



  
**Vijay** TEXTILES LIMITED

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**BOARD OF DIRECTORS****TEXTILES LIMITED**

**Vijay Kumar Gupta** : Chairman and Managing Director

**Susheel Kumar Gupta** : Executive Director

**M. Srikanth Reddy**

**K. Srinivas Reddy**

(Up to 31st December 2010)

**K. Bhupal Reddy**

**Sanjeev Kumar Agarwal**

**Company Secretary**

S. Nagarajan

**Statutory Auditors**

M/s. Laxminiwas & Jain

Chartered Accountants

5-4-726, Station Road, Nampally

Hyderabad - 500 001

**Internal Auditors**

M/s. Laxminiwas Neeth & Co

Chartered Accountants,

402, 4th Floor,

Moghul's Court, Basheerabagh,

Hyderabad - 500 001

**Bankers**

State Bank of India

Industrial Finance Branch

Somajiguda

HYDERABAD - 500 082

**Axis Bank Limited**

Begumpet

Hyderabad-500 016

**Central Bank of India**

Ranigunj Branch,

Secunderabad-500003.

**Registrars & Transfer Agents**

M/s. Aarthi Consultants Private Limited

1-2-285, Domalguda

Hyderabad-500 029

**Registered Office**

Surya Towers, Ground Floor,

104, Sardar Patel Road,

Secunderabad-500 003.

**Factory :**

Survey No: 139 to 141 & 143

Village Rajapoor, Mandal: Balanagar,

District: Mahaboobnagar

Andhra Pradesh

**Wholesale Depot :**

Plot No: 46, Road No: 12

APIIC, Katedan,

Hyderabad - 500077

**Retail Show Rooms :**

1. Surya Towers,  
Ground Floor,  
104, Sardar Patel Road  
Secunderabad - 500003
2. D. No : 6-3-852/3,  
Near Lal Bungalow,  
Ameerpet,  
Hyderabad - 500016
3. D. No : 2-22-306/A/2, Plot No: 6 & 7  
Survey No : 178 & 179,  
Bhagyanagar Colony, Phase-II,  
Kukatpally, Hyderabad - 500072.
4. D.No : 23-27/A, Sy No.127 & 130/1,  
Kothapet, Dilukhnagar,  
Hyderabad - 500060.
5. D.No : 19-94/1, Sy No : 466,  
Housing Colony, A.S.Rao Nagar,  
Secunderabad - 500062.

**NOTICE** is hereby given that the Twenty-first Annual General Meeting of the Members of **VIJAY TEXTILES LIMITED** will be held on **Tuesday, the 2nd August, 2011 at 11.00 A.M** at Surana Udyog Auditorium, The Federation of A.P.Chamber of Commerce and Industry, Federation House, 11-9-841, Red Hills, Hyderabad-500004 to transact the following business:

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit & Loss Account for the year ended 31st March 2011 along with the Auditors' Report and Director's Report thereon.
2. To declare Dividend on the Equity Shares of the Company for the year ended 31st March 2011.
3. To appoint a Director in the place of Shri M. Srikanth Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider re-appointment of M/s. Laxminiwas & Jain, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

The Company has received a Special Notice in writing from a Member along with a deposit of ₹ 500/- proposing the candidature of M/s. Laxminiwas Neeth & Co., Chartered Accountants, 402,4th Floor, Moghuls Court, Basheer Bagh, Hyderabad-500001 as Auditors of the Company under the provision of Sections 190 and 225 of Companies Act.

In pursuance of this Special Notice, the Company has sent a notice of this resolution to the retiring Auditor so as to enable them to make any objections or representation thereto. The Company has not received any objections or representations from the retiring Auditor up to the date of printing of this Notice to the Members. If the Company receives any representation from the retiring Auditor before

the date of this Annual General Meeting, the same shall be circulated to the Members or shall be read out at the Annual General Meeting according to the provisions of Section 225 of the Companies Act.

#### **SPECIAL BUSINESS :**

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

"RESOLVED THAT pursuant to the provision of Sections 198, 269, 309, 311, 314,320 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date, subject to applicable approvals as may be necessary to this regard pursuant to the approval of Remuneration Committee and the Board of Directors at their respective meetings, the consent of the Company be and is hereby accorded to re-appoint Shri Susheel Kumar Gupta, Executive Director of the Company for a period of five years with effect from 1st April 2011 to 31st March 2016 as set out below.

#### **Salary**

₹ 2,00,000/- per month including the following

#### **Perquisites :**

Provision of perquisites and benefits classified into three categories A, B, C, as appearing hereinafter:

#### **Category A :**

- a. The Company shall provide maintained accommodation for residence including payment of society, outgoing electricity charges, water charges etc.
- b. Free use of motorcar with driver provided by the Company for business purposes and in the performance of the duties. The Company shall meet the entire running, maintenance and other incidental expenses of every kind whatsoever incurred in respect thereof.

- c. Provision for means of communication, mobile phones and telephones at residence. All charges whereof including rental, call charges, costs etc. shall be paid or reimbursed by the Company in full.
- d. Medical Reimbursement and hospitalization :  
Expenses incurred for self and the family.
- e. Leave Travel Allowance :  
For self and the family once in a year incurred in accordance with the Company policy.
- f. Personal Accident Insurance :  
Payment of premium for personal accident insurance cover
- g. Club Fees :  
Monthly subscription fees of clubs will be reimbursed subject to a maximum of two clubs but not admission/life membership fees.
- h. Children Education Allowance :  
Subject to a ceiling of ₹ 2400/- P.A.

**Explanation :**

For the purpose of Category 'A' "family" shall mean and include his spouse, dependent children and dependent parents.

**Category B :**

- a) Contribution by the Company to Provident Fund and Superannuation Fund or Annuity Fund as per the rules of the Company.
- b) Gratuity payable as per the Rules of the Company.
- c) Encashment of leave at the end of the tenure.

**Category C :**

Such other benefits or payments in accordance with the schemes and rules applicable to all employees of the Company from time to time.

"FURTHER RESOLVED THAT the aforesaid limits are interchangeable within the Overall limits of the remuneration"

"RESOLVED FURTHER that in the event of losses or inadequacy of profits during the period the Executive Director is entitled to the aforesaid salary and perquisites as minimum remuneration."

"RESOLVED FURTHER that this resolution may also be treated as notice/requisite abstract under Section 302 of the Companies Act, 1956.

- 6. To consider and if thought fit, to pass, with or without modifications(s), the following resolution as a Special Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 94 (1) (b) of the Companies Act, 1956, all the existing equity shares of the face of value of ₹ 1/- each comprised in the Authorized Share Capital of the Company, both issued and un-issued be consolidated into one Equity share of ₹ 10/- each fully paid up by consolidating every 10 fully paid equity shares of ₹ 1/- each into one Equity share of ₹ 10/- each and such consolidation shall take effect from the date to be decided by the Board of Directors of the Company or of a committee thereof."

**"RESOLVED FURTHER THAT** on consolidation of Equity shares aforesaid, the Board shall not issue fractional shares if they shall arise out of such consolidation but the consolidated shares represented by the total number of such fractional shares shall be transferred to such person or persons or trust as may be nominated in this behalf by the Board upon the express condition that such person(s) aforesaid shall sell the shares so transferred on such terms and conditions (including the timings of sale) as he / they / it deem(s) fit and the net sale proceeds thereof together with any dividend or other monetary benefits which may have accrued on such shares shall be distributed to the Members in proportion to their respective fractional entitlements thereto."

- 7. To consider, and if thought fit, to pass the following resolution, with or without modification(s), as a Special Resolution:

**"RESOLVED THAT** the Authorized Share Capital of ₹ 20,00,00,000/- (Twenty Crores only) consisting of 20,00,00,000 (Twenty Crores only) Equity shares of ₹ 1/- (Rupees one only) each be divided into 2,00,00,000 (Two Crores only) Equity shares of ₹ 10/- (Rupees Ten only) each by consolidating in such manner that every ten of the existing share of ₹ 1/- each shall constitute one share of ₹ 10/- each fully paid up.

**FURTHER RESOLVED THAT** the existing certificates of shares be called in by the Directors and cancelled and that the new certificates be issued in terms of the Companies (Issue of Share Certificates) Rules, 1960.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to issue the new Share Certificates to all the allottees under the common seal of the Company which shall be affixed in the presence of and under the facsimile signatures of Shri Vijay Kumar Gupta, Managing Director and Shri Susheel Kumar Gupta, Executive Director of the Company and counter signed by an Authorized Signatory as per the provisions of the Companies (Issue of Share Certificates) Rules, 1960."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution.

**"RESOLVED THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place, the following Clause V.

"The Authorized Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares have a nominal face value of ₹ 10/- each. The Company shall have the power, from time to time, to increase or reduce its Capital and to issue any Shares in the original or new

Capital as ordinary or preferred shares and to attach to any Class or Classes of such shares, any preferences, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations, or conditions and to vary regulations, or the Company as for of necessary to give effect to the same and upon the sub-divisions of a shares to apportioned the right to participate in profits in any manner .

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

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place, the following Articles 3."

"The Authorized Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares of ₹ 10/- (Rupees Ten) each. The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its Share Capital, subject to the provision of the Act.

By Order of the Board  
For **Vijay Textiles Limited**

Place : Secunderabad  
Date : 21st June, 2011

**S Nagarajan**  
Company Secretary

Registered Office :  
Surya Towers, Ground Floor  
104, Sardar Patel Road  
Secunderabad - 500 003.

**NOTES FOR MEMBERS ATTENTION :**

1. A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him self and the proxy need not be a Member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
6.
  - a. The Company has already notified Closure of the Register of Members and Transfer Books from 26th July, 2011 to 2nd August, 2011 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Meeting.
  - b. The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 26th July 2011 to those Members whose names shall appear on the Company's Register of Members on 25th July 2011. In respect of Shares in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on 25th July 2011.
7.
  - a. In order to provide protection against fraudulent encashment of dividend warrants, Members who holds Shares in Physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Aarthi Consultants Pvt Ltd., and the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants.
    - (i) Name of the Sole/First joint holder and the Folio Number.
    - (ii) Particulars of Bank Account, viz :
      - a) Name of Bank.
      - b) Name of Branch
      - c) Complete address of the Bank with Pin Code Number.
      - d) Account type, whether Savings Account (SA) or Current Account (CA)
      - e) Bank Account Number
  - b. Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories of the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and Company will not entertain any direct request from such Members for deletion of or change such Bank Account details. Further, instructions, if any, already given by them in respect of Shares held in Physical form will not be automatically applicable to Shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change the complete details of Bank Account.

8. Members who hold shares in Physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the Share Certificates to the Company's Registrars and Transfer Agents, M/s Aarthi Consultants Pvt Limited, for consolidation into a single folio.
9. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s Aarthi Consultants Pvt Limited, immediately of :
  - a) The Change in the Residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Account, maintained in India, with complete name, branch, account type, account number and address of Bank, with PIN Code Number, if not furnished earlier.
10. Members desirous of obtaining any information concerning the accounts/operations of the Company are requested to send their queries at least seven days before the date of the meeting,

to the Company so that information required may be made available at the meeting.

11. The Shares of the Company continue to be listed on the stock exchange (s) at Mumbai and Chennai, the Company has paid up to date all the listing fees to the exchanges.

By Order of the Board  
For **Vijay Textiles Limited**

Place : Secunderabad  
Date : 21st June, 2011

**S Nagarajan**  
Company Secretary

Registered Office :  
Surya Towers, Ground Floor  
104, Sardar Patel Road  
Secunderabad - 500 003.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS ITEMS :****Item No : 5**

Shri Susheel Kumar Gupta was appointed as the Executive Director of the Company for a period of 5 years with effect from 1st April 2006 to 31st March 2011. The terms of his appointment and the remuneration were duly approved by the members of the Company at Annual General Meeting held on 28th September 2006 and 27th September 2008. The Company has achieved tremendous progress under his able guidance and administration. The Board of Directors at the meeting held on 5th February 2011 has approved his reappointment as Executive Director for a further period of five years with effect from 1st April 2011 to 31st March 2016. The Board of Directors now recommends the resolution for the approval of the Members. The appointment and remuneration was approved by the Remuneration Committee at its meeting held on 5th February 2011.

Except Shri Susheel Kumar Gupta and Shri Vijay Kumar Gupta no other Director is directly or indirectly interested in this Resolution.

**Item No : 6,7,8 and 9**

At present the Equity Share Capital of the Company is of face value of ₹ 1/- each . The Board proposes to consolidate into equity shares of ₹ 10/- each (Rupee ten only) in view of upcoming fund raising plans.

In accordance with the provision of the Companies Act 1956, it requires corresponding alterations to the capital clauses appearing in the Memorandum of Association and Articles of Association of the Company.

The proposed resolution(s) is intended to give effect to the above proposal and hence it is placed before the members for approval as Special Resolution.

None of the Directors are concerned or interested in the said resolution(s).

By Order of the Board  
For **Vijay Textiles Limited**

Place : Secunderabad  
Date : 21st June, 2011

**S Nagarajan**  
Company Secretary

Registered Office :  
Surya Towers, Ground Floor  
104, Sardar Patel Road  
Secunderabad - 500 003.

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2011.

**1. FINANCIAL RESULTS**

The performance of the Company during the year has been as under:

(₹ in Lakhs)

<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>
Sales and Other Income	<b>13185.26</b>	12201.08
Net Profit for the year	<b>925.59</b>	528.65
Less: Taxation		
a. Income Tax - Earlier Years	<b>(16.69)</b>	(19.21)
b. Provision for Taxation - Current Year	<b>202.36</b>	89.51
c. Deferred Tax	<b>69.44</b>	87.28
Profit After Tax	<b>670.48</b>	371.07
Add: Profit brought forward from last year	<b>573.88</b>	810.44
Total available for appropriations	<b>1244.36</b>	1181.51
Proposed Dividend	<b>115.00</b>	92.00
Corporate Tax on Dividend	<b>18.66</b>	15.63
Transfer to General Reserves	<b>500.00</b>	500.00
Balance carried forward to Balance Sheet	<b>610.70</b>	573.88

**2. DIVIDEND**

Your Directors have recommended a Dividend of 10% for the financial year ended 31st March, 2011, which if approved at forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on 25th July 2011 and (ii) to those whose names as beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business on 25th July, 2011.

**3. OPERATIONS**

The sales and other income for the year were ₹ 13185.26 Lakhs and net profit of ₹ 670.48 Lakhs as compared to ₹ 12201.08 Lakhs of sales and other income and net profit of ₹ 371.07 Lakhs achieved in the last financial year respectively.

The year under review witnessed fluctuations in cotton prices, magnitude of which has not been recorded before. Your Company has sustained the steep rise in prices by meticulously planning its working capital funds for procuring adequate stocks at competitive prices and maintained an uninterrupted production

schedule. However, there has been some impact of political disturbances on the retail segment, which recorded lower sale as compared to its projected forecast for the year in review.

During the year under review your Company has completed the commissioning of phase II of the Embroidery Section at Rajapoor Factory. Under this expansion the Company has added 9 more machines imported from Japan taking the tally of embroidery machines to 18 and have thus augmented its capacity in line with the increasing demand for embroidered fabric. Your Company has benefited immensely from this expansion.

Your Company's infrastructure project named as Tech-Park has progressed for its completion. The Company has successfully negotiated with three new lessees, which are companies of repute for leasing out the entire area of 201400 SFT in its newly developed "Tech-Park" and has received confirmed letter of intents from these companies.

#### **4. FUTURE PLANS**

Buoyed by success of its first embroidery venture for in house embroidery on its products, and the expansion undertaken in the phase II of the unit, the Company is now gearing up to expand the facility by setting up third phase of the embroidery facility. The Company intends to import 21 more sets of embroidery machines from Japan in addition to its existing strength of 18 sets of machines and hope to commence operations of the new phase III in the 3rd quarter of the current financial year. Demand for embroidered fabric is on the increase as machine embroidered products are having more consumer acceptability and mass appeal.

Your Company has successfully tied up for leasing out the entire rentable area of 201400 SFT in the newly developed infrastructure project named as Tech-Park at Hi-Tec City in Hyderabad. The lessees are companies of repute and standing. Your Company shall start receiving the lease rental income from second quarter of the current financial year. With the commercialization of this project your Company shall start receiving tax-free income under the Industrial Park Scheme being eligible for tax holiday under the Income Tax Act. Thus the income from Tech-Park shall improve the bottom line of your Company to a good extent.

#### **5. RESERVES**

During the year your Company has transferred an amount of ₹ 500.00 Lakhs to General Reserves Account.

#### **6. FIXED DEPOSITS**

Your Company has not accepted or invited any Deposits and consequently no Deposits have matured/ become due for re-payment as on 31st March 2011.

#### **7. DIRECTORS**

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri M. Srikanth Reddy retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The brief particulars of the Directors seeking appointed/re-appointed at the ensuing Annual General Meeting, is being annexed to the Annual Report.

#### **8. AUDITORS**

The Auditors, M/s. Laxminiwas & Jain, Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

**9. COST AUDITORS :**

The cost accounts records maintained by the Company for the products manufactured are subject to yearly audit by the qualified Cost Auditors. Your Company has appointed Shri. A.V.N.S. Nageswara Rao, a qualified Cost Auditors for conducting the audit of Cost Account records for financial year 2010-2011.

**10. ENVIRONMENT AND HUMAN RESOURCE DEVELOPMENT**

Your Company always believes in keeping the environment pollution free and is fully committed to its social responsibility. The Company has been taking utmost care in complying with all pollution control measures from time to time strictly as per the directions of the government. In particular, your Company has laid special emphasis on this aspect at its manufacturing facility at Rajapoor commissioned in 2007 as explained in this report above.

We would like to place on record our appreciation for the efforts made by the Management and the keen interest taken by the Employees of your Company in this regard.

**11. CORPORATE GOVERNANCE**

Your Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, forming part of the Annual Report along with the Auditors' Certificate on its compliance. The Company shares are listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

**12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this Report and is annexed hereto.

**13. DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirements of Section 217(2 AA) of the Companies Act, 1956 and on the basis of explanation given by the executives of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgement 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;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the annual accounts on a going concern basis;

**14. STATUTORY INFORMATION****A. Particulars of Employees :**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended the names and other particulars of the employees are given in Annexure (2) to the Director's Report.

**B. Conservation of Energy, Foreign Exchange etc.**

Information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are provided in a separate statement attached hereto and forming part of this report.

**15. INFORMATION UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company as stated under Notes on Accounts vide Serial No: 4 of Schedule 21 B.

**16. EMPLOYEE RELATIONS**

Your Directors are pleased to record the appreciation for the sincere and dedicated services of the employees and workmen at all levels.

**17. ACKNOWLEDGEMENTS**

The Directors wish to acknowledge and record their appreciation of the continued support and assistance received by your Company from its Bankers viz. State Bank of India, Axis Bank Limited, Central Bank of India and Officials of the concerned Departments of the State and Central Governments. The Directors also wish to thank all the employees for their contribution and continued support throughout the year and the Members for the confidence reposed by them in the Management.

For and on behalf of the Board

Place : Secunderabad  
Date : 26th May 2011.

**Vijay Kumar Gupta**  
Chairman & Managing Director

**FORM A  
[Forming part of Annexure (I)]**

**Disclosure of Particulars with respect to conservation of Energy :**

<b>I. Energy Conservation:</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>A 1. Power &amp; Fuel Consumption</b>		
Electricity :		
a) Purchased:		
Units	<b>27,73,182</b>	29,12,747
Total amount (₹)	<b>1,13,38,887</b>	1,00,32,285
Units Rate (₹)	<b>4.09</b>	3.44
b) Own Generation :		
Through Diesel Generator	<b>31,360</b>	34,560
Units	<b>3.20</b>	3.20
Units per ltr. of Diesel oil	<b>12.68</b>	11.38
Cost/Unit (₹)		
2. Coal used in Boiler :		
Quantity (Tones)	<b>106.48</b>	Nil
Cost (₹)	<b>5,66,505</b>	Nil
Average Rate (₹)	<b>5,320</b>	Nil
3. Furnace Oil (HSD) :		
Quantity (K. Liter)	<b>Nil</b>	Nil
Total Amount (₹)	<b>Nil</b>	Nil
Average Unit/Liters	<b>Nil</b>	Nil
4. Others/Internal generation :		
Quantity (Tones)	<b>8,208</b>	8,839
Total Cost	<b>1,69,58,725</b>	1,55,36,767
Average Rate (₹)	<b>2,066</b>	1,758
<b>B Consumption per unit of production (Linear meter)</b>		
Electricity	<b>0.28</b>	<b>0.25</b>
Furnace Oil	<b>Nil</b>	Nil
Coal (Kgs.)	<b>0.01</b>	Nil
Others (Firewood)(Kgs.)	<b>0.83</b>	0.75
<b>2. Technology Absorption :</b>	The Company has its In - house Design Department continuously develop innovative designs and to select the most suitable raw fabrics for dyeing / printing / processing.	
<b>3. Foreign Exchange earnings and outgo</b>		
Earnings (₹)	<b>83,55,068</b>	1,71,43,885
Outgo (₹)	<b>1,40,878</b>	6,353

[Forming part of Annexure (2)]

Statement of particulars of employees pursuant to the provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rule, 1975 as amended up to date.

Sl. No.	Name of the Employee	Age	Designation/ Nature of Duty	Gross Remune- ration (₹)	Qualifi- cations	Experience In years	Date of Commence ment of Employment	Particulars of last employment
01	Vijay Kumar Gupta	61	Managing Director	25,44,000	B.Com.	44	01.04.1990	Business

Note : 1. The conditions of employment are non-contractual and are governed by rules and regulations of the Company.

For and on behalf of the Board

Place : Secunderabad  
Date : 26th May 2011

**Vijay Kumar Gupta**  
Chairman & Managing Director

[Forming part of Annexure (3)]

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract And Company's General Business Profile :

**I. Registration Details**

Registration No. 

0	1	-	1	0	9	7	3
---	---	---	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

3	1	-	0	3	-	2	0	1	1
---	---	---	---	---	---	---	---	---	---

**II. Capital raised during Year (Amount ₹ in Thousands)**

Public Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Rights Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L											
				N	I	L											
Private Placement	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Bonus Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L											
				N	I	L											
Preferential Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L									
				N	I	L											

**III. Position of Mobilization and Deployment of Funds (Amount ₹ in Thousands)**

Total Liabilities 

2	9	4	5	0	1	5
---	---	---	---	---	---	---

 Total Assets 

2	9	4	5	0	1	5
---	---	---	---	---	---	---

**SOURCE OF FUNDS**

Paid-up Capital 

	1	2	7	0	0	3
--	---	---	---	---	---	---

Reserves & Surplus 

	5	7	3	1	4	5
--	---	---	---	---	---	---

Secured Loans 

1	4	4	3	5	4	2
---	---	---	---	---	---	---

Unsecured Loans 

	7	0	4	2	1	5
--	---	---	---	---	---	---

Deferred Tax Liability 

		9	7	1	1	0
--	--	---	---	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

	9	2	8	5	4	1
--	---	---	---	---	---	---

Capital Work in Progress 

	7	8	1	2	0	6
--	---	---	---	---	---	---

Investments 

						0
--	--	--	--	--	--	---

Net Current Assets 

1	2	3	5	2	6	8
---	---	---	---	---	---	---

Mis. Expenses 

						0
--	--	--	--	--	--	---

**IV. Performance of the Company (Amount ₹ in Thousands)**

Turnover (incl. Other Income)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>1</td><td>8</td><td>5</td><td>2</td><td>6</td></tr></table>	1	3	1	8	5	2	6	Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>2</td><td>5</td><td>9</td><td>6</td><td>7</td></tr></table>	1	2	2	5	9	6	7
1	3	1	8	5	2	6											
1	2	2	5	9	6	7											
Profit before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>2</td><td>5</td><td>5</td><td>9</td></tr></table>			9	2	5	5	9	Profit after Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>7</td><td>0</td><td>4</td><td>8</td></tr></table>			6	7	0	4	8
		9	2	5	5	9											
		6	7	0	4	8											
Earning per Share (₹)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>0</td><td>.</td><td>5</td><td>8</td></tr></table>				0	.	5	8									
			0	.	5	8											

**V. Generic names of Principal Products/Services of the Company (As per Monetary Terms)**

Item Code No.  
(ITC Code)

2	4	8	0
---	---	---	---

Product Description

D	Y	E	I	N	G	A	N	D	P	R	I	N	T	I	N	G	O	F
T	E	X	T	I	L	E	F	A	B	R	I	C						



## **CERTIFICATE BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER**

We Vijay Kumar Gupta, Chief Executive Officer and S. Nagarajan, Company Secretary/Chief Financial officer of Vijay Textiles Limited, hereby certify to the best of our knowledge and belief certify that :

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes to accounts, as well as the Cash Flow Statements and the Director's Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company, and have
  - a. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
  - b. Evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and
  - c. Disclosed in this report and change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.
6. We have disclosed to the Company's Auditors and the Audit Committee of the Company's Board of Directors in regard to
  - a. Deficiencies in the design or operation of internal controls and steps taken / proposed to be taken to rectify these deficiencies.
  - b. Significant changes in internal controls over financial reporting, if any, during the year covered by this report.
  - c. Significant changes in accounting policies during the year, if any, and that the same, have been disclosed in the notes to the financial statements.
  - d. Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place : Secunderabad  
Date : 26th May 2011

**S. Nagarajan**  
Chief Financial Officer

**Vijay Kumar Gupta**  
Chief Executive Officer

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE, DEVELOPMENTS AND PERFORMANCE :**

The furnishing industry has made rapid strides and grown in size and stature over the years, largely influenced by changing consumer tastes and mass appeal. There has been tremendous growth in housing and infrastructure sectors, which has acted as catalyst in the growth of this industry. In global scenario this industry has shown accelerated growth in the recent past. Economic changes and increase in general spending power has made the consumers to splurge more money on furnishing and in embellishing their homes and offices. This has given the right impetus to this industry, which is reflected in its unprecedented growth; and it continues to grow from strength to strength.

The Company taking a cue from all round growth witnessed by the furnishing industry, has excelled itself as a large player in the domestic arena. The Company's main strength has been its well established pan India dealer network for wholesale and 5 world class large format retail stores strategically located in the twin cities of Hyderabad and Secunderabad. The major clientele consist of NRIs, reputed institutes, corporate consumers and people from by far from all the strata of the society. The Company caters to all the segments that matter, on the core strengths of its quality products, which has exclusive and wide range of hues, quality and pricing choices. Going further the Company has strengthened its bed linen portfolio launched a couple of years back by penetrating the markets through its strong dealer network and mega retail outlets.

Expansion undertaken by the Company in setting up in new house embroidery unit which now has a tally of 18 fully automated imported machines churning out high quality embroidered products, has further given the Company an edge in the contemporary markets. Its exceptional embroidered furnishing fabric and bed linen products have already made steady inroads in the markets and have been acclaimed and accepted widely. Encouraged by tremendous response, increased demand and sensing the future potent growth of this segment, the Company has decided to expand its embroidery segment by adding 21 machines to augment its capacity of this segment.

The Company believes in policy of continuing innovation and improvisation in quality of its products, which are indeed its hallmarks; has made it possible to extend its market reach and capture a sizeable market share.

The Company shall further boost in its top and bottom lines when its infrastructure project - Tech-Park goes on stream in 2nd quarter of the current financial year and the lease rental income starts flowing in from the lessees already tied up for this prestigious project.

### **OPPORTUNITIES & THREATS :**

Though the furnishing fabric market is ever growing one yet it has witnessed a radical change in consumer tastes and liking due to changing life styles in line with changing times. The economic changes and liberalization has played a big role in rise in living standards and is also instrumental to a large extent in enhancing general spending power. The boom in housing sector has indeed added spice to peoples' tastes and their zest for sophistication. The Company operates in a highly competitive environment but its competence and core experience has helped it in keeping pace with the developments around.

The Company does not foresee any immediate threat to its domain merely because of size of its operations. Being a manufacturer, a wholesaler and its retail operations all skewed together under one umbrella are in fact the key factors that other competitors finds difficult to dislodge the Company from its leadership position.

The furnishing industry has by and large has been able to withstand the market slow down and fluctuation in prices of essential raw materials to a considerable extent with a lesser impact. The invasion of foreign companies in Indian markets and their mushroom growth in size and stature has also played a great role in escalating stiff competition. The Company has kept pace with the advancements around and forged its synergies in innovation techniques and competes well in design and development of its range of products to beat the competition, persistent with constant innovation, astute pricing policy and highest quality standards.

## **OUTLOOK**

The industry is witnessing all-round growth in the global scenario, which is coupled with rise in demand in the housing and infrastructure. Changing life styles and people's acumen to opt for sophisticated standards are the key factors in its growth pattern too. These factors will help the Company to achieve its projected growth outlined for the future. The governmental policies relating to infrastructure projects have strong bearing on the investment scenario in this sector, which may impact the planning of the Company in regard to future projects in this field.

The Company's continued thrust in retail segment aimed at ensuring a horizontal growth and to extend its reach to the untapped segments has helped in achieving its long term goals which will lead the Company to the consolidation phase later. The Company's expansion plans in the retail foray will greatly help the Company to improve margins, overall return on the capital and eventually shareholders value.

The Company is now fully geared to receive the lease rental income from its Tech- park project from the current financial year. The Company shall enjoy a tax holiday for a period of 10 years for the income derived from its project developed under the aegis of Industrial Parks Scheme of Government of India under Infrastructure project.

## **RISKS & CONCERNS**

The Company remains apprehensive about possible changes in government policies, which might adversely affect the purchasing power of consumers. Market buoyancy and fluctuating prices of raw materials are key concerns, which are to be addressed appropriately at crucial stages to ensure projected growth. The Company is hopeful that by constantly bringing in new products through innovation and employing new marketing strategies will greatly help it in mitigating the adverse impacts apprehended thus.

## **INTERNAL CONTROL SYSTEM & ADEQUACY**

The Company has an adequate internal control system which commensurate with the size and nature of its business. The internal control system is being supported by internal audits, regular reviews by management to ensure reliability of financial and all other records to prepare financial statements and other data. Further the Audit Committee of the Board review the findings and recommendations of the internal audit and suitable implementations are affected.

## **MATERIAL DEVELOPMENT IN HUMAN RELATION/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED**

There are no material developments in the Human Resources area. The Industrial relations have been considered to be satisfactory. The Company constantly reviews the manpower requirements and effective steps are being taken to meet the requirements. The total number of people directly and indirectly employed by the Company is 425.

## **DISCUSSION ON FINANCIAL PERFORMANCE**

The Company achieved a gross turnover of ₹13003.35 Lakhs during the year. This amounts to an 8.34% growth over the previous year. The Profit before Tax is ₹ 925.60 Lakhs and Profit after Tax is ₹ 670.49 Lakhs for the year.

## **NOTE**

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, etc. which are valid only at the time of making the statements. A variety of factors known/ unknown expected or otherwise may influence the financial results. We do not expect these statements to be updated or revised to take care of any changes in the underlying presumptions.

Readers may therefore appreciate the context in which these statements are made before making use of the same.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-2011 :**

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

**1. Company's Philosophy on Code of Governance:**

Vijay Textiles Limited (VTL) is committed to the highest standards of Corporate Governance in all its activities and processes.

The Company always believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for its shareholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global Company.

Key elements of corporate governance are transparency, disclosure, supervision & internal controls, risk management, internal & external communications, high standards of safety, health, environment, accounting fidelity product and service quality. The Board has empowered responsible persons to implement its broad policies and guidelines and has setup adequate review process.

The following is a report on the corporate governance.

**2. Board of Directors**

- a. The composition of Board of Directors consists of two Promoter Whole-time Director(s) and four Independent Non-Executive Directors up to 31st December 2010. Consequent upon the demise of one Independent Non-Executive Director, the strength stands reduced to three. The number of Independent Directors is more than one third of the total number of Directors. The number of Non-Executive Directors (NEDs) more than 50% of the total number of Directors.
- b. None of the Directors on the Board is a member on more than ten committees or Chairman of more than five committees as specified in Clause 49. The Directors have made necessary disclosures regarding committee positions.
- c. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Membership held by them in other Companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India. Chairmanship/Membership of Board/Committees includes Membership of Audit/Remuneration and Shareholders/Investors Grievance Committees.

Name	Category	No. of Board Meetings during the period		Attendance of the last AGM held on 25.09.10	No. of Directorship in other Public Ltd. Companies		No. of Committee positions held in other Public Companies	
		Held	Attended		C	M	C	M
Vijay Kumar Gupta	CMD/P/ED	7	7	Present	-	1	1	1
Susheel Kumar Gupta	P/ED	7	5	Present	-	-	-	-
M Srikanth Reddy	NED/ID	7	6	Present	-	3	-	-
K Srinivas Reddy *	NED/ID	7	5	Present	-	3	2	1
K. Bhupal Reddy	NED/ID	7	6	Present	-	-	-	-
Sanjeev Kumar Agarwal **	NED/ID	7	5	Present	-	-	-	-

CMD/P/ED : Chairman and Managing Director/Promoter/Executive Director

NED/ID : Non-Executive Director/Independent Director

C : Chairman M : Member

\* Ceased to be a Director with effect from 31st December 2010 consequent upon his death.

\*\* Appointed as a Director with effect from 7th August 2010.

- d. Re-appointment of Retiring Director(s) :  
As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of Directors being re-appointed are provided hereunder:

**Shri M. Srikanth Reddy :**

Shri M. Srikanth Reddy, aged about 60 years is a Science Graduate with specialization in Agriculture. He has experience of more than 40 years in the business of Agriculture, Beverages and has also been advising different companies on financial matters.

In addition to the above, Shri M. Srikanth Reddy holds Directorship in Public Limited Companies such as Kaveri Seeds Private Limited, Crown Beers International Limited and Ganga Agri. Seeds Private Limited. Shri M. Srikanth Reddy also holds Directorships in seven Private Limited Companies engaged in the business of agriculture, farming, sugar and infrastructure.

- e. Seven Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The maximum gap between any two meetings was not more than four months. The dates on which the meetings were held are as follows :

17th May, 2010: 7th August, 2010: 25th September, 2010: 8th October, 2010: 12th November, 2010: 5th February 2011 and 28th February 2011.

- f. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

**3. Audit Committee**

**Terms of Reference & Composition, Names of Members and Chairman :**

The terms of Reference of the Audit Committee is to review the quarterly and annual financial statements with a specific emphasis on accounting policies and practices, compliance with the accounting standards, review of adequate control system and internal audit function, reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable follow-up thereon, recommendations for appointment of internal auditors and statutory auditors, fixation of audit fees etc.

The Audit Committee comprises of Four Directors, all of whom are Non-Executive, Independent Directors up to 31st December,2010. Consequent upon the demise of one Independent Non-Executive Director, the strength stands reduced to three. The Directors possess knowledge of corporate finance, accounts and other legal matters. The Chairman of the Committee is a Non-Executive Independent Director nominated by the Board. The Statutory Auditors and the Internal Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary to the Committee.

The constitution of the Audit committee is as follows :

1.	Shri K Srinivas Reddy*	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3.	Shri K.Bhupal Reddy **	Chairman, Independent, Non-Executive
4.	Shri Sanjeev Kumar Agarwal	Member, Independent, Non-Executive

\* Ceased to be a Director with effect from 31st December 2010 consequent upon his death.

\*\* Elected as Chairman of the Meetings with effect from 5th February 2011

**Number of Audit Committee Meetings held and the dates on which held**

Four Audit Committee Meetings were held during the year, the dates on which the meetings were held are as follows :

17th May 2010 : 7th August 2010: 12th November 2010 and 5th February 2011.

**Meetings and attendance during the year**

There were four meetings of the Audit Committee during the year 2010-2011.

The attendance of each Member of the Committee is given below :

Sl.No.	Name of the Director	No.of Meetings Attended
1.	Shri K Srinivas Reddy	3
2.	Shri M Srikanth Reddy	3
3.	Shri K.Bhupal Reddy	3
4.	Shri Sanjeev Kumar Agarwal	2

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The Company has followed recommendations made by the Audit Committee from time to time. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the Shareholders regarding Audit and Accounts.

**4. REMUNERATION COMMITTEE :**

The terms of reference of the Remuneration Committee is to review, assess and recommend the appointment of the Whole-time Directors and also to review the remuneration payable to the Whole-time Directors and recommend suitable revision to the Board. The Company Secretary acts as the Secretary to the Committee.

The Remuneration Committee comprises of Four Directors, all of whom are Non-Executive, Independent Directors up to 31st December,2010. Consequent upon the demise of one Independent Non-Executive Director, the strength stands reduced to three. The Chairman of the Committee is a Non-Executive independent Director nominated by the Board.

The constitution of the Remuneration committee is as follows :

1.	Shri K Srinivas Reddy *	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3.	Shri K.Bhupal Reddy **	Chairman, Independent, Non-Executive
4.	Shri Sanjeev Kumar Agarwal	Member, Independent, Non-Executive

\* Ceased to be a Director with effect from 31st December 2010 consequent upon his death.

\*\* Elected as Chairman of the Meetings with effect from 5th February, 2011

The Remuneration Committee Meeting was held on 5th February 2011. All the Members were present.

**Remuneration Policy**

**A. Remuneration to Non-Executive Directors**

The Non-executive Directors are being paid sitting fees @ ₹ 2000/- for each meeting of the Board or any committee thereof attended by them. The Board of Directors has approved the compensation of the Non-Executive Directors.

**B. Remuneration to Chairman and Managing Director and Whole-time Directors**

Payments of Remuneration of Chairman and Managing Director and Whole-time Director, approved by the Board and is within the limits set out by the Shareholders at Annual General Meetings. The Remuneration comprises of salary, perquisites and allowances. Presently the Company does not have any stock option plan or performance linked incentives for its Directors.

Details of Remuneration to all the Directors for the year ended 31st March, 2011:

Name of the Director	Salary	Perquisites	Sitting Fees	Total	Service Contract
Shri Vijay Kumar Gupta	25,44,000	–	–	25,44,000	Contractual*
Shri Susheel Kumar Gupta	19,20,000	–	–	19,20,000	Contractual*
Shri M. Srikanth Reddy	–	–	26,000	26,000	Retirement by rotation
Shri K. Srinivas Reddy **	–	–	22,000	22,000	Retirement by rotation
Shri K. Bhupal Reddy	–	–	26,000	26,000	Retirement by rotation
Shri Sanjeev Kumar Agarwal	–	–	20,000	20,000	Retirement by rotation

\* The contract is for five years.

\*\* Ceased to be a Director with effect from 31st December 2010 consequent upon his death.

**5. Shareholders' Grievance Committee :**

The Board of Directors has constituted 'Shareholders'/Investors' Grievances Committee. The terms of reference of this Committee is to consider transfer/ transmission of Shares, issue of duplicate share certificates, review of shares dematerialized and all other related matters, investors grievances and redressal thereof. During the year the Company had received 115 letters/complaints from the shareholders and all of them were resolved satisfactorily except two by furnishing the requisite information/documents to the shareholders. There were no transfers pending at the close of the financial year.

**Composition**

The Shareholders'/Investors' Grievances Committee comprises of Four Directors, all of whom are Non-Executive, Independent Directors up to 31st December, 2010. Consequent upon the demise of one Independent Non-Executive Director, the strength stands reduced to three. The Chairman of the Committee is a Non-Executive independent Director nominated by the Board. The Company Secretary acts as the Secretary to the Committee.

The constitution of the Shareholders'/Investor's Grievance committee is as follows :

1.	Shri K Srinivas Reddy*	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3.	Shri K.Bhupal Reddy**	Chairman, Independent, Non-Executive
4.	Shri Sanjeev Kumar Agarwal	Member, Independent, Non-Executive

\* Ceased to be a Director with effect from 31st December 2010 consequent upon his death.

\*\* Elected as Chairman of the Meetings with effect from 5th February, 2011

**Compliance Officer**

The Board has designated Shri S.Nagarajan, Company Secretary as the Compliance Officer.

**Meetings and attendance**

Four Shareholders' Grievance Committee Meetings were held during the year, the dates on which the meetings were held are as follows :

17th May, 2010: 7th August, 2010 : 12th November, 2010: 5th February, 2011.

**Meetings and attendance during the year**

There were Four meetings of the Shareholders' Grievance Committee during the year 2010-2011. The attendance of each Member of the Committee is given below :

Sl.No.	Name of the Director	No.of Meetings Attended
1.	Shri K. Srinivas Reddy	3
2.	Shri M. Srikanth Reddy	3
3.	Shri. K. Bhupal Reddy	3
4.	Shri Sanjeev Kumar Agarwal	2

**6. Code of Conduct**

The Company has evolved a Code of Conduct for the Directors and Senior Management Personnel of the Company, which has been affirmed for adherence.

**7. General Body Meetings**

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time
2007-2008	27.09.2008	The Federation of AP Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad-500040.	11.00 A.M
2008-2009	24.09.2009	The Federation of AP Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad-500040	11.00 A.M
2009-2010	25.09.2010	The Federation of A.P.Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad-500040	11.00 A.M

No Special Resolution was put through postal ballot at the last AGM nor is any proposal for this year.

**Disclosures**

- a. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may potential conflict with the



interest of the Company at large. Transactions with related parties are disclosed in Notes on Accounts under point No: 16 of Schedule No 21 B to the Accounts in the Annual Report.

- b. The Company has complied with all the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the company by any statutory authorities for non-compliance on any matter related to capital market, during the last three years.

#### **8. MEANS OF COMMUNICATION :**

- i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the Proforma prescribed by clause 41 of the Listing Agreement within forty five days /sixty days of the close of the respective period.
- ii. The approved financial results are forthwith sent to the listed Stock Exchanges and are published in the newspapers namely, Business Standard and Andhra Prabha within forty-eight hours of approval thereof.
- iii. As the Company's quarterly/half yearly financial results are published in press, the same are not mailed to the Shareholders.
- iv. Management Discussion and Analysis Report is annexed to the Directors' Report which forms part of the Annual Report.

#### **9. General Shareholders Information :**

- Date, Time & Venue of AGM : 2nd August, 2011, 11.00 A.M  
Surana Udyog Auditorium, The Federation of AP Chamber of Commerce & Industry, Federation House: 11-6-841, Red Hills, Hyderabad-500004.
- Financial Calendar : 1st April to 31st March  
First Quarter Results - 15th of August, 11 \*  
Half yearly Results - 15th of November, 11 \*  
Third Quarter Results - 15th of February, 12\*  
Results for the year ending 31.03.2012  
End of May 2012. \* Provisional
- Date of Book Closure : 26th July, 2011 to, 2nd August, 2011 (both days inclusive)
- Dividend 2010-11 and  
Dividend Payment date(s) : 10% on or before 1st September, 2011
- Listing on Stock Exchanges : The Bombay Stock Exchange Limited  
Madras Stock Exchange Limited
- Stock Code : 530151 on BSE
- ISIN Number for NSDL & CDSL : INE 256GO1025

- Market price data :

Monthly High/Low of market price of the Company's shares traded on the Stock Exchange, Mumbai (BSE)

Sl.No.	Month	High(₹)	Low(₹)
1	April, 2010	3.79	3.01
2	May, 2010	3.13	2.62
3	June, 2010	3.18	2.72
4	July, 2010	3.12	2.72
5	August, 2010	3.29	2.75
6	September, 2010	4.72	2.88
7	October, 2010	5.47	4.34
8	November, 2010	7.88	4.61
9	December, 2010	7.08	4.61
10	January, 2011	5.57	4.25
11	February, 2011	5.13	3.71
12	March, 2011	4.75	3.83

The Company's shares constitute a part of the BSE Small Cap index.

- Registrars & Transfer Agents : Aarathi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad-500 029  
Phone: 040-27638111, 27634445  
Fax : 040-27632184.  
Email:info@aarthiconsultants.com

- Share Transfer System :

The present Share Transfer Agent is Aarathi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-500029.

The RTA process, the Physical Share Transfers and the Share Certificates are returned to the Shareholder within 21 days from the date of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

As per the guidelines issued by SEBI, the RTA is also offering Transfer-cum-Demat facility, wherein after the share transfer is affected; an option letter containing the details of the shares transferred is sent to the transferee. Any transferee who wishes to demat the shares may approach a DP along with a duly filled Demat Request Form, who shall, on the basis of the option letter, generate a Demat Request and send the same to the RTA. On receipt, the RTA confirms the request.

Any transferee not intending to dematerialize his/her shares, need not exercise the option and the RTA shall dispatch the share certificate after 30 days from the date of the Option Letter.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i. e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days of its receipt.

- Distribution of Shareholding and Shareholding Pattern as on 31.03.2011.

Distribution of Shareholding :

No. of equity Shares held	No. of Shareholders	%	No. of Shares	%
Up to 5000	15406	93.37	15016745	13.06
5001 to 10000	588	3.56	4506224	3.92
10001 to 20000	268	1.63	3854413	3.35
20001 to 30000	80	0.48	2000438	1.74
30001 to 40000	43	0.26	1507623	1.31
40001 to 50000	31	0.19	1468845	1.28
50001 to 100000	47	0.28	3362141	2.92
100001 and above	38	0.23	83283571	72.42
<b>Grand Total</b>	<b>16501</b>	<b>100.00</b>	<b>115000000</b>	<b>100.00</b>
Physical Mode	72	0.44	280443	0.24
Demat Mode	16429	99.56	114719557	99.76

Shareholding Pattern as on 31.03.2011 :

Sl.No.	Category	No. of shares	%
1.	Promoters	5,29,11,761	46.01
2.	UTI & Mutual Funds	–	–
3.	Banks, Financial Institutions & Insurance Companies	1,50,00,000	13.04
4.	Foreign Institutional Investors	–	–
5.	Private Bodies Corporate	1,02,25,855	8.89
6.	Indian Public	3,64,06,180	31.66
7.	NRIs/ OCBs	4,28,479	0.37
8.	Clearing Members	27,725	0.03
	<b>Total</b>	<b>11,50,00,000</b>	<b>100.00</b>

- Dematerialization of Share and Liquidity : The trading in Company's shares is permitted only on dematerialized form. In order to enable the Shareholders to hold the shares in electronic form and to facilitate scrip less trading, the Company has enlisted its shares with NSDL and CDSL.

- Share Dematerialization Records : The total number of shares under demat mode constitutes 11,47,19,557 Shares amounting to 99.76% of the capital have been dematerialized by investors as on 31.03.2011.
- Secretarial Audit : The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are listed.

Plant Location : Survey No:139 to 141 & 143  
Village Rajapoor, Mandal Balanagar,  
Dist: Mahaboobnagar, Andhra Pradesh

Whole sale Depot Plot No. 46, Road No.12, APIIC  
Kattedan, Hyderabad-500 077.

Retail Outlets

  - 1) Surya Towers, 104,Sardar Patel Road,  
Secunderabad-500003.
  - 2) D. No. 6-3-852/2/3, Near Lal Bungalow  
Ameerpet, Hyderabad -500016.
  - 3) D. No. 2-22-306/A/2, Plot No:6&7,Survey  
No:178 & 179, Bhagyanagar Colony,  
Phase -II, Kukatpally, Hyderabad- 500072.
  - 4) D.No:23-27/A, Sy No.127 & 130/I,  
Kothapet, Dilsukhnagar, Hyderabad -500060.
  - 5) D.No:19-94/I, Sy.No : 466, Housing Colony,  
A.S. Rao Nagar, Secunderabad - 500062.

- Address for correspondence : Addressed to  
Aarthi Consultants Pvt. Ltd.  
I-2-285, Domalguda, Hyderabad-500029  
Phone : 040-27638111, 27634445  
Fax : 040-27632184  
email : info@arthiconsultants.com  
Web : www.arthiconsultants.com.

Investor Correspondence/Query on  
Annual Report, Sub-Division, Revalidation  
of Dividend Warrants etc.

S Nagarajan  
Company Secretary  
Vijay Textiles Limited  
Surya Towers, Ground Floor,  
104, Sardar Patel Road, Secunderabad-500 003  
Ph.No. : 040-27848479, 27844086  
Fax : 040-27846849  
Email : info@vijayatextiles.in  
Web : www.vijayatextiles.in

● **Depository Services :**

For guidance on Depository services, shareholders may write to the Company or to the respective Depositories :

National Securities Depository Ltd.  
Trade World, 4th Floor  
Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai-400 013 Tel: 022-24994200  
Fax: 022-24972993/24976351  
Email: info@nsdl.co.in

Central Depository Services (I) Ltd.  
Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street  
Mumbai - 400 023  
Tel: 022-22723333, 22723224 Fax: 022-22723199  
Email: investors@cDSLindia.com

- Nomination Facility : Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company in the prescribed form 2B for this purpose.
- Company's Policy on prevention of insider trading : Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Shri S. Nagarajan, Company Secretary, had been appointed as the Compliance Officer for this purpose. The code is applicable to all such employees of the Company, who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

**NON-MANDATORY REQUIREMENTS**

**1. CHAIRMAN OF THE BOARD**

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

**2. REMUNERATION COMMITTEE**

Please refer item No. 4 under the heading "Mandatory Requirements".

**3. SHAREHOLDER RIGHTS**

As the Company's half yearly results are published in English Newspaper having circulation all over India and in Telugu Newspaper widely circulated in the State of Andhra Pradesh, the same are not sent to each household of Shareholders.

**4. POSTAL BALLOT**

The provision relating to Postal Ballot is being complied with in respect of matters where applicable.

As required by the Clause 49 of the Listing Agreement, the Auditors' Certificate is attached herewith.

**Declaration on Code of Conduct**

This is to confirm that the Board has laid down a code of conduct for all Directors and Senior Management personnel of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended on 31st March 2011, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place : Secunderabad  
Date : 26th May 2011

**Vijay Kumar Gupta**  
Chairman & Managing Director

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Members  
**Vijay Textiles Limited**

We have examined the compliance of conditions of Corporate Governance by M/s. Vijay Textiles Limited, for the year ended March 31,2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/ pending for more than 30 days.

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

For **LAXMINIWAS & JAIN**  
Firm Registration Number : 001859S  
Chartered Accountants

Place : Secunderabad  
Date : 26th May 2011

**(LAXMINIWAS SHARMA)**  
Partner  
Membership No. 014244

To  
The Members of  
**Vijay Textiles Limited**

104, Surya Towers, S.P. Road, Secunderabad-500 003

1. We have audited the attached Balance Sheet of VIJAY TEXTILES LIMITED as at 31.03.2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 of India, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the Directors, as on 31.03.2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2011 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - f. In our opinion and to the best of our information and according to the explanations given to us; the said accounts read together with the accounting policies and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - ii. in the case of the Profit & Loss Account, the Profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **LAXMINIWAS & JAIN**  
Firm Registration Number : 001859S  
Chartered Accountants

Place : Secunderabad  
Date : 26th May, 2011

**(LAXMINIWAS SHARMA)**  
Partner  
Membership No. 014244

**ANNEXURE TO THE AUDITORS' REPORT :**

Re : VIJAY TEXTILES LIMITED

[referred to in paragraph 3 of our report of even date]

- (i) a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b. All the assets have not been physically verified by the Management during the year but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. During the year few fixed assets have been disposed off by the Company. On the basis of information and explanations given to us, we are of the opinion, that disposal of the part of fixed assets has not affected the going concern status of the Company.
- (ii) a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) a. The Company has not granted loans, secured or unsecured, to Companies, Firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. During the year the Company has taken unsecured loans from two parties, a sum of ₹ 6727.44 Lakhs and repaid ₹ 2881.05 Lakhs to two parties and the total amount outstanding as on 31.03.2011 was ₹ 6942.15 Lakhs payable to two parties covered under register maintained under Section 301 of the Companies Act, 1956.
- c. In our opinion, the rate of interest and other terms and conditions on which loans were taken from Companies, Firms, or other parties covered under the register maintained under Section 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company.
- d. According to the information and explanation given to us, the Company is regular in repayment of the principle and interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



- (ix) a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.2011 for a period of more than six months from the date of became payable.
- c. According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which are not deposited on account of dispute.
- (x) In our opinion, the Company has no accumulated losses as at 31.03.2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders as at balance sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on the overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) According to the information and explanation given to us, the Company has made preferential allotment of warrants to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In Our opinion, the price at which warrants have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanation given to us, the Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **LAXMINIWAS & JAIN**  
Firm Registration Number: 001859S  
Chartered Accountants

Place : Secunderabad  
Date : 26th May, 2011

**(LAXMINIWAS SHARMA)**  
Partner  
Membership No. 014244

**BALANCE SHEET AS AT  
31ST MARCH, 2011**



**TEXTILES LIMITED**

	Schedule Reference	As at 31.03.2011		As at 31.03.2010	
		₹	₹	₹	₹
<b>SOURCES OF FUNDS</b>					
<b>Shareholders Funds</b>					
Share Capital	1	12,70,02,689		12,70,02,689	
Share Warrants		50,00,000		0	
Reserves & Surplus	2	56,81,44,604		51,44,61,579	
			<b>70,01,47,293</b>		64,14,64,268
<b>Loan Funds</b>					
Secured Loans	3	144,35,42,245		162,13,78,394	
Unsecured Loans	4	70,42,15,600		32,00,66,541	
			<b>214,77,57,845</b>		194,14,44,935
			<b>9,71,09,710</b>		9,01,65,973
<b>Net Deferred Tax Liability</b>					
<b>TOTAL</b>			<b>294,50,14,848</b>		<b>267,30,75,176</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	111,50,84,263		101,76,35,630	
Less : Depreciation		18,65,43,607		14,35,78,045	
Net Block			<b>92,85,40,656</b>		87,40,57,585
<b>Capital Work In Progress</b>					
Investments	6		0		1,35,90,000
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	7	88,42,78,898		62,81,59,731	
Sundry Debtors	8	47,34,81,081		42,00,46,151	
Cash & Bank Balances	9	1,00,06,824		1,01,91,299	
Loans & Advances	10	51,23,901		69,18,589	
Other Current Assets	11	4,31,34,479		3,80,83,334	
		<b>141,60,25,183</b>		110,33,99,104	
Less : Current Liabilities & Provisions	12	18,07,57,025		9,33,95,925	
<b>Net Current Assets</b>			<b>123,52,68,158</b>		101,00,03,179
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		0		45,32,823
<b>TOTAL</b>			<b>294,50,14,848</b>		<b>267,30,75,176</b>

Schedules 1 to 13 & 21 Form part of the Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

As per our Report attached  
for **LAXMINIWAS & JAIN**  
Firm Registration Number : 001859S  
Chartered Accountants

For and on behalf of the Board

**Laxminiwas Sharma**  
Partner  
Membership No.014244

**Vijay Kumar Gupta**  
Chairman & Managing Director

**Susheel Kumar Gupta**  
Executive Director

Place : Secunderabad  
Date : 26th May,2011

**S Nagarajan**  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31ST MARCH, 2011**



**TEXTILES LIMITED**

	Schedule Reference	For the Year ended 31.03.2011 ₹	For the Year ended 31.03.2010 ₹
<b>INCOME</b>			
Income from Operations		<b>130,03,34,543</b>	120,02,69,084
Other Income	14	<b>1,81,91,514</b>	1,98,38,995
Increase/(Decrease) in stocks	15	<b>18,56,34,235</b>	1,62,32,681
		<b>150,41,60,292</b>	123,63,40,760
<b>EXPENDITURE</b>			
Raw Materials consumed	16	<b>93,02,12,666</b>	71,17,07,971
Trading Goods Purchases		<b>2,58,05,505</b>	4,79,29,198
Manufacturing Expenses	17	<b>6,79,79,600</b>	5,76,37,725
Payments & Benefits to Employees	18	<b>2,31,22,331</b>	1,95,39,141
Other Expenses	19	<b>7,51,10,823</b>	6,96,17,289
Finance Charges	20	<b>23,95,87,135</b>	23,30,29,366
Depreciation		<b>4,97,82,933</b>	4,40,14,756
		<b>141,16,00,993</b>	118,34,75,446
<b>PROFIT FOR THE YEAR</b>		<b>9,25,59,299</b>	5,28,65,314
Less : Adjustments for Taxes			
Earlier Years		<b>(16,69,301)</b>	(19,20,602)
Current Year		<b>2,02,36,250</b>	89,51,000
Deferred Tax		<b>69,43,737</b>	87,27,782
<b>PROFIT AFTER TAXATION</b>		<b>6,70,48,613</b>	3,71,07,134
Add : Profit brought forward from last year		<b>5,73,87,528</b>	8,10,43,934
Profit available for appropriations		<b>12,44,36,141</b>	11,81,51,068
Appropriations :			
Proposed Dividend		<b>1,15,00,000</b>	92,00,000
Corporate Tax on Dividend		<b>18,65,588</b>	15,63,540
Transfer to General Reserve		<b>5,00,00,000</b>	5,00,00,000
Balance carried to Balance Sheet		<b>6,10,70,553</b>	5,73,87,528
		<b>12,44,36,141</b>	11,81,51,068
Weighted Average Number of Equity Shares - Basic		<b>11,50,00,000</b>	11,50,00,000
Nominal Value per Shares - ₹		<b>1.00</b>	1.00
Basic earnings per share - ₹		<b>0.58</b>	0.32
Diluted earnings per share - ₹		<b>0.56</b>	0.32

Significant Accounting Policies  
and Notes to Accounts 21  
Schedules 14 to 21 Form part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

As per our Report attached  
for **LAXMINIWAS & JAIN**  
Firm Registration Number : 001859S  
Chartered Accountants

For and on behalf of the Board

**Laxminiwas Sharma**  
Partner  
Membership No.014244

**Vijay Kumar Gupta**  
Chairman & Managing Director

**Susheel Kumar Gupta**  
Executive Director

Place : Secunderabad  
Date : 26th May,2011

**S Nagarajan**  
Company Secretary

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE-1</b>		
<b>EQUITY SHARE CAPITAL :</b>		
<b>AUTHORISED</b>		
20,00,00,000 Equity Shares of ₹ 1/- each (Previous Year : 20,00,00,000 Equity Shares of ₹ 1/- each)	<u>20,00,00,000</u>	<u>20,00,00,000</u>
<b>ISSUED CAPITAL</b>		
11,50,00,000 Equity Shares of ₹ 1/- each (Previous Year : 11,50,00,000 Equity Shares of ₹ 1/-each)	<u>11,50,00,000</u>	<u>11,50,00,000</u>
<b>SUBSCRIBED CAPITAL</b>		
11,50,00,000 Equity Shares of ₹ 1/- each. (Previous Year : 11,50,00,000 Equity Shares of ₹ 1/- each)	<u>11,50,00,000</u>	<u>11,50,00,000</u>
<b>PAID UP CAPITAL</b>		
11,50,00,000 Equity Shares of ₹ 1/- each. (Previous Year : 11,50,00,000 Equity Shares of ₹ 1/- each)	<u>11,50,00,000</u>	<u>11,50,00,000</u>
<b>SHARE FORFEITURE</b>	<u>1,20,02,689</u>	<u>1,20,02,689</u>
<b>TOTAL</b>	<u><u>12,70,02,689</u></u>	<u><u>12,70,02,689</u></u>
<b>SCHEDULE-2</b>		
<b>RESERVES &amp; SURPLUS</b>		
SHARE PREMIUM	19,43,12,510	19,43,12,510
GENERAL RESERVE		
Opening Balance	26,27,61,541	21,27,61,541
Add: Additions during the year	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Closing Balance	31,27,61,541	26,27,61,541
PROFIT & LOSS ACCOUNT		
Opening Balance	5,73,87,528	8,10,43,934
Add / Less : Adjustments	<u>36,83,025</u>	<u>(2,36,56,406)</u>
Closing Balance	<u>6,10,70,553</u>	<u>5,73,87,528</u>
<b>TOTAL</b>	<u><u>56,81,44,604</u></u>	<u><u>51,44,61,579</u></u>

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE-3</b>		
<b>SECURED LOANS :</b>		
WORKING CAPITAL LOANS FROM BANKS		
- CASH CREDIT	<b>79,93,36,361</b>	61,56,25,383
TERM LOAN FROM BANKS	<b>64,16,47,638</b>	99,79,81,288
VEHICLE LOANS	<b>25,58,246</b>	77,71,723
<b>TOTAL</b>	<b><u>144,35,42,245</u></b>	<b><u>162,13,78,394</u></b>
<b>SCHEDULE-4</b>		
<b>UNSECURED LOANS</b>		
FROM DIRECTORS	<b>69,42,15,600</b>	30,95,76,665
FROM BANKS	<b>0</b>	1,04,89,876
FROM BODIES CORPORATE	<b>1,00,00,000</b>	0
<b>TOTAL</b>	<b><u>70,42,15,600</u></b>	<b><u>32,00,66,541</u></b>

**SCHEDULE-5  
FIXED ASSETS**

Sl. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2010 ₹	Additions/ Adjustments ₹	Deductions/ Capital Subsidy ₹	As at 31.03.2011 ₹	Upto 01.04.2010 ₹	For the year ₹	Adjustments ₹	Upto 31.03.2011 ₹	As at 31.03.2011 ₹	As at 31.03.2010 ₹
1	Land	7,98,25,978	0	47,73,820	7,50,52,158	0	0	0	0	7,50,52,158	7,98,25,978
2	Buildings	23,98,75,575	3,63,17,447	0	27,61,93,022	1,97,05,918	78,41,859	0	2,75,47,777	24,86,45,245	22,01,69,657
3	Plant & Machinery	33,77,25,615	7,20,33,475	1,48,69,518	39,48,89,572	6,88,85,300	1,86,95,605	67,71,612	8,08,09,293	31,40,80,279	26,88,40,315
4	Electrical Fittings	6,97,11,934	49,73,319	5,24,243	7,41,61,010	87,51,772	35,19,776	0	1,22,71,548	6,18,89,462	6,09,60,162
5	Furniture & Fittings	24,37,07,352	38,84,616	0	24,75,91,968	3,23,19,020	1,54,61,210	0	4,77,80,230	19,98,11,738	21,13,88,332
6	Office Equipment	37,23,868	1,95,200	0	39,19,068	15,13,176	1,73,439	0	16,86,615	22,32,453	22,10,692
7	Vehicles	3,98,51,711	1,05,094	55,587	3,99,01,218	1,06,46,684	36,84,166	26,911	1,43,03,939	2,55,97,279	2,92,05,027
8	Computers	32,13,597	1,94,100	31,450	33,76,247	17,56,175	4,06,878	18,848	21,44,205	12,32,042	14,57,422
	<b>TOTAL</b>	101,76,35,630	11,77,03,251	2,02,54,618	111,50,84,263	14,35,78,045	4,97,82,933	68,17,371	18,65,43,607	92,85,40,656	87,40,57,585
	Previous year	76,21,98,138	26,39,55,949	85,18,457	101,76,35,630	10,31,58,451	4,40,14,756	35,95,162	14,35,78,045	87,40,57,585	65,90,39,687

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE-6</b>		
<b>INVESTMENTS - LONG TERM</b>		
(At cost - traded - quoted)		
4,53,000 Equity Shares of ₹ 10/- each in Suryajyoti Spinning Mills Ltd, sold during the year (Previous year Market Value ₹ 1,02,60,450/-)	0	1,35,90,000
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>SCHEDULE-7</b>		
<b>INVENTORIES</b>		
Raw-Material	9,13,30,647	2,37,68,809
Work in Process	1,44,10,176	66,53,792
Finished Goods	75,15,12,151	57,36,34,300
Stores & Consumables	2,70,25,924	2,41,02,830
<b>TOTAL</b>	<b>88,42,78,898</b>	<b>62,81,59,731</b>
<b>SCHEDULE-8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Due Over Six Months	86,69,383	64,69,170
Others	46,48,11,698	41,35,76,981
<b>TOTAL</b>	<b>47,34,81,081</b>	<b>42,00,46,151</b>
<b>SCHEDULE-9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	3,73,257	5,42,784
Bank Balance with Scheduled Banks		
- In Current Accounts	55,49,668	94,34,920
- In Deposit Account	40,83,899	2,13,595
(Under lien with Bank against issue of Bank Guarantee and Foreign Letter of Credit)		
<b>TOTAL</b>	<b>1,00,06,824</b>	<b>1,01,91,299</b>

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE-10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good )		
Advances recoverable in cash or kind or for value to be received	51,23,901	69,18,589
<b>TOTAL</b>	<b>51,23,901</b>	<b>69,18,589</b>
<b>SCHEDULE-11</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	1,61,361	1,35,921
Interest Subsidy Receivable	91,90,761	1,03,85,409
Income Tax Receivable	70,28,222	53,47,829
Power Subsidy Receivable	9,12,043	3,51,660
Pre-Paid Expenses	13,61,213	16,28,588
Claims & Refunds	27, 181	0
Insurance Claims	34,57,176	0
Interest Accrued but not due	2,16,305	0
Deposits Recoverable	2,07,80,217	2,02,33,927
<b>TOTAL</b>	<b>4,31,34,479</b>	<b>3,80,83,334</b>
<b>SCHEDULE-12</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors:		
Dues to Micro, Small and Medium Enterprises	0	7,00,694
Dues to Others	13,88,56,867	6,10,99,620
Other Liabilities	2,53,70,082	1,91,85,630
Unclaimed Dividend	14,22,953	12,69,287
<b>TOTAL</b>	<b>16,56,49,902</b>	<b>8,22,55,231</b>
<b>B. PROVISIONS</b>		
Provision for Gratuity	15,32,406	3,77,154
Provision for Taxation ( Net of Advance Tax / TDS)	2,09,129	0
Provision for Dividend	1,15,00,000	92,00,000
Corporate Tax on Dividend	18,65,588	15,63,540
<b>TOTAL</b>	<b>1,51,07,123</b>	<b>1,11,40,694</b>
<b>TOTAL (A+B)</b>	<b>18,07,57,025</b>	<b>9,33,95,925</b>
<b>SCHEDULE-13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Deferred Premium	0	45,32,823
<b>TOTAL</b>	<b>0</b>	<b>45,32,823</b>



	For the Year ended 31.03.2011 ₹	For the Year ended 31.03.2010 ₹
<b>SCHEDULE-14</b>		
<b>OTHER INCOME</b>		
Interest Earned (TDS ₹ 27,121/-Previous year ₹ 678314 )	9,24,599	69,72,570
Interest Subsidy Received	1,14,94,466	1,11,02,986
Excess Provision written back	2,00,232	0
Profit on Sale of Investments	47,06,157	0
Miscellaneous Income	3,05,677	4,02,179
Power Subsidy Received	5,60,383	13,61,260
<b>TOTAL</b>	<b>1,81,91,514</b>	<b>1,98,38,995</b>
<b>SCHEDULE-15</b>		
<b>INCREASE/(DECREASE) IN STOCKS</b>		
<b>OPENING STOCK</b>		
Finished Goods	57,36,34,300	55,58,41,369
Stock in Process	66,53,792	82,14,042
<b>TOTAL (A)</b>	<b>58,02,88,092</b>	<b>56,40,55,411</b>
<b>CLOSING STOCK</b>		
Finished Goods	75,15,12,151	57,36,34,300
Stock in Process	1,44,10,176	66,53,792
<b>TOTAL (B)</b>	<b>76,59,22,327</b>	<b>58,02,88,092</b>
Increase/(Decrease) in Stocks (A-B)	18,56,34,235	1,62,32,681
<b>SCHEDULE-16</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	2,37,68,809	2,43,26,249
Add : Purchases	99,77,74,504	71,11,50,531
	102,15,43,313	73,54,76,780
Less : Closing Stock	9,13,30,647	2,37,68,809
<b>TOTAL</b>	<b>93,02,12,666</b>	<b>71,17,07,971</b>

	For the Year ended 31.03.2011 ₹	For the Year ended 31.03.2010 ₹
<b>SCHEDULE-17</b>		
<b>MANUFACTURING EXPENSES</b>		
Carriage & Freight	63,73,829	53,55,099
Factory Staff Salaries	1,17,53,289	1,01,80,108
Employee's Benefits	6,32,574	6,80,893
Contribution to PF & E.S.I	9,35,129	6,86,805
Firewood	1,74,47,239	1,55,59,335
Power & Fuel	1,29,43,585	1,16,32,023
Design & Development	26,09,155	35,87,660
Stores & Consumables	50,36,109	42,00,694
Other Manufacturing Expenses	67,94,201	46,86,919
Effluent Treatment Plant Expenses	34,54,490	10,68,189
<b>TOTAL</b>	<b>6,79,79,600</b>	<b>5,76,37,725</b>

**SCHEDULE-18**  
**PAYMENTS & BENEFITS TO EMPLOYEES**

Managerial Remuneration	44,64,000	44,64,000
Salaries & Allowances	1,06,81,090	89,10,568
Employee's Benefits	17,63,083	15,31,706
Incentives	28,14,756	27,09,602
Gratuity	22,17,219	9,62,854
Contribution to PF & E.S.I	11,82,183	9,60,411
<b>TOTAL</b>	<b>2,31,22,331</b>	<b>1,95,39,141</b>

	For the Year ended 31.03.2011 ₹	For the Year ended 31.03.2010 ₹
<b>SCHEDULE-19</b>		
<b>OTHER EXPENSES</b>		
Rent	27,03,708	25,03,440
Lease Rental Charges	2,02,97,136	1,59,11,539
Donations	12, 000	0
Rates, Taxes, Licences & Fees	27,84,888	25,22,413
Printing & Stationery	15,81,150	12,50,616
Postage, Telegram & Telephones	17,76,853	16,28,739
Office Electricity & Water	1,06,13,391	89,34,734
Travelling & Conveyance	27,62,181	18,43,276
Advertisement & Publicity	52,37,925	1,11,40,883
Agents Commission	81,92,515	53,43,281
Selling Expenses	90,59,394	94,14,334
Insurance	20,83,422	17,64,307
Audit Fees	4,96,350	4,41,200
Directors' Sitting Fees	94, 000	90, 000
Legal & Professional Charges	12,50,304	14,67,664
Security Service Charges	12,72,065	4,41,466
Repairs to Buildings	1,35,645	1,39,348
Repairs to Other Assets	22,61,712	18,84,656
Vehicle Maintenance	16,31,036	14,10,273
Miscellaneous Expenses	8,51,884	9,20,825
Loss on Sale of Fixed Assets	13, 264	5,64,295
<b>TOTAL</b>	<b>7,51,10,823</b>	<b>6,96,17,289</b>
<b>SCHEDULE-20</b>		
<b>FINANCE CHARGES</b>		
Interest on Working Capital	9,14,76,806	5,27,05,945
Interest on Term Loan	12,00,08,011	11,63,80,220
Interest on Un-Secured Loan	2,30,55,220	2,26,33,688
Interest on Others	5,67,025	27,38,817
Exchange Loss on Derivatives	0	3,45,77,663
Bank & Finance Charges	44,80,073	39,93,033
<b>TOTAL</b>	<b>23,95,87,135</b>	<b>23,30,29,366</b>

## SCHEDULE - 21

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on the basis of a going concern with revenues recognized and expenses accounted on their accrual.

#### 2. FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation. Expenditure which is of capital nature is capitalized. Such expenditure comprises purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working condition. Depreciation is provided under the Straight Line Method at rates prescribed under Schedule XIV to the Companies Act, 1956.

#### 3. GOVERNMENT GRANTS

Grants and subsidies are recognized when there is a reasonable assurance that the grant or subsidy will be received and that all the underlying conditions will be complied with. Grants and subsidies received during the year related to specific fixed assets is shown as deduction from the gross value of the asset concerned.

#### 4. LEASES

- a) Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as per the terms of the lease agreement over the lease period.
- b) Assets created on the leasehold property are depreciated over the period of the lease.

#### 5. INVESTMENTS

Long-term investments are stated at cost, and provision is made when there is a decline, other than temporary in the carrying value of such investments.

#### 6. INVENTORIES

Raw Materials, Stores & Spares and Work in Process are valued at cost or net realizable value whichever is lower using FIFO cost method. Finished Goods are valued at cost or net realizable Value, whichever is lower.

#### 7. EMPLOYEE BENEFITS

##### a) Defined Contribution Plan :

Contribution as per the Employee's Provident Funds and Miscellaneous Provisions Act, 1962 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

##### b) Defined Benefit Plan :

Gratuity : In accordance with applicable Indian laws, the Company provides gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date. Liability for Leave Encashment is treated as a Short term liability and is accounted for as per the rules of the company in force.

## 8. FOREIGN CURRENCY TRANSACTIONS

Revenue transactions in foreign currency are recorded at the exchange rates prevailing on the dates when the relevant transactions took place. The Company recognizes gains/losses on foreign exchange rate fluctuation relating to current assets and current liabilities at the year end.

## 9. FINANCIAL DERIVATIVES HEDGING TRANSACTIONS

In respect of derivatives contracts, premium paid, provision for losses on restatement/losses on settlement are recognized in the Profit and Loss account.

## 10. BORROWING COSTS

Borrowing Costs which are directly attributable to the acquisition/ construction of fixed assets, till the time such assets are ready for intended use, are capitalized as part of the costs of such assets. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

## 11. TAXATION

### a) Current year Charge :

The provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act; 1961.

### b) Deferred Tax :

The Company is providing and recognizing deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

## 12. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

## 13. CONTINGENT LIABILITIES - PROVISIONS AND CONTINGENT ASSETS :

Contingent liabilities arising from claims, litigation, assessment, etc are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.

## B. NOTES ON ACCOUNTS :

1. Contingent Liability not provided for in respect of claims against the Company not acknowledge as debts:
  - Counter Guarantee given to Bankers towards Bank Guarantee ₹ 33.80 Lakhs (Previous year ₹ 19.05 Lakhs).
  - Estimated amount of liability on account of Capital Commitments ₹ 3830.90 Lakhs includes ₹ 3787.50 Lakhs towards Software Park. (Previous year ₹ 3893.42 Lakhs includes ₹ 3787.50 Lakhs towards Software Park).
  - Export Obligation is ₹ 9,39,30,216/- ( US \$ 23,36,573) over a period of 8 years ending on 07.04.2016 for concessional duty availed for import of machinery.
  - Export Obligation is ₹ 97,85,513/- ( US \$12,50,544.75) over a period of 6 years ending on 09.08.2016 for concessional duty availed for import of machinery.

- Income Tax Assessment year 2007-08 ₹ 279.88 Lakhs (Previous Year ₹ 287.17 Lakhs for Assessment Year 2006-07 and 2007-08) for which Company had filed appeal before the concerned authorities.
- 2. In the opinion of the management current assets, loans & advances and other assets have the value at which they are stated in the Balance Sheet and are realizable in the ordinary course of business.
- 3. The Company has raised funds by issue of Convertible Share Warrants on preferential basis and allotted 50,00,000 Warrants to Promoters at the meeting of the Board of Directors held on 08.10.2010. These Share Warrants are priced at ₹ 4/- per instrument. Promoters paid 25% of the value of warrants and the balance will be paid upon conversion in to Equity Shares of ₹ 1/- each within a period of 18 months from the date of allotment of warrant.
- 4. Disclosure in accordance with part I of Schedule VI of Companies Act, 1956 in respect of Micro, Small and Medium Enterprises :

Sl.No.	Particulars	As at March31, 2011	As at March31, 2010
1	Principal amount remaining overdue	Nil	Nil
2	Interest thereon	Nil	Nil
3	Interest paid by the Company in terms of Section 16 of MSMED Act, 2006.	Nil	Nil

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 5. Working Capital facilities availed by the Company from State Bank of India & AXIS Bank Limited under consortium arrangement are secured by Pari-Passu first charge on Current Assets of the Company, Pari-Passu Second charge on entire block of assets of the Company and further guaranteed by two Directors of the Company and their family members.
- 6. Term Loan facility availed by the Company from State Bank of India, AXIS Bank Limited is secured by first charge, by way of Equitable Mortgage of property of the Company and entire block of Fixed Assets of the company present and future and further guaranteed by two Directors of the company and their family members.
- 7. Term Loan facility availed by the Company from Central Bank of India is secured by first charge, by way of Equitable Mortgage of property of the Company and entire block of Fixed Assets of the company present and future, hypothecation of credit card receivables, Pari-Passu charge on entire current assets.
- 8. Vehicle loan is secured by way of hypothecation of specific vehicle financed.
- 9. Capital work in progress includes ₹ 75.52 Crores (Previous year ₹ 75.52 Crores) towards Software Park.
- 10. Loans and advances include advances for Capital Assets - Nil. (Previous Year ₹ 12.00 Lakhs).
- 11. The Company received Capital Subsidy of ₹ 119.98 Lakhs (Previous year Nil).

12. Additional Information pursuant to the provisions of Schedule VI of the Companies Act, 1956.

	2010-2011		2009-2010	
<b>A Licensed and Installed Capacity:</b>				
Licensed Capacity	Not applicable		Not applicable	
Installed Capacity	150 Lakhs Mtr.		150 Lakhs Mtr.	
	<b>QUANTITY</b>	<b>VALUE</b>	<b>QUANTITY</b>	<b>VALUE</b>
	(In Meters)	₹	(In Meters)	₹
<b>B. PRODUCTION:</b>				
Printing of Grey Cloth				
Own Production	<b>98,63,860</b>		1,18,22,244	
On Job Work	<b>94,221</b>		10,423	
<b>C. JOB WORK:</b>				
Weaving of Grey Cloth	<b>26,56,474</b>		32,38,758	
Conversion of Textile Fabrics	<b>1,51,964</b>		1,23,227	
<b>D. BREAKUP OF PURCHASES:</b>				
Grey	<b>88,22,208</b>	<b>46,37,26,494</b>	94,51,906	27,81,56,627
Textile Fabrics	<b>89,19,330</b>	<b>46,33,21,048</b>	96,79,247	56,55,66,772
<b>E. BREAKUP OF SALES:</b>				
Grey	<b>0</b>	<b>0</b>	2,07,746	14,29,484
Textile Fabrics	<b>2,07,16,233</b>	<b>1,25,48,10,502</b>	2,24,27,328	1,16,39,85,865
<b>F. BREAKUP OF TEXTILE FABRICS (PRODUCTION) :</b>				
<b>a) Opening Stocks: (in Meters)</b>				
Finished Goods	<b>1,13,40,499</b>	<b>56,01,04,706</b>	1,23,79,140	54,30,62,570
Stock in Process	<b>1,12,558</b>	<b>66,53,792</b>	3,11,607	82,14,042
	<b>1,14,53,057</b>	<b>56,67,58,498</b>	1,26,90,747	55,12,76,612
<b>b) Closing Stock:</b>				
Finished Goods	<b>93,49,713</b>	<b>73,15,39,213</b>	1,13,40,499	56,01,04,706
Stock in Process	<b>1,85,843</b>	<b>1,44,10,176</b>	1,12,558	66,53,792
	<b>95,35,556</b>	<b>74,59,49,389</b>	1,14,53,057	56,67,58,498

**G. RAW-MATERIALS CONSUMED :**

<b>a) YARN: (in Kgs)</b>	<b>Quantity</b>	<b>Value (₹)</b>	<b>Quantity</b>	<b>Value (₹)</b>
Opening Stock	<b>2,687</b>	<b>2,20,624</b>	13,779	24,07,315
Add: Purchases	<b>2,78,603</b>	<b>2,65,36,408</b>	2,45,217	1,81,24,733
	<b>2,81,290</b>	<b>2,67,57,032</b>	2,58,996	2,05,32,048
Less: Closing Stock	<b>57,399</b>	<b>66,09,780</b>	2,687	2,20,624
Consumption	<b>2,23,891</b>	<b>2,01,47,252</b>	2,56,309	2,03,11,424
<b>b) GREY CLOTH : (in Meters)</b>				
Opening Stock	<b>1,32,262</b>	<b>52,68,331</b>	1,55,258	24,43,895
Add: Purchases	<b>88,22,208</b>	<b>46,37,26,494</b>	94,51,906	27,81,56,627
Add : Weaving	<b>26,56,474</b>	<b>40,29,802</b>	32,38,758	51,13,161
	<b>1,16,10,944</b>	<b>47,30,24,627</b>	1,28,45,922	28,57,13,683
Less: Closing Stock	<b>6,89,954</b>	<b>5,71,08,689</b>	1,32,262	52,68,331
Consumption	<b>1,09,20,990</b>	<b>41,59,15,938</b>	1,27,13,660	28,04,45,352
<b>c) EMBROIDERY THREADS ( in Boxes) :</b>				
Opening Stock	<b>6,552</b>	<b>18,69,547</b>	2,696	6,71,966
Add: Purchases	<b>26,785</b>	<b>88,73,578</b>	19,174	58,25,371
	<b>33,337</b>	<b>1,07,43,125</b>	21,870	64,97,337
Less: Closing Stock	<b>33,190</b>	<b>51,14,118</b>	6,552	18,69,547
Consumption	<b>147</b>	<b>56,29,007</b>	15,318	46,27,790
<b>d) EMBROIDERY THREADS (in Cones) :</b>				
Opening Stock	<b>0</b>	<b>0</b>	172	9,470
Add: Purchases	<b>49,341</b>	<b>30,36,122</b>	16,612	9,22,377
	<b>49,341</b>	<b>30,36,122</b>	16,784	9,31,847
Less: Closing Stock	<b>0</b>	<b>0</b>	0	0
Consumption	<b>49,341</b>	<b>30,36,122</b>	16,784	9,31,847
<b>e) COLOURS &amp; CHEMICALS :</b>				
As the varieties are numerous in different quantities, these figures are not accurately ascertainable.				



<b>f) PERCENTAGE OF RAW-MATERIALS CONSUMED :</b>				
Indigenous	100%	93,02,12,666	100%	71,17,07,971
Imported	---	---	---	---
	100%		100%	71,17,07,971
<b>g) PERCENTAGE OF STORES &amp; CONSUMABLES CONSUMED:</b>				
Indigenous	100%	50,36,109	100%	42,00,694
Imported	---	---	---	---
	100%	50,36,109	100%	42,00,694
<b>h) REMUNERATION TO DIRECTORS:</b>				
Managing Director				
Salary		25,44,000		25,44,000
		25,44,000		25,44,000
Executive Director				
Salary		19,20,000		19,20,000
		19,20,000		19,20,000
<b>i) REMUNERATION TO STATUTORY AUDITORS :</b>				
a) Audit Fee		3,60,000		3,30,000
b) Tax Audit		80,000		60,000
c) Certification Charges		10,000		10,000
d) Service Tax		46,350		41,200
		4,96,350		4,41,200
<b>j) VALUE OF IMPORTS (CIF BASIS):</b>				
Capital Goods		4,25,78,175		6,28,922
<b>k) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF TRAVELLING EXPENSES</b>		1,40,878		6,353
<b>l) EARNINGS IN FOREIGN CURRENCY :</b>				
<b>FOB VALUE OF EXPORTS</b>		83,55,068		1,71,43,885

13. Employee Benefits :

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits in the Accounting Standard are given below:

Defined Contribution Plan :

(₹)

	2010-2011	2009-2010
Employer's Contribution to Provident Fund	<b>12,67,248</b>	11,57,743
Employer's Contribution to ESI	<b>6,80,027</b>	3,34,143

Defined Benefit Plan :

The employees gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit to build up the final obligation. Reconciliation of opening and closing balances of Defined benefit obligation as below:

	2010-2011	2009-2010
<b>I. Assumptions :</b>		
Discount Rate	<b>7.50%</b>	7.50%
Rate of Return on Plan Assets	<b>11.00%</b>	11.00%
Salary Escalation Average for next seven years	<b>6.00%</b>	6.00%
<b>II. Table Showing Change in Benefit Obligation :</b>		
Liability at the beginning of the year	<b>24,41,790</b>	20,64,636
Interest Cost	<b>1,77,345</b>	1,54,848
Current Service Cost	<b>7,78,170</b>	2,69,170
Benefit Paid	<b>(1,54,367)</b>	51,960
Actuarial (gain)/loss on obligations	<b>1,50,735</b>	5,096
Liability at the end of the year	<b>45,04,642</b>	24,41,790
<b>III. Tables of Fair value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	<b>20,64,636</b>	—
Expected Return on Plan Assets	<b>2,95,896</b>	—
Contributions	<b>7,18,905</b>	20,73,306
Benefit Paid	<b>(1,54,367)</b>	51,960
Actuarial gain/(loss) on Plan Assets	<b>(2,95,896)</b>	43,290
Fair Value of Plan Assets at the end of the year	<b>29,72,236</b>	20,64,636
Total Actuarial Gain/(Loss) To Be Recognized	<b>(4,46,631)</b>	38,194
<b>IV. Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	<b>2,95,896</b>	—
Actuarial gain/(loss) on Plan Assets	<b>(2,95,896)</b>	43,290
Actual Return on Plan Assets	<b>—</b>	43,290

	2010-2011	2009-2010
<b>V. Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	<b>45,04,642</b>	24,41,790
Fair Value of Plan Assets at the end of the year	<b>29,72,236</b>	20,64,636
Difference	<b>(15,32,406)</b>	3,77,154
Amount Recognized in the Balance Sheet	<b>(15,32,406)</b>	3,77,154
<b>VI. Expenses Recognized in the Income Statement :</b>		
Current Service Cost	<b>7,78,170</b>	2,69,170
Interest Cost	<b>1,77,345</b>	1,54,848
Expected Return on Plan Assets	<b>(2,95,896)</b>	–
Net Actuarial (Gain)/Loss To Be Recognized	<b>4,46,631</b>	(38,194)
Expense Recognized in P& L	<b>22,17,219</b>	3,85,824
<b>VII. Balance Sheet Reconciliation :</b>		
Opening Net Liability	<b>3,77,154</b>	20,64,636
Expense as above	<b>22,17,219</b>	3,85,824
Employer's Contribution	<b>(10,61,967)</b>	20,73,306
Amount Recognized in Balance Sheet	<b>15,32,406</b>	3,77,154

14. Borrowing cost capitalized during the year on various assets ₹ 24,83,815/- (Previous year ₹ 93,56,815/-).
15. The Company's operations mainly consists of only one segment - Textile Fabrics and therefore the figure above relate to that segment.
16. Related Parties Disclosures :

Related party disclosures as required by AS 18 "Related Party Disclosure" are below :

(₹)

Name of the Party	Nature of Transaction	Amount
Vijay Kumar Gupta	Rent	9,78,216
	Remuneration	25,44,000
	Interest	2,06,62,268
Vijay Kumar Gupta(HUF)	Rent	6,98,676
	Rent	4,67,724
Susheel Kumar Gupta	Remuneration	19,20,000
	Interest	23,92,952
Shashikala Gupta	Rent	5,59,092

Un-Secured loan received and paid during the year as under :

(₹ in Lakhs)

Name	Loans Taken	Loan Paid	Balance
Vijay Kumar Gupta	6671.62	2823.06	6589.41
Susheel Kumar Gupta	55.81	57.99	352.75
Crown Beer International Limited ( Interested Director M. Srikanth Reddy)	100.00	–	100.00

17. The Company's Lease Agreement is in respect of Building at Ameerpet, Kukatpally, Dilsukhnagar, and A.S. Rao Nagar show rooms. The lease rentals payable are charged as "Lease Rental charges" under "Other Expenses" in Schedule -19. This Leasing arrangement are for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under : :  
(₹ in Lakhs)

Particulars	As at March 31, 2011*	As at March 31, 2010
Payable:		
Not Later than one year	<b>195.43</b>	191.21
Later than one year but not later than 5 years	<b>894.48</b>	847.73
Later than five years	<b>2156.45</b>	2398.63

\* The above figures are given without discounting at present value.

18. Deferred Tax (₹ in Lakhs)

Sl.No	Particulars	As at 31.03.2011	As at 31.03.2010
a.	Deferred Tax liability on account of Depreciation	<b>971.22</b>	901.65
b.	Deferred Tax asset on account of Others	<b>0.12</b>	Nil
c.	Deferred Tax Liability (Net)	<b>971.10</b>	901.65

19. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended 31st March, 2011.
20. The Company has not provided for cess u/s 441A of the Companies Act, 1956 as the Central Government has not specified the rules and manner of depositing the same.
21. The previous year's figures have been regrouped and rearranged wherever necessary so as to make them comparable with the current year.

As per our Report attached  
for **LAXMINIWAS & JAIN**  
Firm Registration Number : 001859S  
Chartered Accountants

For and on behalf of the Board

**Laxminiwas Sharma**  
Partner  
Membership No. 014244

**Vijay Kumar Gupta**  
Chirman & Managing Director

**Susheel Kumar Gupta**  
Executive Director

Place : Secunderabad  
Date : 26th May, 2011

**S. Nagarajan**  
Company Secretary

**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 31ST MARCH, 2011**



**TEXTILES LIMITED**

	2010-2011		2009-2010	
	₹	₹	₹	₹
<b>A. CASH FROM OPERATING ACTIVITIES :</b>				
Net -profit Before Tax And Extraordinary Items		<b>9,25,59,299</b>		5,28,65,314
Adjustment For				
– Depreciation	<b>4,97,82,933</b>		4,40,14,756	
– Interest	<b>23,95,87,135</b>		19,84,51,703	
– Loss On Sale Of Fixed Assets	<b>13, 264</b>		5,64,295	
– Exchange Loss On Derivatives	<b>0</b>		3,45,77,663	
– Interest Received	<b>(9,24,599)</b>		(69,72,570)	
– Power Subsidy Received	<b>(5,60,383)</b>		(13,61,260)	
– Income From Investment	<b>(47,06,157)</b>		0	
		<b>28,31,92,193</b>		26,92,74,587
Operating Profit Before Working Capital Changes :		<b>37,57,51,492</b>		32,21,39,901
Adjustment For				
– Trade & Other Receivables	<b>(5,21,58,564)</b>		(12,08,38,868)	
– Inventories	<b>(25,61,19,167)</b>		(1,58,05,363)	
– Trade Payable	<b>8,45,49,923</b>		(1,70,21,468)	
		<b>(22,37,27,808)</b>		(15,36,65,699)
Cash Generated From Operations		<b>15,20,23,684</b>		16,84,74,202
– Interest Paid	<b>(23,95,87,135)</b>		(19,84,51,703)	
– Direct Taxes Paid	<b>(1,83,57,820)</b>		(88,77,712)	
		<b>(25,79,44,955)</b>		(20,73,29,415)
Cash Flow Before Extraordinary Items		<b>(10,59,21,271)</b>		(3,88,55,213)
Extraordinary Items		<b>0</b>		(3,45,77,663)
<b>Net Cash Flow From Operating Activities (A)</b>		<b>(10,59,21,271)</b>		(7,34,32,876)

**CASH FLOW STATEMENT (Contd.)****TEXTILES LIMITED**

	2010-2011		2009-2010	
	₹	₹	₹	₹
<b>B. Cash Flow From Investing Activities :</b>				
Purchase Of Fixed Assets	(12,80,17,696)		(25,26,94,902)	
Sale Of Fixed Assets	14,25,920		43,59,000	
Capital Subsidy Received	1,19,98,063		0	
Interest Received	9,24,599		69,72,570	
Income From Investments	47,06,157		0	
Decrease In Investments	1,35,90,000	(9,53,72,957)	0	(24,13,63,332)
<b>Net Cash Used In Investing Activities (B) :</b>		<b>(9,53,72,957)</b>		<b>(24,13,63,332)</b>
<b>C. Cash Flow From Financing Activities :</b>				
Increase In Bank Borrowings	18,37,10,978		24,11,82,078	
Proceeds From Share Warrants				
Application Money	50,00,000		0	
Decrease In Term Loans	(36,15,47,127)		2,03,36,754	
Increase In Unsecured Loans	38,41,49,059		27,88,218	
Power Subsidy Received	5,60,383		13,61,260	
Dividend Paid	(1,07,63,540)	20,11,09,753	(1,34,54,425)	25,22,13,885
<b>Net Cash Used In Financing Activities (C) :</b>		<b>20,11,09,753</b>		<b>25,22,13,885</b>
<b>Net Decrease In Cash And</b>				
<b>Cash Equivalents (A+B+C) :</b>		<b>(1,84,475)</b>		<b>(6,25,82,323)</b>
<b>Opening Cash And Cash Equivalents:</b>		<b>1,01,91,299</b>		<b>7,27,73,622</b>
<b>Closing Cash And Cash Equivalents:</b>		<b>1,00,06,824</b>		<b>1,01,91,299</b>

This is the Cash Flow Statement referred to in our Report of even date.

As per our Report attached  
for **LAXMINIWAS & JAIN**  
Firm Registration Number:001859S  
Chartered Accountants

For and on behalf of the Board

**Laxminiwas Sharma**  
Partner  
Membership No. 014244

**Vijay Kumar Gupta**  
Chirman & Managing Director

**Susheel Kumar Gupta**  
Executive Director

Place : Secunderabad  
Date : 26th May,2011

**S Nagarajan**  
Company Secretary



# Vijay TEXTILES LIMITED

Registered Office: Surya Towers 104, Sardar Patel Road, Secunderabad - 500 003.

## ATTENDANCE SLIP

21st Annual General Meeting Tuesday, the 2nd August 2011 at 11.00 A.M

DPId*
Client Id*

Reg. Folio No.
----------------

Name and address of the Shareholder : \_\_\_\_\_

No. of Share(s) held : \_\_\_\_\_

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 21st Annual General Meeting of the Company, at Surana Udyog Auditorium, The Federation of A.P. Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004. at 11.00 A.M. on Tuesday, the 2nd August,2011.

\_\_\_\_\_  
\*\* Member's/Proxy's name in Block Letters

\_\_\_\_\_  
\*\* Member's/Proxy's Signature

Note : 1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.  
2. NO GIFTS WILL BE GIVEN.

\* Applicable for Investors holding shares in electronic form.

\*\* Strike out whichever is not applicable.



# Vijay TEXTILES LIMITED

Registered Office : Surya Towers 104, Sardar Patel Road, Secunderabad - 500 003.

## PROXY FORM

DPId*
Client Id*

Reg. Folio No.
----------------

I/We ..... of .....  
being member/members of M/s. VIJAY TEXTILES LIMITED, hereby appoint .....  
of ..... or failing him .....  
of .....  
as my / our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company, at Surana Udyog Auditorium, The Federation of A.P. Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004. at 11.00 A.M. on Tuesday, the 2nd August,2011, and at every adjournment thereof.

Signed this ..... day of ..... , 2011.

Note : 1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company on or not later than 48 hours before the time for holding of the Meeting.

Please Affix ₹ 1/- Revenue Stamp
---

Signature

\* Applicable for Investors holding shares in electronic form.



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**TEXTILES LIMITED**

SURYA TOWERS, GROUND FLOOR  
104, SARDAR PATEL ROAD,  
SECUNDERABAD-500003

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A.S.RAO NAGAR

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**CORPORATE OFFICE**  
Surya Towers, Ground Floor,  
104, Sardar Patel Road,  
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