

VALLEY MAGNESITE COMPANY LIMITED

**26th
ANNUAL REPORT
2013-2014**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr.Arun Kumar Agarwalla, Director
Mrs. Sudha Agarwalla, Director
Mr.Gaurang Agarwalla, Director
Mr.Uttam Banerjee, Director
Mr. Sandeep Kumar Pareek , Director

BANKERS

ORIENTAL BANK OF COMMERCE

STATUTORY AUDITORS

M/s A.K.Meharia & Associates
Chartered Accountants

REGISTERED OFFICE:

A-402, Mangalam,
24/26 Hemanta Basu Sarani,
Kolkata-700 001

REGISTRAR & SHARE TRANSFER AGENTS

Niche Technologies Pvt.Ltd
D-511, Bagree Market, 71, B.R.B.Basu Road,
Kolkata- 700 001.
Ph.: 033-22357270/71
Fax : 033-22156823

CIN

L23169WB1988PLC045491

VALLEY MAGNESITE COMPANY LIMITED

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their 26th Annual Report of the Company together with the Audited Statement of Accounts and the Auditor's Report for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Amount in ₹)

<u>PARTICULARS</u>	<u>Year ended 31st March 2014</u>	<u>Year ended 31st March 2013</u>
Profit before Tax	749,159.96	88,023.16
Provisions for Taxation		
- Current provisions	(142,752.00)	(17,275.00)
- Provision for deferred Tax	253,680.35	164,082.58
Profit after Tax	860,088.31	234,830.74
Balance Brought forward	219,54,441.32	217,19,610.57
Balance Carried forward to Balance Sheet	228,14,529.63	219,54,441.32

DIVIDEND

In order to consolidate the Company's financial position, your directors consider it prudent not to recommend dividend for the year under review.

DIRECTORS

Mr. Uttam Banerjee and Mr. Sandeep Pareek, directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re- appointment

PUBLIC DEPOSITS

The Company has not accepted any deposits from the Public in the meaning of section 58A of the Companies Act, 1956.

EMPLOYEES

There was no employee of the Company coming under the purview of disclosure required under Section 217(2A) of the Companies Act, 1956 read with Companies(Particulars of Employees) Rules, 1975.

AUDITOR'S & AUDITORS' REPORT

The Auditors of the Company, Messrs A.K. Meharia & Associates, Chartered Accountants, retires at the Conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re- appointment.

The notes on accounts referred to the Auditors Report are self explanatory and therefore, do not call for any further explanation.

CORPORATE GOVERNANCE

The detailed Report on Corporate Governance in terms of Clause 49 of the Listing Agreement is attached to the Annual Report.

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SUBSIDIARY

The Company do not have any subsidiary company during or at the end of the year.

DEPOSITORY SYSTEM & LISTING OF SHARES

The Company's script has come under compulsory dematerialization for all investors. The ISIN no. allotted to the equity shares of the company is INE834E01016. The Equity Shares of the Company are listed on The Calcutta Stock Exchange Association Ltd .

STATUTORY INFORMATION

The Company being basically in the non manufacturing activity during the year under review, requirement regarding the disclosures of particulars of conservation of energy and technology absorption prescribed by the rules are not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

The information required u/s. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure in the Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology absorption are not applicable to the company. The Company has no foreign exchange outflow or inflow during the year under review.

ACKNOWLEDGEMENTS

Your Directors acknowledge the support and gratitude of the shareholders, Investors & Bankers. Last but not the least, your Directors place on record their sense of appropriation of the valuable contribution made by the employees of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

In order to avoid duplication between the Directors Report and the Management discussion and Analysis, we present below a composite summary as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India of the same herein below:

During the year under review, your company could not indulge in the manufacturing or trading activities despite the best of the efforts. For maximum utilization of the company's funds, the resources of the company have invested in financing activities. The main activity of the company is financing and investment/trading in shares.

OPPORTUNITIES & THREATS, RISKS & CONCERNS, PERFORMANCE AND OUTLOOK

The Company bears the normal risk in terms of inherent business risk in the kind of business the company is into. The Board of the company has taken a balanced approach for investing in these activities.

RISK & CONCERNS

Over the years, your Company has achieved an appropriate balance between risk and returns by setting up an efficient risk mitigation system to meet various forms of financial and other risks. The primary risks that the company is exposed to are, credit risk, market risk and operational risk. Deriving from the long years of experience in financing and trading in securities, your Company's credit policy framework is designed to provide the right balance between business growth and portfolio quality. The Company's philosophy of not outsourcing the credit appraisal process has ensured that credit filters are uniformly applied by experienced and well-trained employees. The Audit Committee, lays down policies and tolerance levels that involve assessing of various types of risks and altering the asset-liability portfolio in a dynamic way, in order to manage such risks. Liquidity and interstate risks, within the limits laid down by the board, are constantly

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monitored by the Audit Committee The Risk Management framework is dynamic and will continue to evolve in line with the emerging risk perceptions.

During the year, your Company has constituted a Risk Management. Committee, in accordance with the Guidelines on Corporate Governance issued by the Reserve Bank of India, to monitor the risk management framework on an ongoing basis with a view to ensuring that risk parameters are within defined limits. Consequently, the scope of the Audit Committee has been appropriately redefined.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing our Company's objectives, expectations or predictions may be forward looking within the meaning of applicable regulations and other legislations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic financial market conditions affecting the interest rates, availability of resources for the financial sector, market for lending, changes in regulatory directions issued by the Government, tax laws, economic situation and other relevant factors.

EMPLOYER EMPLOYEE RELATIONSHIP

The company maintained a cordial relationship with its employees which resulted in smooth flow of business operations during the period under review.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with section 217(2AA) of the Companies Act, 1956 the Directors of the Company hereby state that.

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or loss of the company for that period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the annual accounts on a going concern basis.

Place: Kolkata
Dated: 29th May. 2014

For and on behalf of the Board
Arun Kumar Agarwalla
Director

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REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance :

The Company's philosophy on Corporate Governance is to enhance the long term economic value of the company its stakeholders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interest of the company with its shareholders and other key stakeholders.

Your Company continues to follow procedures and practices in conformity with the code of Corporate Governance outlined in the listing agreement.

2. Board of Directors

Composition of the Board, Directorships & Committee positions held in other companies and shares held as on 31st March 2014:

As on 31st March 2014, the Company had 5 Directors. The Board of Directors Comprise of Three Non Executive and Non Independent directors and Two Non Executive Independent directors.

Director	Category	Board Meeting Attendance	Annual General Meeting Attendance	Directorship in other companies*	Committee membership**	Committee chairmanship**
Arun Kumar Agarwalla	Non Executive/ Non-Independent Director	08	Yes	02	02	03
Sudha Agarwalla	Non Executive/ Non-Independent Director	08	Yes	02	02	01
Gaurang Agarwalla	Non Executive, / Non- Independent Director	05	Yes	01	Nil	Nil
Uttam Banerjee	Non Executive/ Independent Director	08	Yes	01	02	02
Sandeep Kumar Pareek	Non Executive/ Independent Director	08	Yes	Nil	01	Nil

* Other directorships do not include directorship of private limited companies, companies registered u/s 25 of Companies Act and of companies incorporated outside India.

** Chairmanship/Membership of Board committees includes Membership of Audit, Remuneration and shareholders/Investor's grievance committees only.

** No Director is a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is a Director.

VALLEY MAGNESITE COMPANY LIMITED**Number of Board Meetings held & dates on which meeting held:**

Number of Board Meetings Held : 10
Date on which held : 30th April 2013, 27th June 2013,
25th July 2013, 31st July 2013,
21ST August 2013, 31st Oct. 2013,
12th December, 2013, 31st January 2014

Role of Independent Directors:

The independent directors devote sufficient time and attention to professional obligations for informed and balanced decision making at the Board and various committee meetings. They regularly update and refresh skills, knowledge and familiarity with the Company and actively and constructively participate in the meetings.

Name of Independent directors and their shareholding in the Company as on 31st March 2014 are as follows:

Name of Directors	No.of Shares held
Uttam Banerjee	Nil
Sandeep Kumar Pareek	Nil

Changes in Composition of the Board of Directors since Last Report:

There are no changes in the composition of the Board of Directors of the Company since last Report.

Disclosures in relation to the appointment/re-appointment of Directors:

As required under Clause 49(IV)(G)(i) of the Listing Agreements, brief profiles of the directors are appended below:

a) Mr.Arun Kumar Agarwalla

Name of the Director	Mr.Arun Kumar Agarwalla
Father's Name	Late Kishan Lal Agarwalla
Director Identification No.(DIN)	00607272
Date of Birth	27.07.1960
Date of Appointment	03.11.1988
Qualifications	B.Com
Experience	Mr. Arun Kumar Agarwalla is a Commerce Graduate from Ranchi University having experience of over 33 Years in Capital Market. He is recognized for his experience in the field of Accounts, Investments and Fund Management. He is also well versed with the technical and fundamental analysis of Capital Markets.
Directorship in other Companies	Saumya Consultants Limited Ganodaya Finlease Limited Singhal Towers Private Limited Balaji Vaisneo Trading Pvt.Ltd

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Chairman/Member of the Committee of the Board of Directors of the Company	Chairman: Shareholder's Investors Grievance Committee Member: Audit Committee
Membership / Chairmanship of Committees of the other public companies in which he is a Director	Saumya Consultants Limited Chairman: Shareholder's / Investors Grievance Committee Ganodaya Finlease Limited Chairman: Shareholder's / Investors Grievance Committee Member: Audit Committee
No.of Shares held in the Company	161900

b) Sudha Agarwalla

Name of the Director	Mrs. Sudha Agarwalla
Father's Name	Sri Bhagwati Prasad Jalan
Director Identification No.(DIN)	00938365
Date of Birth	04.08.1964
Date of Appointment	01.10.1994
Qualifications	B.Com
Experience	Mrs. Sudha Agarwalla is a Commerce Graduate from Guwahati University having experience of over 19 Years in the field of Investment and Finance Business. She is recognized for her experience in the field of Accounts, Investments and Fund Management.
Directorship in other Companies	Saumya Consultants Limited Ganodaya Finlease Limited Singhal Towers Private Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Chairperson Audit Committee
Membership / Chairmanship of Committees of the other public companies in which She is a Director	Saumya Consultants Limited Member: Shareholder's / Investors Grievance Committee Audit Committee
No.of Shares held in the Company	106000