.66	127.16	15.58	4.74	81.22	1.68	45.80	44.33	6.37		3,285.01		3,335.72	

Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

**4 Loans** (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
Inter Corporate Deposits	-	-
<b>Sub Total (a)</b>	-	-
<b>(ii) Current</b>		
Loans and advances to employees	22.63	22.70
<b>Sub Total (b)</b>	22.63	22.70
<b>Total (a) + (b)</b>	22.63	22.70

**5 Other Financial Assets** (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
Deposits with Government Authorities	42.41	42.41
<b>Sub Total (a)</b>	42.41	42.41
<b>(ii) Current</b>		
Interest Receivable	4.25	3.40
<b>Sub Total (b)</b>	4.25	3.40
<b>Total (a) + (b)</b>	46.66	45.81

**6 Other Assets** (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
Advances against Capital Goods	5.29	9.20
Deposits for Raw-materials, Utility and Service providers	6.80	7.02
<b>Total</b>	12.09	16.22
<b>(ii) Current</b>		
Advances to Other Suppliers	17.41	16.13
Export Incentives Receivable	3.78	2.19
Interest Subsidy Receivable	82.34	82.34
Prepaid expenses	5.80	14.07
Advance Tax & TDS net of Provisions	11.66	0.87
Balances with government authorities	221.71	225.48
<b>Total</b>	342.70	341.07

**7 Inventories** (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials incl. in transit (At Cost)	309.03	164.74
Finished goods (Lower of Cost or Market Value)	357.70	246.30
Packing Materials incl. in transit (At cost)	48.01	28.90
Stores and Spares incl. in transit (At cost)	53.04	28.58
Coal and Diesel incl. in transit (At cost)	1.34	0.61
<b>Total</b>	769.13	469.13





Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

8 Trade Receivables

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Unsecured, Considered good	867.08	815.08
Less: Expected Credit Loss allowance	(10.60)	(9.47)
<b>Total</b>	<b>856.48</b>	<b>805.61</b>

9 Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	2.78	3.06
Balances with banks - Current Account	2.34	3.70
<b>Total</b>	<b>5.12</b>	<b>6.76</b>

10 Other Balances with Banks

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
For Unpaid dividend accounts	4.60	3.29
In deposit accounts	-	27.46
In earmarked deposit accounts	48.28	26.71
(Balances held as margin money against guarantees and other commitments. All the deposits are for period exceeding 12 months.)		
<b>Total</b>	<b>52.87</b>	<b>57.46</b>

11 Share Capital

(i) Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	₹ In Lakhs	Number	
<b>Authorized</b>				
<b>Equity Share</b>				
Equity Shares of ₹10/- each with voting rights	1,20,00,000	1200.00	1,20,00,000	1200.00
	<b>1,20,00,000</b>	<b>1200.00</b>	<b>1,20,00,000</b>	<b>1200.00</b>
<b>Issued</b>				
<b>Equity Share</b>				
Equity Shares of ₹10/- each with voting rights	76,60,800	766.08	76,60,800	766.08
	<b>76,60,800</b>	<b>766.08</b>	<b>76,60,800</b>	<b>766.08</b>
<b>Subscribed and Paid up</b>				
<b>Equity Share</b>				
Equity Shares of ₹10/- each with voting rights	76,60,800	766.08	76,60,800	766.08
	<b>76,60,800</b>	<b>766.08</b>	<b>76,60,800</b>	<b>766.08</b>

All of the above shares carry equal voting rights and there are no restrictions / preferences attached to any of the above share.

Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

## (ii) Reconciliation of the outstanding number of shares

Particulars	Equity Shares		Equity Shares	
	As at March 31, 2019		As at March 31, 2018	
	Number	₹ In Lakhs	Number	₹ In Lakhs
Shares outstanding at the beginning of the year	76,60,800	766.08	76,60,800	766.08
Add : Shares Issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>76,60,800</b>	<b>766.08</b>	<b>76,60,800</b>	<b>766.08</b>

## (iii) The details of shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Share with voting rights</b>				
Suresh N. Mutreja	16,79,500	21.92%	16,79,500	21.92%
Kunal S. Mutreja	8,50,682	11.10%	8,50,682	11.10%
Asha S. Mutreja	8,34,050	10.89%	7,34,050	9.58%
Suresh N. Mutreja HUF	4,95,200	6.46%	4,95,200	6.46%
<b>Total</b>	<b>38,59,432</b>	<b>50.38%</b>	<b>37,59,432</b>	<b>49.07%</b>

## 12 Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Securities Premium Reserve</b>		
Opening balance	160.54	160.54
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing Balance	160.54	160.54
<b>General Reserve</b>		
Opening balance	354.75	339.75
Add : Transferred from Statement of Profit and Loss	10.00	15.00
Closing Balance	364.75	354.75
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Opening balance	1,784.10	1,654.20
Add : Profit for the year	219.24	237.11
Less: Transferred to General Reserve	(10.00)	(15.00)
Less: Dividend Paid	(76.61)	(76.61)
Less: Tax on Dividend	(15.75)	(15.60)
Closing Balance	1,900.99	1,784.10
<b>Other Comprehensive Income</b>		
Opening balance	(3.30)	(3.85)
Add: Remeasurement of Defined Benefit Obligation	1.92	0.54
Closing Balance	(1.38)	(3.30)
<b>Total</b>	<b>2,424.89</b>	<b>2,296.09</b>

Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

## 13 Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
<b>Secured :</b>		
Term Loans from Banks	213.48	195.43
Vehicles Loans	19.52	21.03
<b>Total Secured Loans (A)</b>	<b>233.00</b>	<b>216.46</b>
<b>Unsecured :</b>		
Deposits from Director & Related Parties	53.00	53.00
Deposits from Others	85.00	75.00
<b>Total Unsecured Loans (B)</b>	<b>138.00</b>	<b>128.00</b>
<b>Total (A)+(B)</b>	<b>371.00</b>	<b>344.46</b>
<b>(ii) Current</b>		
<b>Secured :</b>		
<b>Facilities from Bank:</b>		
Cash Credit	631.87	435.82
<b>Total</b>	<b>631.87</b>	<b>435.82</b>

## Nature of Security for all financial facilities

## Nature of Security

- a) **Primary Security:** First and exclusive charge on all existing and future Current Assets including Stocks and movable fixed assets of Borrower
- b) **Collateral Security :** Equitable Mortgage on Movable and Immovable assets of Vapi Unit and Head Office and Personal Guarantee of Directors

## Terms of repayment of Long term Borrowings:

(₹ in lakhs)

Term loans from banks	Repayment in One year	Repayment in Two to three year	Repayment in more than three year
Term loans from Kotak Mahindra bank Term Loan I - repayable in 60 months installment starting from October 2017 and last instalment due on November 2022 . Rate of Interest 9.30% pa (March 2018 : 9.25% p.a.) and for Term Loan II - repayable in 60 months installment starting from December 2018. Rate of Interest 9.60% pa at the year end.	76.12	152.25	67.07
Car loans from Daimler Financial Services I Pvt. Ltd. Repayable in 12 months installment starting from February 2017 and last instalment due on December 2021. Rate of Interest 9.1021% pa at the year end. (March 2018 : 9.1021% p.a.)	8.92	18.30	1.22

## 14 Provisions (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
Provision for Gratuity	78.25	76.02
<b>Total</b>	<b>78.25</b>	<b>76.02</b>
<b>(ii) Current</b>		
Provision for Gratuity	1.69	1.69
<b>Total</b>	<b>1.69</b>	<b>1.69</b>

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**
**15 Deferred tax liabilities (net)**
**(₹ in lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities	<b>303.47</b>	365.20
Less: Deferred Tax Assets	<b>(35.02)</b>	(50.18)
<b>Total</b>	<b>268.45</b>	315.02

**(₹ in lakhs)**

Deferred Tax Assets/ (Liabilities) in relation to:	FY 2018-19			FY 2017-18		
	Opening Balance	Recognised in Profit & Loss / OCI	Closing Balance	Opening Balance	Recognised in Profit & Loss / OCI	Closing Balance
Fair Value adjustments	0.93	1.31	2.24	0.16	0.76	0.93
ECL Provisions	1.15	(0.17)	0.98	(0.78)	1.93	1.15
Property, Plant and Equipment	362.85	(62.12)	300.73	336.61	26.24	362.85
Disallowances under IT Act	(49.91)	14.42	(35.50)	(45.27)	(4.64)	(49.91)
<b>Total</b>	<b>315.02</b>	<b>(46.57)</b>	<b>268.45</b>	290.73	24.29	315.02

**Reconciliation of Tax Expenses**

The income tax expense for the year can be reconciled to the accounting profit as follows:

**(₹ in lakhs)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before Tax	<b>244.92</b>	357.57
Statutory Tax Rate	<b>27.82%</b>	33.06%
Income Tax Expense calculated	<b>(68.14)</b>	(118.22)
Reversal of Taxes of earlier years	-	8.56
Difference in Book & IT Depreciation and other timing difference	<b>41.68</b>	(11.76)
Effect of expenses that are not deductible in determining taxable profits	-	0.65
Others	<b>0.76</b>	0.30
Tax Expenses	<b>(25.69)</b>	(120.46)

Tax Expenses recognised in the statement of Profit and Loss

**16 Trade Payables**
**(₹ in lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Micro and Small Enterprises (Refer Note below)	<b>33.87</b>	46.23
Trade Payables	<b>539.64</b>	544.20
<b>Total</b>	<b>573.51</b>	590.43



Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	33.87	46.23
Interest accrued on the amount due to suppliers under MSMED Act on the above amount	-	-
Payment made to suppliers (Other than interest) beyond the appointed date during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act for payments already made.	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED.	-	-
<b>Total</b>	<b>33.87</b>	<b>46.23</b>

17 Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Non-Current</b>		
Payable for Capital Goods	4.50	18.78
<b>Total</b>	<b>4.50</b>	<b>18.78</b>
<b>(i) Current</b>		
Current maturities of long-term debt from Banks - Term Loan	76.12	46.96
Current maturities of long-term debt from Banks - Car Loan	8.92	6.44
Interest accrued but not due	2.56	1.91
Unpaid Dividend	4.60	3.29
Others Payables	115.65	109.10
<b>Total</b>	<b>207.85</b>	<b>167.69</b>

18 Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities	76.59	85.38
Advances from customers	19.30	2.43
Payable for Capital Goods	19.41	17.25
<b>Total</b>	<b>115.30</b>	<b>105.06</b>

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**
**19 Revenue from Operations**
**(₹ in lakhs)**

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
a) Sale of Manufactured Goods (Texturised, Twisted, Dyed & Fancy Yarn)		
Domestic Sales	7,581.98	7,240.83
Export Sales	990.96	938.62
	<b>8,572.93</b>	8,179.45
b) Processing Charges (Texturising, Twisting & Dyeing)	1,875.52	1,590.23
c) Sale of Waste Yarn	11.22	8.36
<b>Sub Total (a)+(b)+(c)</b>	<b>10,459.67</b>	9,778.05
d) Other Operating Revenue Export Incentives	22.64	50.22
<b>Total</b>	<b>10,482.31</b>	9,828.27

**20 Other Income**
**(₹ in lakhs)**

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
(i) Interest received	35.44	22.42
(ii) Sundry balances written back	0.70	1.61
(iii) Foreign exchange fluctuation gain	8.93	14.10
(iv) Profit on sale of Fixed assets	1.25	-
(iv) Other Misc Income	2.14	22.57
(v) Reversal of allowances for doubtful debts	-	3.48
<b>Total</b>	<b>48.46</b>	64.19

**21 Cost of Materials Consumed**
**(₹ in lakhs)**

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
<b>Indigenous</b>		
Opening stock	164.74	147.44
Add: Purchases	6,617.07	5,663.15
	<b>6,781.80</b>	5,810.59
Less: Closing stock	309.03	164.74
<b>Total</b>	<b>6,472.77</b>	5,645.85

**Materials Consumed**
**(₹ in lakhs)**

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
Yarns	5,459.01	4,711.04
Dyes & Chemicals	1,013.77	934.81
<b>Total</b>	<b>6,472.77</b>	5,645.85





Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

22 (Increase)/Decrease In Inventories of Finished Goods

(₹ in lakhs)

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
Opening Inventories	246.30	235.26
Less: Closing Inventories	357.70	246.30
<b>Total</b>	<b>(111.40)</b>	<b>(11.04)</b>

23 Employee benefit expenses

(₹ in lakhs)

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
Salaries and Wages	1,221.96	1,236.98
Contributions to Provident fund / ESIC & LWF	86.55	97.00
Staff welfare expenses	27.59	31.98
<b>Total</b>	<b>1,336.11</b>	<b>1,365.96</b>

24 Finance Cost

(₹ in lakhs)

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses (effective interest rate method): Financial liabilities measured at amortised cost		
On Term Loans	24.49	12.69
On Working Capital	21.04	23.27
On Unsecured Loans & Others	35.81	18.78
<b>Total</b>	<b>81.34</b>	<b>54.73</b>

25 Other Expenses

(₹ in lakhs)

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
<b>Manufacturing Expenses:</b>		
<b>Stores and spares consumed</b>		
Indigenous	71.05	130.83
Imported	0.65	3.03
	71.71	133.86
Packing Materials	391.85	442.03
Power and fuel	1,021.74	943.82
Machinery Repairs and maintenance	12.94	15.95
Processing & Labour Charges	108.64	17.79
Security Charges	30.34	30.66
Factory Expenses	22.29	31.04
Excise Duty	-	0.44
<b>Administrative &amp; Selling Expenses:</b>		
Freight and forwarding	179.14	183.33
Sales Tax	-	1.06
Advertisement & Business Promotion expenses	12.09	22.55
Rent, Rates & Taxes	11.30	13.39
Repairs - Buildings	6.50	34.54
Repairs - Others	29.67	55.60

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

Particulars	For the Period Ended March 31, 2019	For the year ended March 31, 2018
Insurance	4.23	4.03
Travelling & Conveyance	29.79	31.32
Printing and stationery	14.79	18.27
Bank Charges & Commission	10.85	7.53
Postage, Telephone and Courier Charges	10.16	10.77
Vehicle Maintenance Exps	28.64	21.72
Office Electricity	5.88	5.49
Donations	-	0.94
Legal and professional fees	60.29	62.28
Director's Remuneration	106.00	76.52
Director's Sitting Fees	4.40	3.10
Payments to Auditors		
Statutory & Tax Audit Fees	2.50	2.50
Certification fees	0.25	0.27
	2.75	2.77
Miscellaneous Expenses	23.15	17.92
Loss on sale of Fixed assets	-	2.01
Bad Debts	-	0.77
Provision for ECL	1.14	-
<b>Total</b>	<b>2,200.27</b>	<b>2,191.51</b>

**Note 26: Other Notes to Accounts**
**I. Estimated Amount of Contracts Remaining to be Executed :**
**(₹ in lakhs)**

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on capital account and not provided for.		
a) Tangible Assets	175.00	25.00
b) Intangible Assets	12.50	Nil
c) Advance given to Suppliers of the Capital Goods/Assets is shown in other current Assets pending to be capitalized and will be capitalized on completion/commencement of Productions	5.29	9.20
Derivatives Contracts entered into by the company for hedging and outstanding as on 31/03/2019:		
Forward Contracts	NIL	13.01

**II. Contingent Liabilities in respect of :**
**(₹ in lakhs)**

Particulars	Current Year	Previous Year
A) Claims against the Company not acknowledged as debts :	2.39	2.39

**III. Earnings Per Share :**
**(₹ in lakhs)**

Particulars	Current Year	Previous Year
Profit after Tax (₹ in lakhs)	221.16	237.65
Weighted Average number of Equity Shares (Shares in Lakhs)	76.608	76.608
Nominal Value per Share (Amount In ₹)	10	10
Earnings per Share (of ₹ 10/- each)	2.89	3.10



**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

**IV. Employee Benefits :** As per Ind AS-19, “Employee Benefits”, the disclosure of employee benefits is given below:

**A. Defined Contribution Plans:**

“Contribution to Provident and other funds” is recognised as an expense in “Employee Benefit Expenses” of the Statement of Profit and Loss.

**B. Defined Benefit Plan**

The company provides gratuity benefits to its employees as per the statute. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences (Non-funded) is recognized in the same manner as gratuity.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company’s financial statements as at 31<sup>st</sup> March, 2019:

<b>i. Actuarial Assumptions as at</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Mortality Rate	<b>IALM (2006-08)</b>	IALM (2006-08)
Discount Rate	<b>7.78%</b>	7.72%
Salary escalation rate	<b>6.00%</b>	6.00%
Rate of return (expected) on plan assets	<b>0.00%</b>	0.00%
Attrition rate	<b>1% throughout</b>	1% throughout
Benefits (As per Act) with Limit	<b>2,000,000</b>	2,000,000
Retirement age	<b>60</b>	60
Expected average remaining service	<b>25 (23.7)</b>	25 (23.7)
<b>ii. Data Information</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Number of members	<b>733</b>	904
Total monthly salaries (₹ In Lakhs)	<b>66.13</b>	76.76
Average Monthly Salaries	<b>9022</b>	8491
Average age	<b>34.32</b>	32.77
Average Service (years)	<b>2.02</b>	2.04
<b>iii. Changes in present value of obligations</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
PVO at beginning of year	<b>76.90</b>	71.13
Interest cost	<b>5.86</b>	5.39
Current service cost	<b>3.01</b>	3.85
Benefits Paid	<b>(3.16)</b>	(2.66)
Actual(gain)/loss on obligation	<b>(2.66)</b>	(0.81)
PVO at end of year (all Units together)	<b>79.95</b>	76.90
<b>iv. Changes in fair value of plan assets</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Contributions	<b>3.16</b>	2.66
Benefit Paid	<b>(3.16)</b>	(2.66)
Actuarial (gain)/loss on plan assets	-	-
Fair Value of Plan Assets at end of year (estimated)	-	-

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

<b>v. Fair Value of Plan Assets</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Fair Value of Plan Assets at beginning of year	-	-
Actual Return on Plan Assets	-	-
Contributions	<b>3.16</b>	2.66
Benefit Paid	<b>(3.16)</b>	(2.66)
Fair Value of Plan Assets at end of year	-	-
Funded Status	<b>(79.95)</b>	(76.90)
Excess of actual over estimated return on Plan Assets	-	-
<b>vi. Actuarial (gain)/loss Recognized</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Actuarial (gain)/loss for the year (Obligation)	<b>2.66</b>	0.81
Actuarial (gain)/loss for the year (Plan Assets)	-	-
Total (gain)/loss for the year	<b>2.66</b>	0.81
Actuarial (gain)/loss recognized for the year	<b>2.66</b>	0.81
Unrecognized Actuarial (gain)/loss at end of year	-	-
<b>vii. Amounts to be recognized in the balance sheet and statement of profit &amp; loss</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
PVO at end of year	<b>79.95</b>	76.90
Fair Value of Plan Assets at end of year	-	-
Funded Status	<b>(79.95)</b>	(76.90)
Unrecognized Actuarial (gain)/loss	-	-
Net Asset/(Liability) recognized in the balance sheet	<b>(79.95)</b>	(76.90)
<b>viii. Expense recognized in the statement of profit &amp; loss</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Current Service Cost	<b>3.01</b>	3.85
Interest cost	<b>5.86</b>	5.39
Expected Return on Plan Assets	-	-
Net Actuarial (gain)/loss recognized for the year	<b>(2.66)</b>	(0.81)
Expense recognized in the statement of P & L A/C	<b>6.21</b>	8.43
<b>ix. Movements in the Liability recognized in Balance Sheet</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Opening Net Liability	<b>76.90</b>	71.13
Expenses as above	<b>6.21</b>	8.43
Contribution paid	<b>(3.16)</b>	(2.66)
Closing Net Liability	<b>79.95</b>	76.90
<b>x. Break up of total liabilities as per Revised Schedule VI of Companies Act.</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Current liabilities.	<b>2.01</b>	3.41
Non-current liability	<b>77.94</b>	73.50
Total liability	<b>79.95</b>	76.90
<b>xi. Experience History Information:</b>	<b>31 March, 2019</b>	<b>31 March, 2018</b>
Defined benefit obligation at end of period	<b>79.95</b>	76.90
Plan Assets at end of period (No Fund)	-	-
Funder status - Surplus / (Deficit)	<b>79.95</b>	76.90
Actuarial (gain) /loss due to change in basis	<b>(0.72)</b>	(2.78)
Actuarial (gain) /loss due to experience	<b>(1.94)</b>	1.97
Total Actuarial (gain) / loss in liabilities.	<b>(2.66)</b>	(0.81)
Experience (gain)/loss in plan assets	-	-



**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

xii. There is no contribution under defined contribution plans and defined benefit plans in respect of Key Management Personnel.

**xiii. Risks associated with defined benefit plan:**

Gratuity is a defined plan and company is exposed to the following Risks:

**Interest rate risk:** A fall in the discount rate which is linked to the Government Securities Rate will increase the present value of the liability requiring higher provision.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Company has to manage payout based on pay as you go basis from our own funds.

**Mortality Risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**xiv. Expected future benefit payments:**

The following is the maturity profile of the benefit expected to be paid for each of the next five years and the aggregate five years thereafter:

(₹ in lakhs)

Year Ending 31 <sup>st</sup> March	31/03/2019	31/03/2018
Year (I)	1.786	3.301
Year (II)	1.736	0.668
Year (III)	0.942	1.200
Year (IV)	0.753	1.904
Year (V)	1.178	0.640
Next 5 year Payouts (6-10 years)	6.959	7.835
Payouts above Ten years (There after)	66.589	61.356

**xv. Sensitivity Analysis:**

The Sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation.

As it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(₹ in lakhs)

Sensitivity Analysis						
Assumptions	Discount rate		Future salary increase		Attrition rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
<b>Impact on defined benefit obligation</b>						
Current Year	66.75	96.81	96.14	66.51	81.68	77.69
Previous Year	66.67	89.18	89.82	66.44	77.66	75.88

The sensitivity analysis presented above may not be representative of the actual change in the defined obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the project unit credit method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**
**V. Related Party Information :**
**A. List of Related Parties with whom Transactions have taken place during the Year :**

Key Management Personnel (KMP)	Mr. Suresh N. Mutreja - (Chairman & Managing Director) Mr. Varun S. Mutreja - (Director & CFO) Mr. Kunal S Mutreja - (Director & CEO) Mrs. Asha S Mutreja – (Women Director)
Director	Mr. Pradip C. Shah - (Independent Director) Mr. Chandan S. Gupta – (Independent Director) Mr. Surendra Kumar Suri – (Independent Director) Mrs. Radhika V. Shah – (Independent Director)
Relative of KMP	Mrs. Sheeladevi N. Mutreja – Mother of Chairman & Managing Director Mrs. Tina K. Mutreja – Daughter in Law of Chairman & Managing Director Mr. Ankit S. Mutreja – Son of Chairman & Managing Director Mr. Lalit N. Mutreja – Brother of Chairman & Managing Director Mr. Vinod N. Mutreja – Brother of Chairman & Managing Director Mr. Punit P. Shah - (Son of Independent Director)

**B. Transactions with Related Parties:**

(₹ in lakhs)

Sr. No.	Nature of Transactions	Director	Key Management Personnel	Relatives of Key Management Personnel/ Director	Total
1	Rent and Maintenance charges		-	4.20	4.20
			-	(6.50)	(6.50)
2	Packing Materials, Labour Charges & Transport Charges		-	286.78	286.78
			-	(300.44)	(300.44)
3	Remuneration		106.00	-	106.00
			(76.64)	(3.52)	(80.16)
4	Interest Payment	4.61	0.84	0.43	5.88
		(3.66)	-	(0.26)	(3.92)
5	Directors Sitting Fees	4.40	-	-	4.40
		(3.10)	-	-	(3.10)
6	Professional Fees		-	3.15	3.15
			-	(2.45)	(2.45)
7	Balances as on 31.03.2019				
	i) Rent and Maintenance Charges		-	0.95	0.95
			-	(0.95)	(0.95)
	ii) Amount due to Director		5.78	-	5.78
			(4.41)	-	(4.41)

**Notes:**

- Related Party information is as identified by the Company and relied upon by the Auditors.
- The above figures are exclusive of Service Tax/GST wherever applicable.





## Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

### VI. Leases:

The Company has entered into lease agreement for its lease hold land at Vapi unit and Amravati Unit. The future minimum rentals payable under Indian Accounting Standard 17" Leases" (Ind AS 17) as required to be disclosed are as follows:

(₹ in lakhs)

Particulars	Current Year	Previous Year
Within one year	2.56	2.56
After one year but not more than five years	10.54	10.54

### VII. Financial Risk Management

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors. Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

#### A. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company's interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### Exposure to interest rate risk

(₹ in lakhs)

Particulars	Current Year	Previous Year
Total Borrowings with Variable interest rate	921.47	678.21

#### Interest rate Sensitivity

A change of 50 bps in interest rates would have following impact on profit for the year.

(₹ in lakhs)

Particulars	Current Year	Previous Year
50 bps increase would decrease the profit before tax by	(2.55)	(1.95)
50 bps decrease would increase the profit before tax by	2.55	1.95

#### B. Market Risk- Foreign Currency risk:

The Company has international operations and portion of the business is transacted in USD/EURO and consequently the Company is exposed to foreign exchange risk through its sales to foreign customers and purchases of goods & purchase of services from overseas suppliers.

#### Derivative instruments and unhedged foreign currency exposure:

(a) Derivative contracts outstanding as at 31st March, 2019

(₹ in lakhs)

Particulars	Current Year	Previous Year
Forward Contracts to sell USD	Nil	13.01

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

(b) Particulars of unhedged foreign currency exposures

₹ in lakhs

Particulars	Current Year			Previous Year		
	Amount	5% Increase	5% Decrease	Amount	5% Increase	5% Decrease
<b>Import of Goods and Services</b>						
Stores, Spares and Components	0.64	0.03	(0.03)	9.69	0.48	(0.48)
Capital Goods	2.15	0.11	(0.11)	57.98	2.90	(2.90)
Commission	2.43	0.12	(0.12)	1.23	0.06	(0.06)
<b>Export of Goods</b>						
FOB Value of Export Sales (unhedged)	791.49	39.57	(39.57)	841.39	42.07	(42.07)

**C. Equity Price Risk**

The company does not have any investment in equity instruments and hence equity price risk does not affect the company materially.

**D. Liquidity Risk**

The principal sources of liquidity of the Company are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet its requirements. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ in lakhs)

As At 31 <sup>st</sup> March, 2019	Note No.	Carrying Amount	Less than 12 Months	More than 12 Months
Borrowings	13 (i) (ii)	1002.87	631.87	371.00
Trade payables	16	573.51	573.51	--
Other Financial Liabilities	17 (i) (ii)	212.35	207.85	4.50

(₹ in lakhs)

As At 31 <sup>st</sup> March, 2018	Note No.	Carrying Amount	Less than 12 Months	More than 12 Months
Borrowings	13 (i) (ii)	780.28	435.82	344.46
Trade payables	16	590.43	590.43	--
Other Financial Liabilities	17 (i) (ii)	186.47	167.69	18.78

**VIII. Capital risk management**
**(a) Risk Management**

The Company aims to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders

The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure

Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019

## (b) Dividend

(₹ in lakhs)

Particulars	Current Year	Previous Year
Final Dividend for the year ended 31 <sup>st</sup> March, 2018 of ₹ 1 per Equity Share (31 <sup>st</sup> March, 2017) of ₹ 1 per Equity Share)	76.61	76.61

## IX. Financial Instrument:

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in note 2.9 of the Ind AS financial statements.

## (a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31<sup>st</sup> March, 2019 are as follows:

(₹ in lakhs)

Particulars	See Note	Fair Value through Profit or Loss	Fair Value Through OCI	Amortized Cost	Total carrying value
<b>Financial Assets</b>					
<b>Non Current</b>					
Other Financial Assets	5 (i)			42.41	42.41
<b>Current</b>					
Trade Receivable	8			856.48	856.48
Other Financial Assets	5 (ii)			4.25	4.25
<b>Total</b>				903.14	903.14
<b>Financial Liabilities</b>					
<b>Non-Current</b>					
Borrowings	13 (i)			371.00	371.00
Other Financial liabilities	17 (i)			4.50	4.50
<b>Current</b>					
Borrowings	13 (ii)			631.87	631.87
Trade payables	16			573.51	573.51
Other Financial liabilities	17 (ii)			207.85	207.85
<b>Total</b>			-	1788.73	1788.73

The carrying value of financial instruments by categories as at 31<sup>st</sup> March, 2018 are as follows:

(₹ in lakhs)

Particulars	See Note	Fair Value through Profit or Loss	Fair Value Through OCI	Amortized Cost	Total carrying value
<b>Financial Assets</b>					
<b>Non-Current</b>					
Other Financial Assets	5 (i)			42.41	42.41
<b>Current</b>					
Trade Receivable	8			805.61	805.61
Other Financial Assets	5 (ii)			3.40	3.40
<b>Total</b>				851.42	851.42
<b>Financial Liabilities</b>					
<b>Non-Current</b>					
Borrowings	13 (i)			344.46	344.46
Other Financial liabilities	17 (i)			18.78	18.78
<b>Current</b>					
Borrowings	13 (ii)			435.82	435.82
Trade payables	16			590.43	590.43
Other Financial liabilities	17 (ii)			167.69	167.69
<b>Total</b>				1557.18	1557.18

**Notes to Financial Statements for the Year ended 31<sup>st</sup> March, 2019**

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payable as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 approximate the fair value because of their short term nature. Difference between the carrying amount and fair values of other financial liabilities subsequently measured at amortized cost is not significant in each of the year's presented.

**Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2:** Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3:** Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured on fair value on recurring basis (but fair value disclosures are required).

(₹ in lakhs)

As at 31 <sup>st</sup> March, 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets :</b>				
Security Deposits	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial Liability:</b>				
Borrowing from a Bank	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
				₹ in lakhs
As at 31 <sup>st</sup> March, 2018	Level 1	Level 2	Level 3	Total
<b>Financial Assets :</b>				
Security Deposits	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial Liability:</b>				
Borrowing from a Bank	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil

- X. The Company's financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 30<sup>th</sup> May, 2019 in accordance with the provisions of the Companies Act, 2013 and are subject to the approval of the shareholders at the Annual General Meeting.
- XI. The figures in the financial statements are rounded off to the nearest lakhs and indicated in lakhs of Rupees.
- XII. Previous year's figures have been regrouped/re-arranged wherever necessary in order to conform to those of the Current Year.

**Signatures to Notes "1" to "26"**

As per our attached report of even date

**For Bastawala And Associates**  
Chartered Accountants  
Firm Registration No. 121789W

Name : Pranav Bastawala  
Partner  
Membership No. : 100468

Place : Mumbai  
Date : 30th May , 2019

For and on Behalf of the Board

**Valson Industries Limited**  
  
Suresh N. Mutreja  
Chairman & MD

Varun S Mutreja  
Director & CFO

Kunal S. Mutreja  
Chief Executive Officer



Financial Performances for Last three years

(Rs.in Lakhs)

Particulars	2019	2018	2017
Revenue from operations (net)	10482.31	9828.27	9856.09
Expenses	9897.75	9192.28	9259.25
Earnings before other Income Interest, Tax, Depreciation	584.56	635.99	596.84
Other Income	48.46	64.19	60.59
Earnings before Interest, Tax, Depreciation (EBITDA)	633.02	700.18	657.42
Finance costs	81.34	54.73	43.37
Earnings before Tax, Depreciation (EBTDA)	551.68	645.45	614.05
Depreciation and amortisation expense	306.75	287.88	262.63
Earnings before Tax	244.92	357.57	351.42
Taxes	(25.69)	(120.46)	(107.57)
OCI Effect	1.92	0.54	(3.85)
Earnings after Tax	221.16	237.65	240.00
<b>A) EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Equity Share capital	766.08	766.08	766.08
(b) Other Equity	2424.89	2296.09	2150.64
<b>Non-current liabilities</b>			
(a) Borrowings	371.00	344.46	85.41
(b) Other Long term Liabilities	4.50	18.78	-
(c) Provisions	78.25	76.02	69.41
(d) Deferred tax liabilities (net)	268.45	315.02	290.73
<b>Current liabilities</b>			
(a) Borrowings	631.87	435.82	444.33
(b) Trade payables	573.51	590.43	532.66
(c) Other Financial liabilities	207.85	167.69	138.03
(d) Provisions	1.69	1.69	1.72
(e) Current Tax Liabilities	-	-	9.66
(f) Other Current Liabilities	115.30	105.06	59.82
<b>Total</b>	<b>5443.40</b>	<b>5117.14</b>	<b>4548.49</b>
<b>B) ASSETS</b>			
<b>Non-current assets</b>			
(i) Property ,Plant and Equipment	3285.01	3321.17	2904.17
(ii) Capital work-in-progress - Tangible	44.33	25.39	18.67
(iii) Other Intangible assets	6.37	5.82	2.84
(iv) Non Current Investments	-	-	-
(v) Other Financial Assets	42.41	42.41	58.73
(vi) Other Non Current Assets	12.09	16.22	36.07
<b>Current assets</b>			
(a) Inventories	769.13	469.13	439.08
(b) Trade receivables	856.48	805.61	718.78
(c) Cash and cash equivalents	5.12	6.76	14.24
(d) Bank balances other than (c) above	52.87	57.46	72.37
(e) Loans	22.63	22.70	23.21
(f) Other Financial Assets	4.25	3.40	11.82
(g) Other Current Assets	342.70	341.07	248.50
<b>Total</b>	<b>5443.40</b>	<b>5117.14</b>	<b>4548.49</b>

## Financial Performances for Last three years

## Important Ratios

Year Ended March	2019	2018	2017
<b>(A) Measures of Performance</b>			
Operating Profit	6.04%	7.12%	6.67%
Interest / Sales	0.78%	0.56%	0.44%
Gross Profit Margin	5.26%	6.57%	6.23%
Net Profit after Tax	2.11%	2.42%	2.44%
Return of Net worth	6.93%	7.76%	8.23%
<b>(B) Measures of Financial Status</b>			
Debt / Equity Ratio (LT & ST)	0.3	0.3	0.2
Current Ratio	1.3	1.3	1.3
Inventory Turnover Ratio	15.1	18.9	18.7
Interest Coverage	8.1	15.0	17.6
Debtors Period (in Days)	29.8	29.9	26.6
Fixed Assets to Turnover	3.1	2.9	3.4
<b>(C) Measures of Investments</b>			
Earnings Per Share (EPS/Diluted)	2.89	3.10	3.13
Cash Earnings per Share	6.89	6.86	6.56
Dividend per Share	1.00	1.00	1.00
Dividend Payout (%)	34.6%	32.2%	31.9%
Profit Plough back (%)	65.4%	67.8%	68.1%
Book Value	41.65	39.97	38.07





**VALSON INDUSTRIES LIMITED**

**L17110MH1983PLC030117**

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

**ATTENDANCE SLIP**

(To be presented at the Entrance)

Thirty Fifth Annual General Meeting of the Company held on Monday, September 30, 2019 at 11.00 a.m. at the Registered Office of the Company situated at 28, Bldg. No.6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai – 400 059.

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

Name of the Member: ..... Signature: .....

Name of the Proxy holder: ..... Signature: .....

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



**VALSON INDUSTRIES LIMITED**

FORM NO. MGT – 11

**PROXY FORM***[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]*

CIN:	L17110MH1983PLC030117
Name of the Company:	<b>VALSON INDUSTRIES LIMITED</b>
Registered Office:	28, Bldg No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai – 400 059
Email ID:	<a href="mailto:cs@valsonindia.com">cs@valsonindia.com</a>
Folio No / Client ID / DP ID:	

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

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

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held on the Monday, September 30, 2019 at 11.00 a.m. at the Registered Office of the Company situated at 28, Bldg No. 6, Mittal Industrial Estate, Sir M. V. Road, Andheri (East), Mumbai – 400 059 and at any adjournment thereof in respect of such resolutions as indicated below:

Sr. No.	Resolutions	For	Against
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2019		
2.	Declaration of dividend on equity shares		
3.	Re-Appointment of Mr. Varun S. Mutreja, who retires by rotation		
4.	Re-Appointment M/s. Bastawala & Associates., Chartered Accountants as Statutory Auditors and to fix their remuneration		
5.	Re-appointment of Mr. Chandan Gupta as an Independent Director of the Company for a second consecutive term of 5 years		
6.	Re-appointment of Mr. Surendrakumar Suri as an Independent Director of the Company for a second consecutive term of 5 years		
7.	Re-appointment of Mr. Suresh N. Mutreja as a Chairman and Managing Director of the Company		
8.	Re-appointment of Mr. Varun S. Mutreja as a Whole-Time Director designated as Chief Financial Officer (CFO) of the Company		
9.	Appointment of M/s. ABK & Associates, Cost Accountants as a Cost Auditors of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

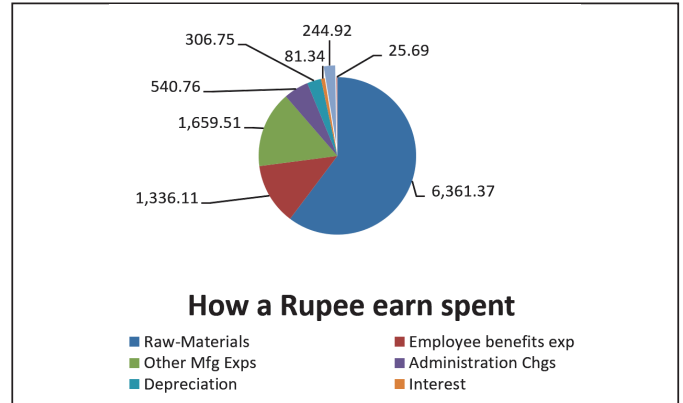
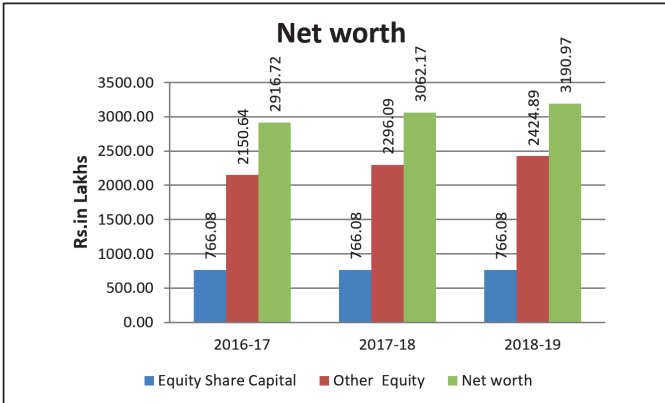
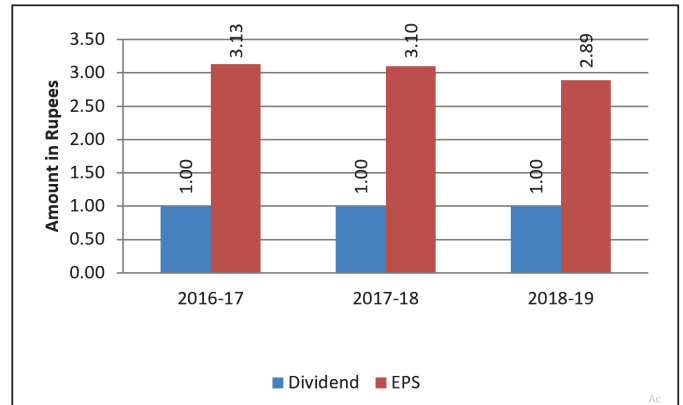
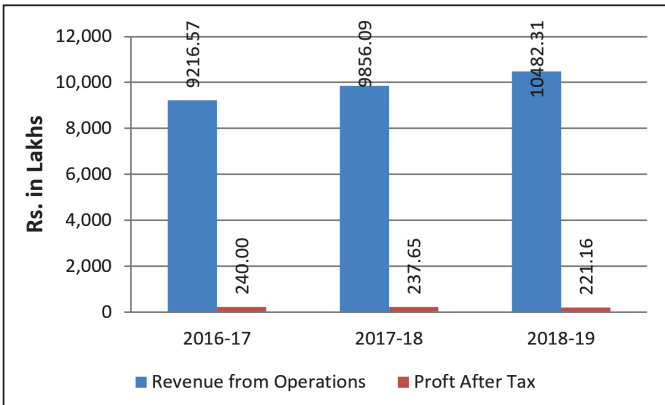
Signature of shareholder : \_\_\_\_\_

Signature of Proxy Holder (s): \_\_\_\_\_

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

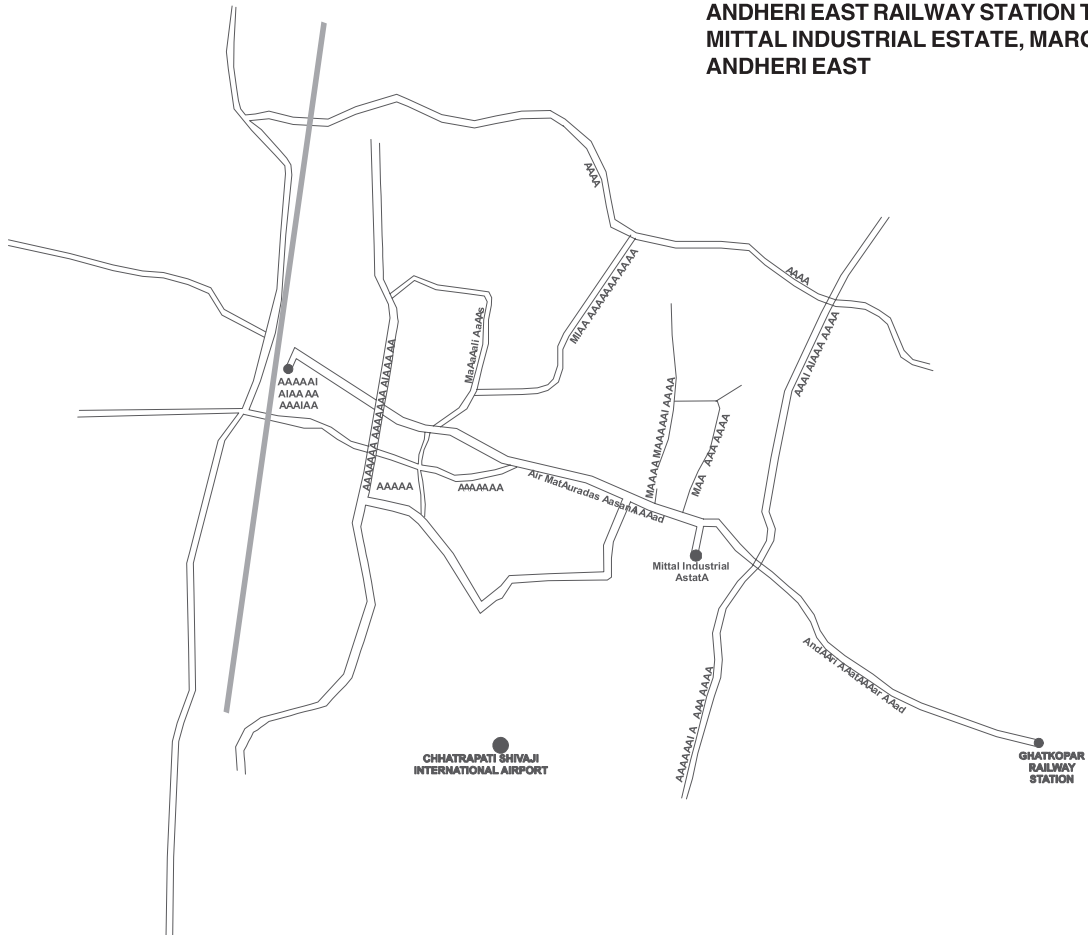


# FINANCIAL HIGHLIGHTS



**BOOK - POST**

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



**VALSON INDUSTRIES LIMITED**

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