



**vijay**  
**TEXTILES LIMITED**

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

**Susheel Kumar Gupta** : Executive Director

**R.Malhotra** : Finance Director  
(From 1st April, 2012)

**M. Srikanth Reddy**

**K. Bhupal Reddy**

**Sanjeev Kumar Agarwal**

**Company Secretary**

S. Nagarajan

**Statutory Auditors**

M/s. Laxminiwas Neeth & Co,  
Chartered Accountants,  
402, 4th Floor, Moghul's Court,  
Basheer Bagh,  
HYDERABAD - 500 001.

**Internal Auditors**

M/s.Sankaran & Krishnan,  
Chartered Accountants,  
3-6-203,Himayatnagar,  
HYDERABAD - 500 029.

**Bankers**

**State Bank of India**

Industrial Finance Branch,  
Somajiguda,  
HYDERABAD - 500 082.

**Axis Bank Limited**

Begumpet,  
HYDERABAD - 500 016.

**State Bank of Hyderabad**

Industrial Finance Branch,  
"Topaz", Amrutha Hills, Punjagutta,  
HYDERABAD - 500 082.

**Registrars & Transfer Agents**

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-509 202.

**Wholesale Depot:**

Plot No: 46, Road: 12,  
APIIC, Katedan,  
Hyderabad - 500 077.

**Retail Show Rooms:**

1. Surya Towers,  
Ground Floor,  
104, Sardar Patel Road,  
Secunderabad - 500 003.
2. D. No. 6-3-852/3,  
Near Lal Bungalow,  
Ameerpet,  
Hyderabad - 500 016.
3. D. No. 2-22-306/A/2, Plot No: 6 & 7,  
Survey No: 178 & 179,  
Bhagyanagar Colony, Phase-II,  
Kukatpally, Hyderabad - 500 072.
4. D. No. 23-27/A, Survey No.127 & 130/I,  
Kothapet, Dilsukhnagar,  
Hyderabad - 500 060.
5. D. No. 19-94/1, Survey No: 466,  
Housing Colony, A.S.Rao Nagar,  
Secunderabad - 500 062.

## NOTICE



## TEXTILES LIMITED

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of **VIJAY TEXTILES LIMITED** will be held on **Thursday, the 27th September, 2012 at 11.00 A.M** at Surana Udyog Auditorium, The 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 2012 and the Statement of Profit & Loss Account for the year ended 31st March 2012 along with the Auditors' Report and Director's Report thereon.
2. To appoint a Director in the place of Shri Sanjeev Kumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider re-appointment of M/s.Laxminiwas Neeth & Co, 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.

### **SPECIAL BUSINESS:**

4. 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 provisions of Section 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 and pursuant to the approval of the Managerial Remuneration Committee and the Board of Directors at their respective meetings, the consent of the Company be and is hereby accorded to appoint Shri R.Malhotra, as Finance Director on the Board of the Company with a remuneration of ₹ 1,25,000/- per month inclusive of all perquisites initially for a period of five years with effect from 1st April,2012 to 31st March,2017".

**"RESOLVED FURTHER THAT** in the event of the losses or inadequacy of profits during the period the Finance Director is entitled to the aforesaid remuneration inclusive of perquisites as minimum remuneration".

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

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

Place : Secunderabad  
Date : 29th May, 2012

**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 share 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. The Company has already notified Closure of the Register of Members and Transfer Books from 22nd September, 2012 to 27th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
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. Aarathi 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, weather Savings Account (SA) or Current Account (CA)
      - e) Bank Account Number
8. 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.
9. 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 Shares Certificates to the Company's Registrars and Transfer Agents, M/s Aarathi Consultants Pvt Limited, for consolidation into a single folio.
10. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s Aarathi 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 : 29th May, 2012

**S Nagarajan**  
Company Secretary

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

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS ITEMS:**

### **Item No: 4**

Shri R .Malhotra has been appointed as whole time director of the company at the Board meeting held on 24th March 2012 and designated as Finance Director. R Malhotra carries behind him a varied experience of 38 years comprising of 21 years of service in Public Sector Bank and 17 years in Private Sector. He has been associated with the company since April 2003.

Shri R. Malhotra graduated in Science from Punjab University Chandigarh and has Postgraduate qualifications in Computers (NITIE -Mumbai) and Banking (IIB - Mumbai).He is a Certificated Associate (CAIB) of Indian Institute of Bankers, Mumbai and a life member of this esteemed institute. He has undergone Advanced Management Program at Bankers Training College of Reserve Bank of India at Mumbai and Advanced Credit Management Program of Northern India Bankers Staff Training College, New Delhi as a part of his professional qualifications. He served in the Senior Management Cadre of the public sector bank before switching over to private sector.

Shri R.Malhotra has served for 21 years in various capacities in the public sector bank handling important portfolios in Branch Management and Credit

Management and as incumbent of large, very large branches and exceptionally large branch. He has served the private sector for 17 years so far; whereas Finance Director of a Confectionary Conglomerate he was associated for over seven years before joining our company in April 2003. He brings with him core experience in Banking and Finance to the company as its Finance Director.

Save and except Shri R.Malhotra, none of other Directors of the Company is, in any way, concerned or interested in the resolution.

Your Director's recommended the resolution for approval.

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

Place : Secunderabad  
Date : 29th May, 2012

**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 22nd Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2012.

## I. FINANCIAL RESULTS

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

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
Total Revenue from operations	<b>10073.63</b>	13,185.26
Profit before tax	<b>108.16</b>	925.59
Less: Taxation		
a. Income Tax - Earlier Years	<b>0.04</b>	(16.69)
b. Provision for Taxation - Current Year	<b>21.64</b>	202.36
c. Deferred Tax	<b>35.03</b>	69.44
Profit After Tax	<b>51.45</b>	670.48
Add: Profit brought forward from last year	<b>610.70</b>	573.88
Total available for appropriations	<b>662.15</b>	1244.36
Proposed Dividend	-	115.00
Corporate Tax on Dividend	-	18.66
Transfer to General Reserves	<b>25.00</b>	500.00
Balance carried forward to Balance Sheet	<b>637.15</b>	610.70

## 2. OPERATIONS

The sales and other income for the year were ₹ 10073.63 Lakhs and net profit of ₹ 51.45 Lakhs as compared to ₹ 13185.26 Lakhs of sales and other income and net profit of ₹ 670.48 Lakhs achieved in the last financial year respectively.

Major reasons that attributed to lower turnover and profitability of your company during the year review are:

- State witnessed umpteen numbers of bandhs called by political parties due to different reasons resulting in closure of business activity.
- Government resorted to power holidays up to three times a week for the industry in the state of Andhra Pradesh, which was a great dampener on the working of industrial units, thus leaving a telling effect on the performance of your company as well.
- Imposition of VAT on textiles and sugar during the financial year 2011-12, due to which related trade and industry called for repeated bandhs; it further dented performance of your company to a great extent.

Your Company has achieved lower turnover, which has a direct impact on the profitability as well. Other factors, which affected the profitability during the year are:

- a) Your company had to bear the brunt of hardening of interest rates, which were revised, upwards by banks at different intervals to the extent of 2.5 to 3.00 % during the FY.
- b) Effect of Depreciation and Amortization of expenses, which increased during the year due to increase in the value of fixed assets.
- c) Effect of provisioning for taxation made under MAT, which was to the extent of ₹ 21.64 Lakhs.
- d) Due to continuous power holiday schedule on week-to-week basis the company had piled up inventory levels due to which production suffered a lot. Moreover the inventory levels went up blocking considerable working capital of the company in the process. Overall it had a tremendous cascading effect on the production levels during the whole of the financial year causing loss of income directly.

### **3. COMMISSIONING OF PHASE III OF EMBROIDERY FACILITY**

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 has already received the shipment of 21 new fully automatic embroidery machines from Japan under its expansion program in Phase III thus taking the tally of its machines to 40. Phase III of the Embroidery Unit is now under implementation and shall become operational from April 2012. The company shall immensely benefit from augmentation of capacity of this segment to enable it to go for increased output. Demand for embroidered fabric is on the increase as machine embroidered products are having more consumer acceptability and mass appeal.

### **4. TECH-PARK PROJECT**

Your company has decided to go in for disinvestment made in Multi - Storied IT Park (Tech-Park Project) and has since obtained the approval of the Shareholders through postal ballot the results of which were published on 24 August 2011. In line with the decision to go for disinvestment made in the Multi-Storied IT Park (Tech-Park Project) the company has started identifying the prospective buyers for sale of the property.

### **5. PREFERENTIAL ISSUE**

Members are aware that the Company has obtained the approval of members for issue of 50,00,000 Non-Convertible Cumulative Redeemable Preference Shares of ₹100/- each to Promoters at the Extraordinary General Meeting held on 8th February, 2012.

The Board, at its meeting held on 24th March, 2012 has allotted 50,00,000 10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each to Shri Vijay Kumar Gupta .

### **6. TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 205A(5) of the Companies Act 1956 an amount of ₹ 71,806.80 for the year 2004-2005 which remained unpaid or unclaimed for a period of 7 years has been transferred by the Company to the Investors Education and Protection Fund.

### **7. RESERVES**

During the year your Company has transferred an amount of ₹ 25.00 Lakhs to General Reserves Account.

### **8. 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 2012.



**9. DIRECTORS**

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Sanjeev Kumar Agarwal 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.

**10. AUDITORS**

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

**11. 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 2011-2012.

**12. ENVIRONMENTS 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.

**13. 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.

**14. MANAGEMENT DISCUSSIONS 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.

**15. 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 judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- 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;

**16. 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.

**17. 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 Note 7 on notes forming part of the Balance Sheet.

**18. EMPLOYEE RELATIONS**

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

**19. 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, State bank of Hyderabad and Axis Bank Limited 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 : 29th May, 2012

**Vijay Kumar Gupta**  
Chairman & Managing Director

**FORM A**

[Forming part of Annexure (I)]

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

<b>1. Energy Conservation:</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>A 1. Power &amp; Fuel Consumption</b>		
Electricity :		
a) Purchased:		
Units	<b>29,50,720</b>	29,12,105
Total amount (₹)	<b>1,29,00,860</b>	1,25,45,930
Units Rate (₹)	<b>4.37</b>	4.31
b) Own Generation :		
Through Diesel Generator	<b>38,288</b>	31,360
Units	<b>3.20</b>	3.20
Units per ltr. of Diesel oil	<b>13.94</b>	12.68
Cost/Unit (₹)		
<b>2. Coal used in Boiler :</b>		
Quantity (Tones)	<b>Nil</b>	106.48
Cost (₹)	<b>Nil</b>	5,66,505
Average Rate (₹)	<b>Nil</b>	5.32
<b>3. Furnace Oil (HSD):</b>		
Quantity (K. Liter)	<b>Nil</b>	Nil
Total Amount (₹)	<b>Nil</b>	Nil
Average Unit/Liters	<b>Nil</b>	Nil
<b>4. Others/Internal generation :</b>		
Quantity (Tones)	<b>7,471</b>	8,208
Total Cost	<b>1,47,73,341</b>	1,69,58,725
Average Rate (₹)	<b>1,977</b>	2,066
<b>B Consumption per unit</b>		
of production (Linear meter)		
Electricity	<b>0.32</b>	0.30
Furnace Oil	<b>Nil</b>	Nil
Coal (Kgs.)	<b>Nil</b>	0.01
Others (Firewood) (Kgs.)	<b>0.80</b>	0.83
<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>1,45,22,531</b>	83,55,068
Outgo (₹)	<b>1,79,323</b>	1,40,878

**[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.	45	01.04.1990	Business
02	Susheel Kumar Gupta	37	Executive Director	24,00,000	B.Com.	22	01.04.2000	Business

Note: 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 : 29th May, 2012

**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	2
---	---	---	---	---	---	---	---	---	---

 31st March, 2012

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

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

Private Placement 

				N	I	L
--	--	--	--	---	---	---

 Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

Preferential Issue 

				N	I	L
--	--	--	--	---	---	---

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

Total Liabilities 

3	3	8	8	7	5	2
---	---	---	---	---	---	---

 Total Assets 

3	3	8	8	7	5	2
---	---	---	---	---	---	---

**EQUITY AND LIABILITIES**

Share Capital 

	6	1	5	0	0	3
--	---	---	---	---	---	---

Reserves & Surplus 

	5	8	5	2	8	9
--	---	---	---	---	---	---

Money received against Share Warrants 

			5	0	0	0
--	--	--	---	---	---	---

Non-Current Liabilities 

1	0	5	8	4	9	0
---	---	---	---	---	---	---

Current Liabilities 

1	1	2	4	9	7	0
---	---	---	---	---	---	---

**ASSETS**

Fixed Assets 

1	8	9	0	8	6	1
---	---	---	---	---	---	---

Current Assets 

1	4	9	7	8	9	1
---	---	---	---	---	---	---

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

Total Revenue from operations 

1	0	0	7	3	6	3
---	---	---	---	---	---	---

 Total Expenditure 

1	0	3	7	7	6	4
---	---	---	---	---	---	---

Profit before Tax 

		1	0	8	1	6
--	--	---	---	---	---	---

 Profit after Tax 

			5	6	7	2
--	--	--	---	---	---	---

Earning per Share (₹) 

			0	.	0	4
--	--	--	---	---	---	---

**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 Statement of 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 I am 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 : 29th May, 2012

**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.

Under its Phase III of the expansion plan for the Embroidery section the Company has gone in for import of 21 Nos fully automated Embroidery machines from Japan. Phase III of the Embroidery unit is now under implementation and shall become operational from April, 2012. The expansion once completed shall further give an edge to the Company in increasing its output in line with the increased demand for Embroidered fabric.

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 had taken a strategic decision to go in for diversification in to infrastructure project in the year 2007 and thus made investment in purchase of Multistoried IT Park (Tech-Park Project). But due to delayed implementation schedule and the current market trends not sounding encouraging has made the company to withdraw from this diversification plan. Therefore, the company has decided to go in for disinvestment made in Multi-Storied IT Park (Tech-Park Project) and has since obtained the approval of the shareholders through postal ballot the results of which were published on 24 August 2011. In line with the decision to go for disinvestment made in the Multi-Storied IT Park (Tech-Park Project) the company has started identifying the prospective buyers for sale of the property.

### **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's decision to go in for disinvestment made in Multistoried IT Park (Tech-Park Project) is to withdraw from its diversification plan and in turn concentrate on core business activity in which the company foresees a tremendous untapped potential.

### **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 ₹ 9967.74 Lakhs during the year. The Profit before Tax is ₹ 108.16 Lakhs and Profit after Tax is ₹ 51.45 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 2011-2012**

(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 three Independent Non-Executive Directors up to 23rd March, 2012. The Company inducted one more whole time Director with effect from 24th March, 2012. The number of Independent Directors is more than one third of the total number of Directors. The number of Non-Executive Directors (NEDs) is equal to 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 02.08.11	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	13	13	Present	-	-	-	-
Susheel Kumar Gupta	P/ED	13	13	Present	-	-	-	-
R. Malhotra *	FD	13	-	-	-	-	-	-
M Srikanth Reddy	NED/ID	13	11	Present	-	-	-	-
K. Bhupal Reddy	NED/ID	13	12	Present	-	3	2	1
Sanjeev Kumar Agarwal	NED/ID	13	11	Present	-	-	-	-

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

NED/ID : Non-Executive Director/Independent Director

C : Chairman M : Member

\* Appointed as Finance Director with effect from 1st April, 2012.

d. Reappointment of Retiring Director(s):

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of Directors being reappointed are provided hereunder:

**Shri Sanjeev Kumar Agarwal**

Shri Sanjeev Kumar Agarwal, aged 41 years is an entrepreneur by profession and is actively engaged in pursuing his Software Training and Development business while being associated with Orbit IT Consulting Private Limited at Hyderabad. Prior to this he has been actively perusing family business of Cotton Ginning and Trading business where he has gained rich and varied experience; he continues to pursue this business with the present line of activity.

Our company will gain immensely from his long and varied and experience in diversified fields. He will be able to provide valuable guidance in business development and marketing segments alike by contributing his mite.

e. Thirteen 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:

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 Three Directors, all of whom are Non-Executive, Independent Directors. 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, Internal Auditors and Cost Auditor 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.Bhupal Reddy	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3	Shri Sanjeev Kumar Agarwal	Chairman, Independent, Non-Executive

**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:

**Meetings and attendance during the year**

There were four meetings of the Audit Committee during the year 2011-2012.

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

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

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 Three Directors, all of whom are Non-Executive, Independent Directors. 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.Bhupal Reddy	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3.	Shri Sanjeev Kumar Agarwal	Member, Independent, Non-Executive

The Remuneration Committee Meeting was held on 24th March 2012. All the Members were present except Shri K.Bhupal Reddy.

**Remuneration Policy**

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

The Non-executive Directors are being paid sitting fees @ ₹ 2,000/- 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 setout 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, 2012:

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	24,00,000	-	-	24,00,000	Contractual*
Shri M. Srikanth Reddy	-	-	36,000	36,000	Retirement by rotation
Shri K. Bhupal Reddy	-	-	40,000	44,000	Retirement by rotation
Shri Sanjeev Kumar Agarwal	-	-	36,000	36,000	Retirement by rotation

\* The contract is for five years.

#### 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 119 letters/complaints from the shareholders and all of them were resolved satisfactorily except four 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 Three Directors, all of whom are Non-Executive, Independent Directors. 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.Bhupal Reddy	Chairman, Independent, Non-Executive
2.	Shri M Srikanth Reddy	Member, Independent, Non-Executive
3	Shri Sanjeev Kumar Agarwal	Member, Independent, Non-Executive

#### 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:

#### Meetings and attendance during the year

There were Four meetings of the Shareholders' Grievance Committee during the year 2011-2012. The attendance of each Member of the Committee is given below:

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

#### 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
2008-2009	24.09.2009	The Federation of A.P.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
2010-2011	02-08-2011	The Federation of A.P.Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad-500040	11.00 A.M

#### 8. 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 Note 27 of Notes on Accounts under point No: 10 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.

#### 9. Postal Ballot

The Company has passed 1 (One) Special Resolutions through Postal Ballot during this year for approval for Disinvestment made by the Company in Multi-Storied IT Park (Tech-Park Project) at Gachibowli Village, Hyderabad, Serlingampally Mandal, Ranga Reddy District, Andhra Pradesh, pursuance of Section 192(A) of the Companies Act, 1956 and read with the Companies (Passing of Resolution through Postal Ballot) Amendment Rules, 2001.

The Voting Pattern of Postal Ballot are as under:-

<b>S. No</b>	<b>Particulars</b>	<b>Number of Postal Ballot Forms</b>	<b>No. of Shares</b>	<b>% of total paid up Equity Capital</b>
1	Total Postal Ballot Forms received	371	5,44,15,046	47.32
2	Less: Invalid Postal Ballot Forms (as per register)	14	37,405	0.03
3	Net Valid Postal Ballot Forms (as per register)	356	5,43,77,341	47.28
4	Postal Ballot Forms with assent for the Resolution	337	5,43,51,330	47.26
5	Postal Ballot Forms with dissent for the Resolution	19	26,011	0.02
6	Postal Ballot Form with both assent & dissent	01	300 (150 each)	

#### **10. EXTRA-ORDINARY GENERAL MEETING:**

During the year the Company has conducted EXTRA-ORDINARY GENERAL MEETING on 8th February, 2012. At the Meeting the Member were approved 1 (one) Ordinary Resolution and 2 (Two) Special Resolutions during this year for alteration of Clause V of the Memorandum of Association of the Company relating to increase of Authorized Share Capital of the Company, for alteration of existing Article 3 of the Articles of Association of the Company relating to Share Capital and to issue of 10% Redeemable, Non-Convertible & Cumulative Preference Shares of the face value of ₹ 100/- each to Promoters of the Company.

#### **11. 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 Performa 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.

**12. GENERAL SHAREHOLDERS INFORMATION:**

- Date, Time & Venue of AGM : 27th September,2012, 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, 12 \*  
Half yearly Results - 15th of November, 12 \*  
Third Quarter Results- 15th of February, 13\*  
Results for the year ending 31.03.2013  
End of May 2013. \* Provisional
- Date of Book Closure : 22nd September,2012 to 27th September,2012  
(both days inclusive)
- Listing on Stock Exchanges : The Bombay Stock Exchange Limited  
Madras Stock Exchange Limited
- Stock Code : 530151 on Bombay Stock Exchange Limited
- ISIN Number for NSDL & CDSL : INE 256 G01033
- 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, 2011	4.30	3.66
2	May, 2011	3.95	3.06
3	June, 2011	3.95	3.14
4	July, 2011	3.98	3.21
5	August, 2011	3.43	2.61
6	September, 2011	28.10	19.50
7	October, 2011	21.95	18.65
8	November, 2011	21.25	15.30
9	December, 2011	18.00	14.00
10	January, 2012	31.81	14.10
11	February, 2012	38.15	24.80
12	March, 2012	30.40	22.00

The face value of ₹ 1/- per Share consolidated into face value of ₹ 10/- per Share has been effected from 5th September, 2011, the record date. The Company's shares constitute a part of the BSE Small Cap Index.

● **Unpaid/Unclaimed Dividend:**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have not received or encashed their dividend warrants for the financial years, as mentioned below, are requested to claim the unpaid/unclaimed dividend from the Company before its transfer to the above mentioned Fund.

Year	Dividend - Type	Date of Declaration	Due Date of Transfer
2005-2006	Interim	29.03.2006	12.05.2014
2005-2006	Final	28.09.2006	27.10.2013
2006-2007	Final	26.09.2007	25.10.2014
2007-2008	Final	27.09.2008	26.10.2015
2008-2009	Final	24.09.2009	23.10.2016
2009-2010	Final	25.09.2010	24.10.2017
2010-2011	Final	02.08.2011	01.09.2018

- Registrars & Transfer Agents : Aarthi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad-500 029  
Phone: 040-27638111, 27634445  
Fax : 040-27632184.  
Email: info@aarthicconsultants.com
- Share Transfer System : The present Share Transfer Agent is  
Aarthi 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.

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 31.03.2012.

Distribution of Shareholding:

No. of equity Shared held	No. of Shareholders	%	No. of Shares	%
Up to 5000	14008	92.81	1407822	12.24
5001 to 10000	577	3.82	444333	3.86
10001 to 20000	253	1.68	363623	3.16
20001 to 30000	94	0.62	235774	2.05
30001 to 40000	48	0.32	168996	1.47
40001 to 50000	28	0.19	130167	1.13
50001 to 100000	46	0.30	330878	2.88
100001 and above	40	0.26	8418407	73.21
<b>Grand Total</b>	<b>15094</b>	<b>100</b>	<b>11500000</b>	<b>100</b>
Physical Mode	56	0.36	24643	0.21
Demat Mode	15038	99.64	11475357	99.79

Shareholding Pattern as on 31.03.2012:

Sl.No.	Category	No. of shares	%
1	Promoters	53,80,045	46.78
2	UTI & Mutual Funds	-	-
3	Banks, Financial Institutions & Insurance Companies	15,00,000	13.04
4	Foreign Institutional Investors	-	-
5	Private Bodies Corporate	9,25,101	8.04
6	Indian Public	36,43,804	31.70
7	NRIs/ OCBs	38,340	0.33
8	Clearing Members	12,710	0.11
	<b>Total</b>	<b>1,15,00,000</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 11475357 Shares amounting to 99.79% of the capital have been dematerialized by investors as on 31.03.2012.
- Reconciliation of Share Capital : The Company gets the Certificate 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 and the same being placed before the Board of Directors on a quarterly basis and 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 & 130/1,  
Kothapet, Dilsukhnagar, Hyderabad - 500060.
  5. D.No:19-94/1, Sy. No : 466,  
Housing Colony, A.S. Rao Nagar,  
Secunderabad - 500062.
- Address for correspondence : To be addressed to  
Aarthi Consultants Pvt. Ltd.  
1-2-285, Domalguda, Hyderabad-500029  
Phone: 040-27638111, 27634445  
Fax: 040-27632184  
Email: info@aarthiconsultants.com  
Web: www.aarthiconsultants.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@vijaytextiles.in ; Web: www.vijaytextiles .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 Patel  
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 109(A) 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.

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### **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 2012, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place : Secunderabad  
Date : 29th May, 2012

**Vijay Kumar Gupta**  
Chairman & Managing Director

## **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, 2012, 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 representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by 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 NEETH & CO**  
Firm Registration number:002460S  
CHARTERED ACCOUNTANTS

Place : Secunderabad  
Date : 29th May, 2012

**(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 31.03.2012, the Statement of Profit & Loss 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d. In our opinion, the Balance Sheet, Statement of Profit & Loss 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 31.03.2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2012 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, 2012;
  - ii. In the case of the Statement of Profit & Loss, 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 NEETH & CO**  
Firm Registration number:002460S  
CHARTERED ACCOUNTANTS

Place : Secunderabad  
Date : 29th May, 2012

**(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 period, the company has discarded/identified for disposal certain items of its fixed assets, which are no longer in use. In our opinion and according to the information and explanations given to us, the aforesaid disposal has not affected the going concern assumption.
- (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 ₹ 4582.5 Lakhs and repaid ₹ 9318.91 Lakhs to three parties and the total amount outstanding as on 31.03.2012 was ₹ 2305.74 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 (I) (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 on the basis of the examination of the records of the company, amounts deducted/accrued in books of account in respect of 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 have been regularly deposited during the year by the Company with the appropriate authorities.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Sales tax, Customs duty, Excise duty, Investor Education and Protection Fund, Cess and other material statutory dues were in arrears, as at 31.03.2012 for a period of more than six months from the date of became payable.
- c. According to the information and explanations given to us, the dues referred in note 27(1)(a) in respect of income tax have not been deposited with appropriate authorities on account of appeal filed. According to the information and explanations given to us there are no dues of Sales tax, Service tax, Municipal tax, Custom duty, Excise duty and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company has no accumulated losses as at 31.03.2012 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 50,00,000, 10% Non-Convertible Cumulative Redeemable Preference Shares at ₹100/- each at par in the year to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In Our opinion, the price at which preference shares 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 NEETH & CO**  
Firm Registration number:002460S  
CHARTERED ACCOUNTANTS

Place : Secunderabad  
Date : 29th May, 2012

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



**BALANCE SHEET AS AT  
31ST MARCH, 2012**



**TEXTILES LIMITED**

	Note No	As at 31.03.2012		As at 31.03.2011	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	61,50,02,689		11,50,02,689	
Reserves & Surplus	2	58,52,89,192		58,01,44,604	
Money received against share warrants		<u>50,00,000</u>	120,52,91,881	<u>50,00,000</u>	70,01,47,293
<b>Non-Current Liabilities</b>					
Long Term Borrowings	3	86,71,80,959		114,85,04,295	
Deferred Tax Liabilities (Net)	4	10,06,13,440		9,71,09,710	
Other Long Term Liabilities	5	<u>9,06,95,600</u>	105,84,89,999	0	124,56,14,005
<b>Current Liabilities</b>					
Short Term Borrowings	6	89,00,42,836		79,93,36,361	
Trade Payables	7	11,53,65,675		8,36,94,109	
Other Current Liabilities	8	11,71,40,621		27,96,94,738	
Short Term Provisions	9	<u>24,20,773</u>	112,49,69,905	<u>1,72,85,367</u>	118,00,10,575
<b>TOTAL</b>			<u><u>338,87,51,785</u></u>		<u><u>312,57,71,873</u></u>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets	10				
Tangible Assets		92,49,44,587		92,79,27,857	
Intangible Assets		5,19,142		6,12,799	
Capital Work-in-Progress		94,15,66,830		78,12,06,034	
Long-Term Loans and Advances	11	2,16,20,345		2,07,80,217	
Other Non-Current Assets	12	<u>22,10,373</u>	189,08,61,277	<u>9,12,043</u>	173,14,38,950
<b>Current Assets</b>					
Inventories	13	89,60,02,403		88,42,78,898	
Trade Receivables	14	55,71,73,314		47,34,81,081	
Cash and Cash Equivalents	15	1,62,21,387		1,00,06,824	
Short Term Loans and Advances	16	62,93,658		24,01,346	
Other Current Assets	17	<u>2,21,99,746</u>	149,78,90,508	<u>2,41,64,774</u>	139,43,32,923
<b>TOTAL</b>			<u><u>338,87,51,785</u></u>		<u><u>312,57,71,873</u></u>
Significant Accounting Policies	26				
Notes to Accounts	27				

The Notes referred to above form and integral part of the accounts.

As per our Report of even date  
for **LAXMINIWAS NEETH & CO**  
Firm Registration Number:002460S  
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 : 29.05.2012

**R. Malhotra**  
Finance Director

**S Nagarajan**  
Company Secretary

**STATEMENT OF PROFIT & LOSS  
ACCOUNT FOR THE YEAR ENDED  
31ST MARCH,2012**



**TEXTILES LIMITED**

	Note No	For the Year ended 31.03.2012 ₹	For the Year ended 31.03.2011 ₹
<b>REVENUE</b>			
Revenue from Operations		<b>99,67,73,309</b>	130,03,34,543
Other Income	18	<b>1,05,89,492</b>	1,81,91,514
<b>Total Revenue from Operations</b>		<b>100,73,62,801</b>	<b>131,85,26,057</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	<b>55,53,60,534</b>	93,02,12,666
Purchase of Stock -in -Trade		<b>2,75,22,792</b>	2,58,05,505
Packing Material Consumed	20	<b>53,87,845</b>	36,22,955
Changes in Inventories of Finished Goods and Work -in-Progress	21	<b>(5,21,47,550)</b>	(18,56,34,235)
Manufacturing Expenses	22	<b>5,69,81,790</b>	5,46,58,608
Employee Benefits Expenses	23	<b>4,37,57,244</b>	3,64,43,323
Finance Costs	24	<b>27,26,69,933</b>	23,95,87,135
Depreciation and Amortization Expenses		<b>5,30,30,003</b>	4,97,82,933
Other Expenses	25	<b>7,52,01,625</b>	7,14,87,868
<b>Total Expenses</b>		<b>103,77,64,216</b>	<b>122,59,66,758</b>
Profit Before Extraordinary Items and Tax		<b>(3,04,01,415)</b>	9,25,59,299
Extraordinary Items - Prior Year Adjustments (Income)		<b>4,12,17,899</b>	0
Profit before tax		<b>1,08,16,484</b>	9,25,59,299
<b>Tax Expenses :</b>			
a) Earlier year		<b>4,031</b>	(16,69,301)
b) Current tax		<b>21,64,135</b>	2,02,36,250
c) Deferred tax		<b>35,03,730</b>	69,43,737
Profit/(Loss )for the period from Continuing Operations		<b>51,44,588</b>	6,70,48,613
Profit / (Loss) for the period		<b>51,44,588</b>	6,70,48,613
Weighted Average Number of Equity Shares			
- Basic		<b>1,15,00,000</b>	11,50,00,000
Nominal value per share		<b>10/-</b>	1/-
Earnings per Equity Share			
1) Basic		<b>0.04</b>	0.58
2) Diluted		<b>0.04</b>	0.56
Significant Accounting Policies	26		
Notes to Accounts	27		

The Notes referred to above form and integral part of the accounts.

As per our Report of even date for **LAXMINIWAS NEETH & CO**  
Firm Registration Number:002460S  
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 : 29.05.2012

**R. Malhotra**  
Finance Director

**S Nagarajan**  
Company Secretary

**NOTES FORMING PART OF  
BALANCE SHEET**



**TEXTILES LIMITED**

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>NOTE : I SHARE CAPITAL:</b>		
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of ₹ 10/- each (Previous Year : 20,00,00,000 Equity Shares of ₹ 1/- each)	<b>20,00,00,000</b>	20,00,00,000
50,00,000 10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each (Previous Year : NIL)	<b>50,00,00,000</b>	0
<b>TOTAL</b>	<b>70,00,00,000</b>	20,00,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>		
1,15,00,000 Equity Shares of ₹10/- each (Previous Year : 11,50,00,000 Equity Shares of ₹ 1/-each)	<b>11,50,00,000</b>	11,50,00,000
50,00,000 10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each (Previous Year : NIL)	<b>50,00,00,000</b>	0
Share Forfeiture	<b>2, 689</b>	2, 689
<b>TOTAL</b>	<b>61,50,02,689</b>	11,50,02,689

**NOTES:**

**A) Reconciliation of Shares :**

Particulars	2011-2012 No. of Shares	2010-2011 No. of Shares
<b>Equity Shares :</b>		
Issued, Subscribed and Paid-Up Capital		
At the beginning of the period	<b>1,15,00,000</b>	11,50,00,000
Issued during the period	<b>0</b>	0
At the closing of the period	<b>1,15,00,000</b>	11,50,00,000
Face value per Share	₹ 10/-	₹ 1/-
Total Paid Up Value	<b>₹ 11,50,00,000</b>	₹ 11,50,00,000
<b>Preference Shares :</b>		
At the beginning of the period	<b>Nil</b>	Nil
Issued during the period	<b>50,00,000</b>	Nil
At the closing of the period	<b>50,00,000</b>	Nil
Face value per Share	₹ 100/-	0
Total Paid Up Value	<b>₹ 50,00,00,000</b>	0

**B)** During the year the consolidation of Equity Shares of the Company with face value of ₹ 1/- per share consolidated into face value of ₹ 10/- per share has been effected from 5th September, 2011.

- C) During the year the Company allotted 5000000 Non-Convertible Cumulative Redeemable Preference Shares (NCPS) of ₹100/- each to Shri Vijay Kumar Gupta, Promoter of the Company at the Meeting of the Board of Directors held on 24th March 2012. The NCPS shall be entitled to cumulative preference dividend at 10% per annum of the NCPS Subscription Price. The Dividend shall accrue at the end of each financial year with effect from 1st April 2012.
- D) Equity Shareholders holding more than 5% of Equity Shares along with the number of shares held is as given below:

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	%	Number of Shares	%	Number of Shares
Face Value of Shares	-	₹ 10/-	-	₹ 1/-
Vijay Kumar Gupta	26.86	3088816	26.09	29999464
Susheel Kumar Gupta	17.49	2011699	17.49	20116990
State Bank of India	13.04	1500000	13.04	15000000

- E) Preference Shareholders holding more than 5% of Preference Shares along with the number of shares held is as given below:

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	%	Number of Shares	%	Number of Shares
Face Value of Shares		₹ 100		Nil
Vijay Kumar Gupta	100	5000000		Nil

As at  
31.03.2012  
₹

As at  
31.03.2011  
₹

**NOTE : 2**

**RESERVES & SURPLUS**

SECURITIES PREMIUM RESERVE	19,43,12,510	19,43,12,510
GENERAL RESERVE		
Opening Balance	32,47,61,541	27,47,61,541
Add: Transfer from Profit & Loss Account during the year	25,00,000	5,00,00,000
Closing Balance	32,72,61,541	32,47,61,541

**Surplus in the Statement of Profit & Loss Account:**

Opening Balance	6,10,70,553	5,73,87,528
Add : Profit for the period	51,44,588	6,70,48,613
Less : Proposed Dividend (Incl of Tax)	0	1,33,65,588
Less: Transfer to General Reserve	25,00,000	5,00,00,000
Net Surplus in the Statement of Profit & Loss Account	6,37,15,141	6,10,70,553
<b>TOTAL</b>	<b>58,52,89,192</b>	<b>58,01,44,604</b>

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>NOTE : 3</b>		
<b>NON-CURRENT LIABILITIES :</b>		
<b>Long-Term Borrowings:</b>		
<b>A. Secured</b>		
Term Loan From Banks (Refer Note: 1)	63,11,47,690	44,38,25,298
Vehicle Loans (Refer Note: 2)	54,58,993	4,63,397
<b>B. Unsecured</b>		
Loans and Advances from other related parties (Refer Note: 3)	<u>23,05,74,276</u>	<u>70,42,15,600</u>
<b>TOTAL</b>	<u><b>86,71,80,959</b></u>	<u><b>114,85,04,295</b></u>

**Notes:**

- 1 Term loans from Banks namely State Bank of India, State Bank of Hyderabad and Axis Bank Limited, are secured by equitable mortgage of movable and immovable properties of the Company and First charge on the entire block of Fixed Assets of the Company present and future. Further these are secured by second charge on the present and future current assets of the Company and collateral security provided by the Chairman and Managing Director/relatives of Chairman and Managing Director. Also guaranteed by two Directors of the Company and their family members.

**Terms of Repayment:**

- a) Axis Bank Term Loan repayable in 24 quarterly installments of ₹ 57.00 Lakhs each and the last 4 quarterly installments of ₹ 58.00 Lakhs each ending on 31st March, 2015.
  - b) State Bank of Hyderabad - Term Loan I repayable in 60 equal monthly installments of ₹ 13.33 Lakhs ending on 31st March, 2015.
  - c) State Bank of Hyderabad - Term Loan II repayable in 60 equal monthly installments of ₹ 67.00 Lakhs commencing from 30th April, 2013 and ending on 31st March, 2017.
  - d) State Bank of Hyderabad - Term Loan III repayable in 108 equal monthly installments of ₹ 7.36 Lakhs with a door to door tenor of 9 years 2 months ending on July, 2020.
  - e) State Bank of India - Term Loan I repayable in 31 quarterly installments of ₹ 28.91 Lakhs each and the last installment being ₹ 28.87 Lakhs ending on 30th September, 2015.
  - f) State Bank of India - Term Loan II repayable in 32 quarterly installments of ₹ 10.16 Lakhs each ending on 30th September, 2015.
  - g) State Bank of India - Term Loan IV repayable in 32 quarterly installments of ₹ 12.50 Lakhs each ending on June, 2017.
  - h) State Bank of India - Term Loan V repayable in 39 quarterly installments of ₹ 3.00 Lakhs each ending on June, 2020.
- 2 Vehicle Loans is secured by way of hypothecation of specific vehicle financed.
- Terms of Repayment:
- a) Loan taken from HDFC Bank Ltd., under Loan Account No.15248595 is repayable in monthly installment of ₹ 1.18 Lakhs each inclusive of interest ending on 7th July, 2012.
  - b) Loan taken from HDFC Bank Ltd., under Loan Account No.20325311 is repayable in monthly installment of ₹ 3.23 Lakhs each inclusive of interest ending on 5th January, 2015.
- 3 Unsecured Loans are from Shri. Vijay Kumar Gupta, Chairman and Managing Director and Shri. Susheel Kumar Gupta, Executive Director of the Company repayable over a period of 10 years ending on 15th April, 2022.

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>NOTE : 4</b>		
<b>DEFERRED TAX LIABILITIES:</b>		
Opening Balance	9,71,09,710	9,01,65,973
Provision for the year	35,03,730	69,43,737
<b>Closing Balance</b>	<b>10,06,13,440</b>	<b>9,71,09,710</b>

<b>NOTE : 5</b>		
<b>OTHER LONG TERM LIABILITIES :</b>		
Deferred Payment Liabilities	9,06,95,600	0
<b>TOTAL</b>	<b>9,06,95,600</b>	<b>0</b>

<b>NOTE : 6</b>		
<b>CURRENT LIABILITIES :</b>		
<b>Short Term Borrowings:</b>		
Working Capital Borrowings from Banks	87,52,00,613	79,93,36,361
Axis Bank Corporate Credit Card	1,48,42,223	0
<b>TOTAL</b>	<b>89,00,42,836</b>	<b>79,93,36,361</b>

**Note:**

Working Capital facilities availed by the Company from State Bank of India, State Bank of Hyderabad and Axis Bank Limited are secured by Pari-Pasu first charge on all the chargeable Current Assets of the Company both present and future. Further these are secured by Second Charge on entire block of assets of the Company both present and future apart from the personal guarantees of the Chairman and Managing Director and Executive Director of the Company.

<b>NOTE :7</b>		
<b>CURRENT LIABILITIES :</b>		
<b>Trade payables:</b>		
Trade Payables	11,53,65,675	8,36,94,109
<b>TOTAL</b>	<b>11,53,65,675</b>	<b>8,36,94,109</b>

**Note:**

Disclosure in accordance with part I of Schedule VI of Companies Act, 1956 in respect of Micro Small and Medium Enterprises

S.No	Particulars	As at March 31, 2012	As at March 31, 2011
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

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>NOTE : 8</b>		
<b>OTHER CURRENT LIABILITIES :</b>		
Term Loan instalments due less than 12 months	<b>6,94,53,500</b>	19,01,62,629
Vehicle Loan instalments due less than 12 months	<b>43,39,397</b>	20,94,849
Interest Accrued and Due on Borrowings	<b>83,85,107</b>	76,59,711
Unclaimed Dividend	<b>16,20,581</b>	14,22,953
Other Liabilities	<b>3,33,42,036</b>	7,83,54,596
<b>TOTAL</b>	<b>11,71,40,621</b>	27,96,94,738

**NOTE : 9**

**PROVISIONS**

**Short Term Provisions:**

Provision for Bonus	<b>9,77,665</b>	8,60,182
Provision for Leave Encashment	<b>11,65,240</b>	11,37,869
Provision for Incentives	<b>2,77,868</b>	1,80,193
Provision for Gratuity	<b>0</b>	15,32,406
Provision for Taxation	<b>0</b>	2,09,129
Provision for Dividend	<b>0</b>	1,15,00,000
Corporate Tax on Dividend	<b>0</b>	18,65,588
<b>TOTAL</b>	<b>24,20,773</b>	1,72,85,367

**NOTE : 10**  
**Non-Current Assets:**  
**FIXED ASSETS**

Sl. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01.04.2011	Additions/ Adjustments	Deductions	As at 31.03.2012	Upto 31.03.2011	For the year	Adjustments	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS</b>										
1	Land - freehold	7,50,52,158	12,02,640	0	7,62,54,798	0	0	0	7,62,54,798	7,50,52,158
2	Buildings	27,61,93,022	2,39,35,473	0	30,01,28,495	2,75,47,777	85,91,186	0	3,61,38,963	24,86,45,245
3	Plant & Machinery	39,48,89,572	1,87,62,255	0	41,36,51,827	8,08,09,293	2,12,82,864	0	10,20,92,157	31,15,59,670
4	Electrical Fittings	7,41,61,010	22,27,243	1,17,853	7,62,70,400	1,22,71,548	36,44,256	53,010	1,58,62,794	6,04,07,606
5	Furniture & Fittings	24,75,91,968	15,59,812	0	24,91,51,780	4,77,80,230	1,55,87,370	0	6,33,67,600	18,57,84,180
6	Office Equipment	39,19,068	83,400	0	40,02,468	16,86,615	1,82,287	0	18,68,902	21,33,566
7	Vehicles	3,99,01,218	97,25,980	1,41,50,630	3,54,76,568	1,43,03,939	33,83,554	64,84,511	1,12,02,982	2,42,73,586
8	Computers	24,53,595	1,42,235	0	25,95,830	18,34,352	2,19,829	0	20,54,181	5,41,649
<b>Sub Total A</b>		111,41,61,611	5,76,39,038	1,42,68,483	115,75,32,166	18,62,33,754	5,28,91,346	65,37,521	23,25,87,579	92,49,44,587
<b>INTANGIBLE ASSETS</b>										
9	Computer Software	9,22,652	45,000	0	9,67,652	3,09,853	1,38,657	0	4,48,510	5,19,142
<b>Sub Total B</b>		9,22,652	45,000	0	9,67,652	3,09,853	1,38,657	0	4,48,510	5,19,142
<b>TOTAL (A+B)</b>		111,50,84,263	5,76,84,038	1,42,68,483	115,84,99,818	18,65,43,607	5,30,30,003	65,37,521	23,30,36,089	92,54,63,729
Previous year		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
Capital Work in Progress										94,15,66,830



	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>NOTE : 11</b>		
<b>LONG TERM LOANS AND ADVANCES:</b>		
(Un Secured, Considered Good)		
Rental Deposit	1,69,81,000	1,69,81,000
Deposits with Suppliers and for Services	4,75,803	5,37,391
Deposits with Government Bodies	41,63,542	32,61,826
<b>TOTAL</b>	<b>2,16,20,345</b>	<b>2,07,80,217</b>
<b>NOTE :12</b>		
<b>OTHER NON-CURRENT ASSETS:</b>		
Advances for Capital Assets	6,00,000	0
Power Subsidy Receivable	16,10,373	9,12,043
<b>TOTAL</b>	<b>22,10,373</b>	<b>9,12,043</b>
<b>NOTE :13</b>		
<b>INVENTORIES:</b>		
(At lower of cost or net realizable value)		
Raw-Material	5,18,63,694	9,13,30,647
Stock - in - Process	2,57,40,666	1,44,10,176
Finished Goods	79,23,29,211	75,15,12,151
Stores & Consumables	2,60,68,832	2,70,25,924
<b>TOTAL</b>	<b>89,60,02,403</b>	<b>88,42,78,898</b>
<b>NOTE:14</b>		
<b>TRADE RECEIVABLES :</b>		
(Un Secured, Considered Good)		
Outstanding for a period exceeding six months	15,91,57,566	86,69,383
Others	39,80,15,748	46,48,11,698
<b>TOTAL</b>	<b>55,71,73,314</b>	<b>47,34,81,081</b>
<b>NOTE:15</b>		
<b>CASH AND CASH EQUIVALENTS :</b>		
Cash on Hand	5,90,590	3,73,257
Bank Balance with Scheduled Banks		
- In Current Accounts	47,01,220	41,27,046
- In Un Claimed Dividend Accounts (Refer Note a)	16,20,581	14,22,622
- In Term Deposit Account (Refer Note b)	93,08,996	40,83,899
<b>TOTAL</b>	<b>1,62,21,387</b>	<b>1,00,06,824</b>

As at 31.03.2012	As at 31.03.2011
₹	₹

**Notes:**

- a) Section 205 of Companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to IEPF.
- b) Term Deposits are held as margins for issue of Foreign Letter of Credit and Bank Guarantee(s).

**NOTE:16**

**SHORT TERM LOANS AND ADVANCES:**

(Un Secured and Considered Good)

Advances for Supplies and Services	<b>25,02,181</b>	6,67,501
Pre Paid Expenses	<b>31,98,948</b>	13,61,213
Loans and Advances to Employees	<b>5,76,890</b>	3,59,741
Other Advances	<b>15,639</b>	12,891
<b>TOTAL</b>	<b>62,93,658</b>	<b>24,01,346</b>

**NOTE:17**

**OTHER CURRENT ASSETS:**

Interest Accrued on Deposits	<b>5,10,678</b>	2,16,305
Income Tax Receivable	<b>91,93,340</b>	70,28,222
Interest Receivable	<b>1,93,384</b>	1,61,361
Interest Subsidy Receivable	<b>50,63,827</b>	91,90,761
Other Current Assets	<b>72,38,517</b>	75,68,125
<b>TOTAL</b>	<b>2,21,99,746</b>	<b>2,41,64,774</b>

	For the Year ended 31.03.2012 ₹	For the Year ended 31.03.2011 ₹
<b>NOTE:18</b>		
<b>OTHER INCOME:</b>		
Interest Earned	10,55,879	9,24,599
Interest Subsidy Received	82,96,782	1,14,94,466
Power Subsidy Received	10,49,990	5,60,383
Profit on Sale of Investments	0	47,06,157
Miscellaneous Income	1,86,841	3,05,677
Excess Provision written back	0	2,00,232
<b>TOTAL</b>	<b>1,05,89,492</b>	<b>1,81,91,514</b>
<b>NOTE:19</b>		
<b>COST OF RAW MATERIALS CONSUMED:</b>		
Opening Stock	9,13,30,647	2,37,68,809
Add: Purchases	51,58,93,581	99,77,74,504
	<b>60,72,24,228</b>	<b>102,15,43,313</b>
Less: Closing Stock	5,18,63,694	9,13,30,647
Consumption	<b>55,53,60,534</b>	<b>93,02,12,666</b>
<b>NOTE:20</b>		
<b>PACKING MATERIAL CONSUMED :</b>		
Opening Stock	39,16,076	19,99,850
Add: Purchases	59,56,575	55,39,181
	<b>98,72,651</b>	<b>75,39,031</b>
Less: Closing Stock	44,84,806	39,16,076
Consumption	<b>53,87,845</b>	<b>36,22,955</b>
<b>NOTE:21</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS :</b>		
<b>OPENING STOCK</b>		
Finished Goods	75,15,12,151	57,36,34,300
Stock in Process	1,44,10,176	66,53,792
<b>TOTAL (A)</b>	<b>76,59,22,327</b>	<b>58,02,88,092</b>
<b>CLOSING STOCK</b>		
Finished Goods	79,23,29,211	75,15,12,151
Stock in Process	2,57,40,666	1,44,10,176
<b>TOTAL (B)</b>	<b>81,80,69,877</b>	<b>76,59,22,327</b>
Net Increase / (Decrease) in Stocks (A-B)	<b>5,21,47,550</b>	<b>18,56,34,235</b>

	For the Year ended 31.03.2012 ₹	For the Year ended 31.03.2011 ₹
<b>NOTE: 22</b>		
<b>MANUFACTURING EXPENSES:</b>		
Carriage & Freight	56,14,990	63,73,829
Firewood	1,50,13,298	1,74,47,239
Power & Fuel	1,34,66,898	1,29,43,585
Consumption of Design & Development	49,56,243	26,09,155
Consumption of Stores & Consumables	50,58,476	50,36,109
Other Manufacturing Expenses	61,59,764	54,75,695
Repairs to Plant & Machinery	13,95,611	13,18,506
Effluent Treatment Plant Expenses	53,16,510	34,54,490
<b>TOTAL</b>	<b>5,69,81,790</b>	<b>5,46,58,608</b>
<b>NOTE : 23</b>		
<b>EMPLOYEE BENEFITS EXPENSES :</b>		
Managerial Remuneration	49,44,000	44,64,000
Office Staff Salaries	1,13,37,689	1,06,81,090
Factory Wages & Salaries	1,82,39,851	1,17,53,289
Employee's Benefits	26,05,108	23,95,657
Incentives	29,71,230	28,14,756
Gratuity	2,96,159	22,17,219
Contribution to P.F and E.S.I	33,63,207	21,17,312
<b>TOTAL</b>	<b>4,37,57,244</b>	<b>3,64,43,323</b>
<b>NOTE:24</b>		
<b>FINANCE COSTS:</b>		
Interest Charges	26,58,07,713	23,51,07,062
Other Borrowing Charges	59,40,960	36,09,000
Bank and Finance Charges	9,21,260	8,71,073
<b>TOTAL</b>	<b>27,26,69,933</b>	<b>23,95,87,135</b>

**Notes Forming Part of Profit  
and Loss Account (Contd.)**



**TEXTILES LIMITED**

	For the Year ended 31.03.2012 ₹	For the Year ended 31.03.2011 ₹
<b>NOTE:25</b>		
<b>OTHER EXPENSES:</b>		
Rent	27,03,708	27,03,708
Lease Rental Charges	2,06,39,331	2,02,97,136
Donations	0	12,000
Rates, Taxes, Licences & Fees	62,02,410	27,84,888
Printing & Stationery	13,86,745	15,81,150
Postage, Telegram & Telephones	19,60,058	17,76,853
Office Electricity & Water	1,09,53,778	1,06,13,391
Travelling & Conveyance	24,75,537	27,62,181
Advertisement & Publicity	35,87,019	52,37,925
Agents Commission	72,75,034	81,92,515
Selling Expenses	60,27,537	54,36,439
Insurance	24,82,242	20,83,422
Remuneration to Auditors :		
Audit Fees	4,04,496	3,97,080
Tax Audit Fees	89,888	88,240
Certification Fees/Taxation matters	11,236	11,030
Directors' Sitting Fees	1,12,000	94,000
Legal & Professional Charges	21,02,308	12,50,304
Security Service Charges	15,08,453	12,72,065
Repairs to Buildings	3,84,300	1,35,645
Repairs to Other Assets	24,31,782	22,61,712
Vehicle Maintenance	14,74,872	16,31,036
Miscellaneous Expenses	9,52,929	8,51,884
Loss on Sale of Fixed Assets	35,962	13,264
<b>TOTAL</b>	<b>7,52,01,625</b>	<b>7,14,87,868</b>

**NOTES : 26**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

The financial statements of Vijay Textiles Limited (VTL or Company) have been prepared with Generally Accounting Principles in India (GAAP) 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. All expenditure of capital nature is capitalized. Such expenditure comprises of purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. 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. Net realizable value is the estimated selling value in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

**7. RETIREMENT 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. 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.

**10. 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.

**11. 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.

**12. 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.

**NOTE: 27**

**NOTES ON ACCOUNTS:**

- I. Contingent Liability and commitments (to the extent not provided for)
  - a) Contingent Liability not provided for in respect of claims against the Company not acknowledge as debts:
    - Counter Guarantee given to Bankers towards Bank Guarantee ₹ 62.80 Lakhs (Previous year ₹ 33.80 Lakhs).
    - 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 out of export made during the year ₹ 14,18,262.00.(Previous Year : Nil)
    - Export Obligation is ₹ 5,87,13,076.08/-( US \$ 12,50,544.75) over a period of 6 years ending on 09.08.2016 for concessional duty availed for import of machinery
    - Export Obligation is ₹ 11,36,33,520/-( US \$ 22,70,400) over a period of 6 years ending on 28.11.2019 for concessional duty availed for import of machinery
    - Income Tax Assessment year 2007-08 ₹ 9.01 Lakhs (Previous Year ₹ 279.88 Lakhs for Assessment Year 2007-08) for which Company had represented for necessary amendment in the Assessment Order with the concerned authorities.
    - Income Tax Assessment year 2009-10 ₹ 32.69 Lakhs (Previous Year - Nil) for which the Company had filed appeal before the concerned authorities.
  - b) Estimated amount of liability on account of Capital Commitments ₹ 2624.07 Lakhs includes ₹ 2603.45 Lakhs towards Software Park. (Previous year ₹ 3830.90 Lakhs includes ₹ 3787.50 Lakhs towards Software Park).
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. Money received against share warrants represents 25% of the application money received for 5,00,000 share warrants at a determined price of ₹ 40/- per warrant. The said share warrants be converted in to Equity Shares with a face value of ₹ 10/-each as per the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations,2009 or such other regulations as may be applicable.
4. Capital Work in Progress of ₹ 94.16 Crores includes Embroidery Unit Phase-III ₹ 11.94 Crores, Software Park ₹ 81.33 Crores (Previous year Embroidery Unit Phase-III ₹ 1.78 Crores and ₹ 75.52 Crores towards Software Park).
5. Loans and advances include advances for Capital Assets ₹ 6.00 Lakhs (Previous Year ₹ Nil).



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

	2011-2012		2010-2011	
	QUANTITY (IN MTRS)	VALUE ₹	QUANTITY (IN MTRS)	VALUE ₹
<b>A. PRODUCTION:</b>				
Printing of Grey Cloth :				
Own Production	<b>93,04,566</b>		98,63,860	
On Job Work	<b>0</b>		94,221	
<b>B. JOB WORK:</b>				
Weaving of Grey Cloth	<b>20,21,617</b>		26,56,474	
Conversion of Textile Fabrics	<b>3,27,730</b>		1,51,964	
<b>C. BREAKUP OF PURCHASES:</b>				
Grey	<b>80,35,015</b>	<b>34,24,12,057</b>	88,22,208	46,37,26,494
Textile Fabrics	<b>32,89,716</b>	<b>11,22,42,503</b>	89,19,330	46,33,21,048
<b>D. BREAKUP OF SALES:</b>				
Textile Fabrics	<b>1,29,71,607</b>	<b>94,63,63,118</b>	2,07,16,233	1,25,48,10,502
<b>E. BREAKUP OF TEXTILE FABRICS (PRODUCTION):</b>				
<b>a) OPENING STOCKS (In Meters):</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
<b>b) CLOSING STOCK:</b>				
Finished Goods	<b>86,44,658</b>	<b>77,29,82,049</b>	93,49,713	73,15,39,213
Stock in Process	<b>3,58,566</b>	<b>2,57,40,666</b>	1,85,843	1,44,10,176
	<b>90,03,224</b>	<b>79,87,22,715</b>	95,35,556	74,59,49,389
<b>F. RAW-MATERIALS CONSUMED:</b>				
<b>a) YARN (In Kgs):</b>				
Opening Stock	<b>57,399</b>	<b>66,09,780</b>	2,687	2,20,624
Add: Purchases	<b>1,29,586</b>	<b>1,37,46,705</b>	2,78,603	2,65,36,408
	<b>1,86,985</b>	<b>2,03,56,485</b>	2,81,290	2,67,57,032
Less: Closing Stock	<b>13,699</b>	<b>14,51,308</b>	57,399	66,09,780
Consumption	<b>1,73,286</b>	<b>1,89,05,177</b>	2,23,891	2,01,47,252

	2011-2012		2010-2011	
	QUANTITY (IN MTRS)	VALUE ₹	QUANTITY (IN MTRS)	VALUE ₹
<b>b) GREY CLOTH (In Meters):</b>				
Opening Stock	6,89,954	5,71,08,690	1,32,262	52,68,331
Add: Purchases	80,35,015	34,24,12,057	88,22,208	46,37,26,494
Add : Weaving	20,21,617	31,32,484	26,56,474	40,29,802
	<b>1,07,46,586</b>	<b>40,26,53,231</b>	1,16,10,944	47,30,24,627
Less: Closing Stock	3,68,012	1,70,01,324	6,89,954	5,71,08,690
Consumption	<b>1,03,78,574</b>	<b>38,56,51,907</b>	1,09,20,990	41,59,15,937
<b>c) EMBROIDERY THREADS (In Boxes):</b>				
Opening Stock	33,190	51,14,118	6,552	18,69,547
Add: Purchases	828	4,03,259	26,785	88,73,578
	<b>34,018</b>	<b>55,17,377</b>	33,337	1,07,43,125
Less: Closing Stock	5,641	17,55,869	33,190	51,14,118
Consumption	<b>28,377</b>	<b>37,61,508</b>	147	56,29,007
<b>d) EMBROIDERY THREADS (In Cones):</b>				
Opening Stock	0	0	0	0
Add: Purchases	2,58,621	1,70,37,288	49,341	30,36,122
	<b>2,58,621</b>	<b>1,70,37,288</b>	49,341	30,36,122
Less: Closing Stock	73,745	48,95,203	0	0
Consumption	<b>1,84,876</b>	<b>1,21,42,085</b>	49,341	30,36,122
<b>e) COLOURS &amp; CHEMICALS:</b>				
As the varieties are numerous in different quantities, these figures are not accurately ascertainable.				
<b>G. PERCENTAGE OF RAW-MATERIALS CONSUMED:</b>				
Indigenous	100%	55,53,60,534	100%	93,02,12,666
Imported	---	---	---	---
	<b>100%</b>	<b>55,53,60,534</b>	<b>100%</b>	<b>93,02,12,666</b>
<b>H. PERCENTAGE OF STORES &amp; CONSUMABLES CONSUMED:</b>				
Indigenous	100%	50,58,476	100%	50,36,109
Imported	---	---	---	---
	<b>100%</b>	<b>50,58,476</b>	<b>100%</b>	<b>50,36,109</b>

	2011-2012		2010-2011	
	QUANTITY (IN MTRS)	VALUE ₹	QUANTITY (IN MTRS)	VALUE ₹
<b>I. REMUNERATION TO DIRECTORS:</b>				
Managing Director				
Salary		24,00,000		24,00,000
Perquisites		1,44,000		1,44,000
Total		25,44,000		25,44,000
Executive Director				
Salary		24,00,000		19,20,000
Total		24,00,000		19,20,000
<b>J. REMUNERATION TO STATUTORY AUDITORS:</b>				
a) Audit Fee		3,60,000		3,60,000
b) Tax Audit		80,000		80,000
c) Certification Charges		10,000		10,000
d) Service Tax		55,620		46,350
		5,05,620		4,96,350
<b>K. VALUE OF IMPORTS (CIF Basis):</b>				
Capital Goods		9,46,87,681		4,25,78,175
<b>L. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF TRAVELLING EXPENSES</b>				
		1,79,323		1,40,878
<b>M. EARNINGS IN FOREIGN CURRENCY FOB VALUE OF EXPORTS</b>				
		1,45,22,531		83,55,068

7. Employee Benefits:

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

Defined Contribution Plan:

(₹ In Lakhs)

	2011-2012	2010-2011
Employer's Contribution to Provident Fund	19,89,193	12,67,248
Employer's Contribution to ESI	11,07,128	6,80,027

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:

	2011-2012	2010-2011
<b>I. Assumptions :</b>		
Discount Rate	7.50%	7.50%
Rate of Return on Plan Assets	11.00%	11.00%
Salary Escalation Average for next seven years	6.00%	6.00%
<b>II. Table Showing Change in Benefit Obligation :</b>		
Liability at the beginning of the year	45,04,642	24,41,790
Interest Cost	3,35,944	1,77,345
Current Service Cost	8,65,004	7,78,170
Benefit Paid	(50,769)	(1,54,367)
Actuarial (gain)/loss on obligations	(5,27,390)	1,50,735
Liability at the end of the year	51,27,431	45,04,642
<b>III. Tables of Fair value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	29,72,236	20,64,636
Expected Return on Plan Assets	4,31,067	2,95,896
Contributions	19,30,499	7,18,905
Benefit Paid	(50,769)	(1,54,367)
Actuarial gain/(loss) on Plan Assets	(53,668)	(2,95,896)
Fair Value of Plan Assets at the end of the year	52,36,055	29,72,236
Total Actuarial Gain/(Loss) To Be Recognized	4,73,722	(4,46,631)
<b>IV. Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	4,31,067	2,95,896
Actuarial gain/(loss) on Plan Assets	(53,668)	(2,95,896)
Actual Return on Plan Assets	3,77,399	0

(₹ In Lakhs)

	2011-2012	2010-2011
<b>V. Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	<b>51,27,431</b>	45,04,642
Fair Value of Plan Assets at the end of the year	<b>52,36,055</b>	29,72,236
Difference	<b>(1,08,624)</b>	(15,32,406)
Net Assets/(Liabilities) Recognized in the Balance Sheet	<b>(1,08,624)</b>	(15,32,406)
<b>VI. Expenses Recognized in the Income Statement :</b>		
Current Service Cost	<b>8,65,004</b>	7,78,170
Interest Cost	<b>3,35,944</b>	1,77,345
Expected Return on Plan Assets	<b>(4,31,067)</b>	(2,95,896)
Net Actuarial (Gain)/Loss To Be Recognized	<b>(4,73,722)</b>	4,46,631
Expense Recognized in P& L	<b>2,96,159</b>	22,17,219
<b>VII. Balance Sheet Reconciliation</b>		
Opening Net Liability	<b>15,32,406</b>	3,77,154
Expense as above	<b>2,96,159</b>	22,17,219
Employer's Contribution	<b>(19,30,499)</b>	(10,61,967)
Amount Recognized in Balance Sheet	<b>(1,08,624)</b>	15,32,406

8. Borrowing cost capitalized during the year on various assets ₹ 5,80,45,582/-  
(Previous year ₹ 24,83,815/-).
9. The Company's operations mainly consist of only one segment - Textile Fabrics and therefore the figure above relate to that segment.
10. Related Parties Disclosures:  
Related parties 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	6,17,42,344
Vijay Kumar Gupta (HUF)	Rent	6,98,676
Susheel Kumar Gupta	Rent	4,67,724
	Remuneration	24,00,000
	Interest	22,55,781
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	4492.00	9030.91	2050.49
Susheel Kumar Gupta	90.50	188.00	255.25
Crown Beer International Limited (Interested Director M. Srikanth Reddy)	0	100.00	0

11. 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 Note -25. 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 31 March' 2012*	As at 31 March' 2011
Payable:		
Not Later than one year	<b>212.50</b>	195.43
Later than one year but not later than 5 years	<b>897.96</b>	894.48
Later than five years	<b>2117.88</b>	2156.45

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

12. Deferred Tax: (₹ in Lakhs)

Sl. No	Particulars	As at 31.03.2012	As at 31.03.2011
a.	Deferred Tax liability on account of Depreciation	<b>1006.13</b>	971.22
b.	Deferred Tax asset on account of Others	<b>0</b>	0.12
c.	Deferred Tax Liability (Net)	<b>1006.13</b>	971.10

13. 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, 2012.
14. 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.
15. 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 of even date  
for **LAXMINIWAS NEETH & CO**  
Firm Registration Number:002460S  
Chartered Accountants

**Laxminiwas Sharma**  
Partner  
Membership No.014244

Place : Secunderabad  
Date : 29.05.2012

For and on behalf of the Board

**Vijay Kumar Gupta**  
Chairman & Managing Director

**R. Malhotra**  
Finance Director

**Susheel Kumar Gupta**  
Executive Director

**S Nagarajan**  
Company Secretary

**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 31ST MARCH, 2012**



**TEXTILES LIMITED**

	2011-2012		2010-2011	
	₹	₹	₹	₹
<b>A. Cash from Operating Activities:</b>				
Net-Profit Before Tax and Extraordinary Items		(3,04,01,415)		9,25,59,299
Adjustment for				
- Depreciation	5,30,30,003		4,97,82,933	
- Interest	27,26,69,933		23,95,87,135	
- Loss on sale of fixed assets	35,962		13,264	
- Interest received	(10,55,879)		(9,24,599)	
- Power subsidy received	(10,49,990)		(5,60,383)	
- Income from investment	0		(47,06,157)	
		<u>32,36,30,029</u>		<u>28,31,92,193</u>
<b>Operating Profit Before Working Capital Changes</b>		<b>29,32,28,614</b>		<b>37,57,51,492</b>
Adjustment for				
- Trade & other receivables	(8,38,17,165)		(5,21,58,564)	
- Inventories	(1,17,23,505)		(25,61,19,167)	
- Trade payable	(13,21,72,428)		8,45,49,923	
		<u>(22,77,13,098)</u>		<u>(22,37,27,808)</u>
Cash generated from operations		<b>6,55,15,516</b>		<b>15,20,23,684</b>
- Interest paid	(27,26,69,933)		(23,95,87,135)	
- Direct taxes paid	(63,18,105)		(1,83,57,820)	
		<u>(27,89,88,038)</u>		<u>(25,79,44,955)</u>
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>		<b>(21,34,72,522)</b>		<b>(10,59,21,271)</b>
<b>EXTRAORDINARY ITEMS</b>		<b>4,12,17,899</b>		<b>0</b>
<b>Net Cash Flow From Operating Activities (A)</b>		<b>(17,22,54,623)</b>		<b>(10,59,21,271)</b>
<b>B. Cash Flow From Investing Activities</b>				
Purchase of fixed assets	(21,80,44,834)		(12,80,17,696)	
Sale of fixed assets	76,95,000		14,25,920	
Capital subsidy received	0		1,19,98,063	
Interest received	10,55,879		9,24,599	
Income from investments	0		47,06,157	
Decrease in investments	0	(20,92,93,955)	1,35,90,000	(9,53,72,957)
<b>Net Cash Used in Investing Activities (B)</b>		<b>(20,92,93,955)</b>		<b>(9,53,72,957)</b>

**Cash Flow Statement For The Year  
Ended 31st March, 2012 (Contd.)**



**TEXTILES LIMITED**

	2011-2012		2010-2011	
	₹	₹	₹	₹
<b>C. Cash Flow From Financing Activities</b>				
Increase in short term borrowings	<b>9,07,06,475</b>		18,37,10,978	
Decrease in long term borrowings	<b>(28,13,23,336)</b>		(36,15,47,127)	
Increase in deferred payment liability	<b>9,06,95,600</b>		0	
Proceeds from share warrants	<b>0</b>		50,00,000	
Proceeds from preference share capital	<b>50,00,00,000</b>		0	
Increase in unsecured loans	<b>0</b>		38,41,49,059	
Power subsidy received	<b>10,49,990</b>		5,60,383	
Dividend paid	<b>(1,33,65,588)</b>	<b>38,77,63,141</b>	(1,07,63,540)	20,11,09,753
<b>Net Cash Used in Financing Activities (C):</b>		<b>38,77,63,141</b>		<b>20,11,09,753</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		<b>62,14,563</b>		<b>(1,84,475)</b>
<b>Opening cash and cash equivalents</b>		<b>1,00,06,824</b>		<b>1,01,91,299</b>
<b>Closing cash and cash equivalents</b>		<b>1,62,21,387</b>		<b>1,00,06,824</b>

The Notes referred to above form and integral part of the accounts.

As per our Report of even date  
for **LAXMINIWAS NEETH & CO**  
Firm Registration Number:002460S  
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 : 29.05.2012

**R. Malhotra**  
Finance Director

**S Nagarajan**  
Company Secretary



**NOTES**

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# Vijay TEXTILES LIMITED

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

## ATTENDANCE SLIP

22nd Annual General Meeting Thursday, the 27th September, 2012 at 11.00 A.M

DPId*	Reg. Folio No.
Client Id*	

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 22nd 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 Thursday, the 27th September, 2012.

\_\_\_\_\_  
\*\* 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*	Reg. Folio No.
Client Id*	

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 22nd 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 Thursday, the 27th September, 2012, and at every adjournment thereof.

Signed this ..... day of ..... , 2012.

Please  
Affix Rs.1/-  
Revenue  
Stamp

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 Signature of the Meeting.

\* Applicable for Investors holding shares in electronic form.



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**CORPORATE OFFICE**

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Secunderabad - 500003

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Website : [www.vijaytextiles.in](http://www.vijaytextiles.in)