

VIJAYESWARI TEXTILES LIMITED



BOARD OF DIRECTORS

Sri. K. Rajagopal

Chairman and Managing Director

Sri. A.L. Ramachandra

Managing Director

Smt. Jayanthi Ramachandra

Joint Managing Director

Capt. K.V. Narayanan

Sri. Durai Ramaswamy

Sri. N. Balakrishnan

Sri. V. Dharmaraj

Sri. M.D. Selvaraj

Sri. P. Vijay Raghunath

Sri. K. Selvaraj

Company Secretary

S. Suresh

Auditors

M/s. Subbachar & Srinivasan
Chartered Accountants, Coimbatore

Internal Auditor

Smt. Sasirekha Vengatesh
Chartered Accountant, Coimbatore

Bankers

Andhra Bank
Oriental Bank of Commerce
Indian Overseas Bank
UCO Bank
United Bank of India

Registered Office & Spinning Division at
Puliampatti, (Via) Pollachi, Coimbatore District

Weaving Division at
Arakulam, Palladam.

Processing Division at
SIPCOT, Industrial Complex, Perundurai

Corporate Office and Madeups Division at
10/400 Palghat Main Road,
Kuniamuthur, Coimbatore - 641 008.

Subsidiary Companies

Vijayeswari UK Ltd.
Vijayeswari USA LLC

Registrar and Transfer Agents

Link Intime India Pvt. Limited
(Formerly Known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
L.B.5. Marg, Bhandup West Mumbai - 400 078.

Branch Office

Link Intime India Pvt. Limited
"Surya" 35, May Flower Avenue
(Behind Senthil Nagar)
Sowripalayam Road, Coimbatore - 641 028.
E-mail : coimbatore@linkintime.co.in

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VIJAYESWARI TEXTILES LIMITED



NOTICE OF THE ANNUAL GENERAL MEETING

To

The Members,

Notice is hereby given that the 56th Annual General Meeting of the shareholders of the Company will be held on Saturday, the 31st day of July 2010 at 4.00 pm at 2/185, Puliampatti (via), Pollachi, Coimbatore District - 642 002 the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To consider the Profit & Loss Account for the year ending 31st March 2010, the Balance Sheet as on that date, the Report of the Board of Directors and the Report of the Auditors of the Company and to adopt the same.
2. To declare dividend for the year ending 31st March 2010.
3. To appoint a Director in the place of Sri.V.Dharmaraj who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Sri.P.Vijay Raghunath who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in the place of Sri.M.D.Selvaraj who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. **To consider and if thought fit, to pass the following resolution with or without modifications, as Special Resolution.**

“RESOLVED THAT in accordance with and subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions of Companies Act 1956, Sri.K.Rajagopal be and is hereby re-appointed as Chairman and Managing Director for a period of 1 year with effect from 26th October 2009 subject to the following terms of payment .”

- I. Salary Rs. 100000/- per month
- II. Commission 2% of the Net Profit of the company subject to the over all ceiling laid down in Section 198, and 309 of the Companies Act 1956.
- III. Perquisites In addition to salary and commission, Sri.K.Rajagopal, Chairman and Managing Director shall also be entitled to perquisites which shall not exceed a sum of Rs. 100000/- per month.
- IV. Contribution to Provident Fund, Super Annuation Fund or annuity fund, Leave encashment, provision of car with driver, telephone at residence are not to be included in the computation of the ceiling on the perquisites.
- V. Gratuity payable shall not exceed half a month's salary for each completed year of service or at the rate as may be modified from time to time.
- VI. In case of loss or inadequacy of profits in any Financial Year, the above Salary & Perquisites shall be treated as the minimum remuneration payable to the Managing Director, since the

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same is within the limits prescribed under section II of Part II of Schedule XIII under category A of the Companies Act 1956.

VII. No sitting fees will be paid for attending Board Meetings as per Section 309 and 310 of the Companies Act, 1956.

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

“RESOLVED THAT pursuant to section 61 of the Companies Act, 1956 and other applicable regulations for the time being in force, approval of the members be and is hereby accorded to the variation in the utilization of Public issue proceeds as envisaged in the prospectus dated February 2007 and as detailed below and in the Explanatory statement appended herein.”

| Particulars | Utilisation as given in Prospectus | Utilisation as on 31.03.2010 |
|---|------------------------------------|------------------------------|
| Land and Site Development | 676.00 | 60.59 |
| Building and other amenities | 3185.00 | 3585.54 |
| Plant & Machinery | | |
| a. Imported | 9140.00 | 6998.93 |
| b. Indigenous | 6762.00 | 3330.64 |
| Cost of windmill | 2850.00 | 3270.00 |
| Assets to be acquired from promoter group | 800.00 | 741.80 |
| Provision for Contingencies | 1240.00 | 769.20 |
| Pre-operative expenses | 1053.00 | 1498.74 |
| Issue expenses | 855.00 | 918.06 |
| Margin for Working Capital | 1917.00 | 1958.11 |
| | | 2420.96 |
| Total | 28480.00 | 25552.57 |

FURTHER RESOLVED THAT the Board of Directors of the Company including any committee thereof, be and is hereby authorized to do such acts, deeds, matters, and things as may be necessary, desirable or expedient for giving effect to the above resolution.

9. To consider and if thought fit, to pass the following resolution with or without modifications, as Special Resolution.

“RESOLVED THAT in pursuance of section 21 and other applicable provisions of the Companies Act, 1956 if any, and subject to such approvals as may be required the name of the company be changed from **VIJAYESWARI TEXTILES LIMITED** to **VTX LIMITED** or such other name as may be made available/approved by the Registrar of Companies, Coimbatore.

FURTHER RESOLVED THAT the name clause of the Memorandum and Articles of Association be amended accordingly to reflect the new name.

10. To consider and if thought fit, to pass the following resolution with or without modifications, as Special Resolution.

RESOLVED THAT in accordance with and subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions of Companies Act 1956 Sri K.Rajagopal, be and is hereby re-

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appointed as Chairman and Managing Director, for a period of 3 year with effect from 26th October 2010 on the following terms and conditions as recommended by the remuneration committee at its meeting held on 29.05.2010.

- I. Salary Rs. 200000/- per month
- II. Commission 2% of the Net Profit of the company subject to the over all ceiling laid down in Section 198, and 309 of the Companies Act 1956.
- III. Perquisites In addition to salary and commission, Sri.K.Rajagopal, Chairman and Managing Director shall also be entitled to perquisites which shall not exceed a sum of Rs. 200000/- per month.
- IV. Contribution to Provident Fund, Super Annuation Fund or annuity fund, Leave encashment, provision of car with driver, telephone at residence are not to be included in the computation of the ceiling on the perquisites.
- V. Gratuity payable shall not exceed half a month's salary for each completed year of service or at the rate as may be modified from time to time.
- VI. In case of loss or inadequacy of profits in any Financial Year, the above Salary & Perquisites shall be treated as the minimum remuneration payable to the Managing Director, since the same is within the limits prescribed under section II of Part II of Schedule XIII under category B of the Companies Act 1956.
- VII. No sitting fees will be paid for attending Board Meetings as per Section 309 and 310 of the Companies Act, 1956.

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

ITEM No. 7

The tenure of Sri. K. Rajagopal, Chairman and Managing Director expired on 26.10.2009. The remuneration committee and board of directors at their meeting held on 30.01.2010 have re-appointed Sri. K. Rajagopal, Chairman and Managing Director for a further period of 1 year commencing from 26th October 2009.

In view of the substantial and significant contribution made by Sri. K. Rajagopal and keeping in mind the multifarious operations involving constant directions for efficient handling of project related activities, the board felt that his re-appointment would be just and fair with the remuneration and perquisites as provided in the resolution.

The re-appointment of Sri. K. Rajagopal as Chairman and Managing Director and the payment of remuneration are in conformity with Schedule XIII of the Companies Act, 1956, and the same has been recommended by the Remuneration Committee and approved by the Board of Directors.

Yours directors recommend the resolution as set out in Item No. 7 of the notice for the approval of the members.

None of the directors other than Sri. K. Rajagopal, Chairman and Managing Director, Sri. A.L. Ramachandra, Managing Director and Smt. Jayanthi Ramachandra, Joint Managing Director interested or concerned.

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ITEM No. 8

The members at their Extraordinary General Meeting held on June 21, 2006 had approved the Initial Public Offer (IPO) of Equity shares of Vijayeswari Textiles Limited ("the Company"). As a result, the Company has issued 90 lakhs Equity Shares of Rs.10/- each at a premium of Rs.90 per Equity Share aggregating to Rs.9000 lakhs. The issue opened on 08th February, 2007 and closed on 19th February, 2007 and the Company has received Rs.9000 lakhs as per the IPO issue.

| Particulars | Spinning | Weaving | Processing | Sewing | Total | Actual Utilisation as on 31.03.2010 |
|---|----------|---------|------------|--------|-------|-------------------------------------|
| Land and Site Development | 408 | - | - | 270 | 676 | 60.59 |
| Building and other amenities | 1556 | 856 | 319 | 454 | 3185 | 3585.54 |
| Plant & Machinery | | | | | | |
| a.Imported | 1657 | 4889 | 325 | 2269 | 9140 | 6998.93 |
| b.Indigenous | 5427 | 732 | 532 | 71 | 6762 | 3330.64 |
| Cost of windmill | - | - | - | - | 2850 | 3270.00 |
| Assets to be acquired from promoter group | - | - | - | - | 800 | 741.80 |
| Provision for Contingencies | - | - | - | - | 1240 | 769.20 |
| Pre-operative expenses | - | - | - | - | 1053 | 1498.74 |
| Issue expenses | - | - | - | - | 855 | 918.06 |
| Margin for Working Capital | - | - | - | - | 1917 | 1958.11 2420.96 |
| Total | 9048 | 6477 | 1176 | 3064 | 28480 | 25552.57 |

It was thought prudent by the management that investment in spinning unit was not viable considering the business trend prevailed at the time of investment. As a result, the investment were made in processing and weaving unit.

The board at its meeting held on 29.05.2010 has unanimously decided to seek the approval of the shareholders for the revised utilization of IPO funds, for which your approval is sought for.

The provisions of Section 61 of the Companies Act 1956 require the Company to obtain the approval of the members for any variation in the terms of the contract referred to in the prospectus. Hence, necessary resolution is proposed for the approval of the members.

None of the Directors are concerned or interested in the aforesaid resolution

The board recommends the Special Resolution for the approval of the members.

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ITEM No.9

Considering the current development and future prospects of the Company in varied areas of businesses, it is proposed to change the name of the Company to cater to the future needs and growth of the Company. The board of directors at their meeting held on 29.05.2010 has thought fit to change the name of the Company from “Vijayeswari Textiles Limited” to “VTX Limited” or such other name as may be made available/approved by the Registrar of Companies, Coimbatore.

The change of new name is subject to confirmation of availability of the name by the Registrar of Companies, Coimbatore.

Pursuant to Section 21 of the Companies Act, 1956 change of name requires approval of the shareholders by way of special resolution and accordingly the approval of the shareholders is being sought after.

None of the Directors of the Company is in any way concerned or interested in the aforesaid resolution.

The board recommends the Special Resolution for the approval of the members.

ITEM No. 10

Considering the ongoing project expansion programme which has already reached the final phase of completion and the continuous focus and involvement of managerial personnel in the effective utilization of installed capacity, the board thought it necessary to re-appoint Sri.K.Rajagopal, Chairman and Managing Director for a further period of 3 years w.e.f 26th October 2010.

The re-appointment of Sri.K.Rajagopal as Chairman and Managing Director and the payment of remuneration are in conformity with Schedule XIII of the Companies Act 1956 and the same has been recommended by the Remuneration Committee and approved by the Board of Directors.

None of the Directors of the Company is in any way concerned or interested in the said resolution except Sri.K.Rajagopal, Chairman and Managing Director, Sri.A.L.Ramachandra, Managing Director and Smt.Jayanthi Ramachandra, Joint Managing Director.

The Board of Directors of the Company recommends this special resolution for your approval.

Statement of information as prescribed under Part II of Section II under category B of the Companies Act, 1956.

- 1) Nature of Industry - Textiles Industry
- 2) Date or expected date of commencement of commercial production – The Company was incorporated September 5, 1953 and commenced commercial production subsequently in the same year
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not Applicable
- 4) Financial performance –

(Rs.in Lakhs)

| Particulars | 2008-09 | 2009-10 |
|--------------------------|-----------|----------|
| Sales and other income | 12501.76 | 12041.02 |
| Profit/(Loss) Before Tax | (1870.37) | 457.06 |
| Profit/(Loss) After Tax | (1218.73) | 362.28 |
| Paid up Equity Capital | 1816.92 | 1816.92 |
| Reserves and Surplus | 10975.98 | 11232.31 |
| Basic Earning Per Share | (6.71) | 1.99 |

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- 5) Export performance and the net foreign exchange collaborations - Earnings in foreign exchange (FOB Value) for the year ended 31.03.2010 – Rs 9445.84 lakhs
- 6) Foreign investments or collaborators, if any _ NIL

II. Information about the appointee:

Background details –

- 1) Sri.K.Rajagopal holds a degree in Bachelor of Science in textiles from the Philadelphia College of Textiles and Sciences, United States of America. He was the Managing Director of Lakshmi Mills Company Limited for three decades, upto 1994. He was the Chairman of South India Mills Association for two terms. He was the Chairman of the Indian Cotton Mills Federation for one term. Mr.K.Rajagopal is a philanthropist, and was the president of the G.Kuppuswamy Naidu Memorial Trust from 1998 to 2004. He is one of the trustees of G.Kuppuswamy Naidu Memorial Trust.
- 2) Past remuneration –
Rs 100000/- per month and commission of 2% of Net Profit plus Allowance and Perquisites not exceeding a sum of Rs 100000/- per month
- 3) Recognition or awards –
Honored Jewel of Coimbatore Award by Rotract Club of Coimbatore Metropolis
- 4) Job profile and his suitability –
Sri.K.Rajagopal is the Chairman and Managing Director of the Company since 1972 and he is well known personality in the textile world
- 5) Remuneration proposed –
Details of proposed remuneration has been given in the notice.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of origin) –
Taking into consideration the size of the company, profile of the appointee, responsibility shouldered on him and the industry standard, the remuneration proposed is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any –
Besides the remuneration being received, the Chairman and Managing Director does not have any pecuniary relationship with the company and its managerial personnel.

III. Other information

- 1) Reasons of loss or inadequate profits –
Due to recession in US and UK, the expected sale orders was not received during the year and hence the budgeted sale could not be achieved and consequently the profit arrived under section 349 and 350 of the Companies Act 1956 for the year 2008-09 has become inadequate.
- 2) Steps taken or proposed to be taken for improvement –
With the implementation of the project in the current year, the Company hopes to achieve a higher turnover and better profitability during the year 2010-11.

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- 3) Expected increase in productivity and profits in measurable terms –
Barring unforeseen circumstances, the company's operation should give normal returns in the financial year 2010-11

DISCLOSURES:

1. The shareholders of the company shall be informed of the remuneration package of the managerial person : Disclosed
2. The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the annual report:
 - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors – Disclosed
 - ii) Details of fixed component and performance linked incentives along with the performance criteria – Disclosed
 - iii) Service contracts, notice period, severance fees – Disclosed
 - iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable – The Company has not issued any stock option

The Company has not defaulted in repayment of any of its debts or debentures and public deposits

Notes:

1. **A member, who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less 48 hours before the meeting.**
2. The Register of members of the Company and the Share Transfer Books will remain closed from the 21.07.2010 to 31.07.2010 (both days inclusive). The dividend as recommend by the Board, if approved, will be paid to those members whose names appear on the Register of Members on 21.07.2010 or to their mandates.
3. Shareholders are hereby informed that the Unclaimed dividend for the Financial Years upto 1997-1998 have been transferred to the General Revenue Accounts of the Central Government. Shareholders who have not encashed the dividend warrant for the above period are requested to claim the amount from the Registrar of Companies, Coimbatore.
4. As per provisions of the Companies Act, Dividends remaining unpaid for a period of 7 years has to be transferred to Investor Education & Protection Fund established by the Central Government. The Company has already transferred unclaimed dividends upto 2001-2002 to Investor Education & Protection Fund. Dividend relating to the Financial Year 2002-2003 declared on 29.09.2003 and remaining unclaimed will be transferred to the above fund in October 2010.
5. Members who have till date not encashed their dividend warrants for the financial year 2002 - 2003, or any subsequent financial years are advised to claim the dividend from the Share Department of the Company at the earliest. **It may also be noted that once unclaimed dividends are transferred to the Investors' Education and Protection Fund, Members will lose their claim on these dividends.**
6. Members who are holding shares in physical form are requested to intimate immediately their change of address/ change of bank account, if any, to the Company/ Registrar and Share Transfer Agent quoting reference of the Registered Folio Number.

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7. Members who are holding shares in Electronic Form are requested to intimate immediately their change of address/ change of bank account, if any, to their respective Depository Participant.

8. Appointment/Reappointment of Directors:

A brief resume, nature of experience in specific functional areas and other directorship, membership in committees in respect of the appointment/reappointment of Directors are given in terms of clause 49 of the Listing Agreement.

Name : **Sri. V. Dharmaraj**

Age : 64 years

Qualifications : B.A., B.L.,

Expertise : Textile yarn business for more than 33 years

Equity Holding : 129220 (0.71%) Equity Shares of the Company.

Relationship : He is not related to any other Director on the Board of the Company.

Date of Appointment : 11.01.1991

Other Directorships : Sri Namagiri Lakshmi Finance and Chit Fund (P) Limited

Name : **Sri. P. Vijay Raghunath**

Age : 43 years

Qualifications : B.Com., B.L.,

Expertise : Practice in Law for past 16 years

Equity Holding : Nil

Relationship : He is not related to any other Director on the Board of the Company.

Date of Appointment : 28.06.2004

Other Directorships : Elgi Rubber Company Limited
Space Ventures (India) (P) Limited
English Tools and Castings Limited

Name : **Sri. M.D. Selvaraj**

Age : 56 years

Qualifications : M.Com, M.BA. FCS

Expertise : Experience in Finance and Secretarial functions for past 30 years.

Equity Holding : 2000 (0.01%) Equity Shares of the Company.

Relationship : He is not related to any other Director on the Board of the Company.

Date of Appointment : 01.11.2004

Other Directorships : Suryavardh Securities Private Limited
Treadsdirect Limited
Elgi Rubber Company Limited

By the Order of the Board
For Vijayeswari Textiles Limited

(Sd.) **K. Rajagopal**
Chairman & Managing Director

Date : 29.05.2010
Place : Coimbatore

VIJAYESWARI TEXTILES LIMITED



DIRECTORS' REPORT TO SHAREHOLDERS

To

The Members,

Your directors have pleasure in presenting the 56th Annual Report and the Audited Accounts for the financial year ended 31st March , 2010.

Financial Results:

| Particulars | Rs. in lakhs | |
|---|--------------|-----------|
| | 2009 - 10 | 2008- 09 |
| Profit before Interest, Depreciation and Tax | 2269.61 | 223.55 |
| Less : Interest | 1255.99 | 1408.72 |
| Depreciation | 547.63 | 685.20 |
| | 1803.62 | 2093.92 |
| Profit/(Loss) before Tax | 465.99 | (1870.37) |
| Less : Provision for Taxation | 94.78 | (651.64) |
| Less : Provision for diminution in value of Investment in WOS | 8.93 | - |
| Profit/(Loss) after Tax | 362.28 | (1218.73) |
| Add : Brought forward from previous year | (819.38) | 399.35 |
| Less : Transfer from General Reserve | 563.04 | - |
| Amount available for Appropriation | 105.94 | (819.38) |
| Transfer to General Reserve | - | - |
| Proposed Dividend @ 5% (out of past reserves) | 90.85 | - |
| Corporate Tax on Dividend | 15.09 | - |
| Balance carried to Balance Sheet | - | (819.38) |
| | 105.94 | (819.38) |

Dividend

The Board of Directors have recommended a dividend of Re.0.50 per Equity Share of Rs.10/- each (out of past reserves)

Review of operations

During the year under review, your Company's performance in terms of turnover remains stagnant despite the financial hardships in the first two quarters. As a result, your company's performance though hit hard by global recession in the first quarter has shown considerable performance in the next three successive quarters. The stimulus packages announced by the Government of India have also resulted in positive impact on the performance of textile industries as a whole. The recessionary trend in the export market to some extent appears to be lessening but the impact

continues to be felt by the Indian textile industries. During the year under review, your Company has received good response from the international trade fairs it attended and enquires from various customers are encouraging. Your Company has taken various effective cost control methods resulting in better economies of production and purchases throughout the financial year 2009-2010 which might help the Company to overcome the recessionary trend in the export market.

During the year under review, your company has made attempts to foray into domestic arena as well and is trying to gain a reasonable market share in the Indian domestic market particularly in the hospitality segment viz., hotels and hospitals.

Milestone

Your company has achieved yet another milestone by winning the "Five Star Award" awarded by

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Macy's Merchandising Group for 11th year in a row in recognition of its continued outstanding service to Macy's Merchandising Group. Your Company is the only company to achieve this mammoth feat in the entire Asian region.

Future

The future of your Company's performance looks promising and the reason being that the project expansion programme has reached the final phase and is expected to provide with increased capacity from financial year 2010-11 onwards. The current scenario turns out to be robust and are likely to favour the Indian textile industries in near future. The Government particularly Ministry of Textiles has devised various policies to counter the impact of global recession by way of extending TUF subsidy and other measures for the growth of Indian textile industries.

The future of Indian textile industries hinges on various other factors such as raw material availability, cheap man power and government policies etc. The revival of major economies like US and European Union also plays a significant role for the future of textile industries which nearly accounts for 50% of export market for bed linen products and home textiles.

Your Company is making all attempts to explore newer markets in the South American continent like Brazil, Argentina and Columbia. Your Company is slowly making inroads in the domestic market comprising hotels and hospitals. The response received in various domestic fairs participated by the Company from hospital and hospitality customers is positive and gives a boost to increase its foothold in the domestic market.

Internal control system and their adequacy

The Company has an adequate system of internal controls commensurate with its size and nature of business to ensure adequate protection for the Company's resources, provision of accurate and speedy financial reports and compliance with the company's policies, procedures and legal obligations.

The audit Committee meets periodically with the management, internal auditors and statutory auditors to review the internal audit and internal control systems.

Subsidiaries

In line with the requirement to present consolidated accounts, the consolidated financials of the Company including subsidiaries have been included in this annual report. Statement required under Section 212 is attached in this report.

Dematerialization

Out of the 181,69,240 shares, 171,96,373 equity shares stands dematerialized. M/s Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Ltd), Mumbai having its branch office at Coimbatore have been retained as the Registrar and Transfer Agents for all shares both in electronic and physical form.

Initial Public Offering of Equity Shares

To part finance the expansion project, the Company during March 2007 had come out with a public Issue of 90,00,000 Equity shares of Rs.10/- each at price of Rs.100/- for cash at a premium aggregating to Rs.90 crores. The issue proceeds have been partly used for the project and partly kept in income yielding investments pending utilisation. The details of such utilization are furnished in the notes on accounts. The expansion project plan is nearing completion and is expected to be in full operations from the financial year 2010-11.

Listing of Shares

Your Company is listed on the Bombay Stock Exchange Limited, Mumbai and the Madras Stock Exchange Limited, Chennai.

Status of Project Expansion Programme

The project expansion programme of the company has reached its final phase of completion and the proposed utilization of all its installed facilities is expected to yield good results in the coming years.

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Directors

In accordance with the provisions of the Articles of Association, the following Directors retire by rotation at the ensuing Annual General meeting and are eligible for re - appointment.

1. Sri. V. Dharmaraj
2. Sri. P. Vijay Raghunath
3. Sri. M.D. Selvaraj

The Board of Directors at their meeting held on 29.05.2010 have re-appointed Sri.K.Rajagopal as Chairman and Managing Director for a period of 3 years w.e.f 26th October 2010. Necessary resolution has been proposed for the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Unclaimed Fixed Deposits

Unclaimed Fixed Deposits as on 31.03.2010 are Rs.12.04 lakhs as against Rs.13.34 lakhs as on 31.03.2009

Auditors

M/s. Subbchar & Srinivasan retire in the ensuing Annual General Meeting and are eligible for reappointment.

Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that they have:

- a. followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanations relating to material departures;
- b. selected suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and

- d. prepared the Annual Accounts on a going concern basis.

Other information

Particulars as required by Section 217 (1) (e) of the Companies Act, 1956, relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are provided as an annexure to this report. In terms of sub-section (2A) of Section 217 of the Companies Act, 1956, the Company has no employee drawing salary exceeding Rs.24 lakhs per annum or Rs.2 lakhs per month during the year under review.

Corporate Governance

A separate report on the compliance with Clause 49 of the Listing Agreement with the Stock Exchanges and the Auditors' Certificate on its compliance form part of this Report.

Approval from Minsitry of Corporate Affairs

The Company has obtained approval from the Ministry of Corporate Affairs, New Delhi vide letter No: 47/74/2010 – CL – III dated 05th February, 2010 in terms of Section 212(8) of the Companies Act, 1956 exempting the Company from attaching the Balance Sheet and Profit & Loss Account of the Subsidiaries namely (1) Vijayeswari UK Ltd (2) Vijayeswari USA LLC along with the report of Board of Directors and that of Auditors' thereon, with the company's accounts for the year ended 31st March, 2010. Accordingly, the Audited accounts and report of Directors & Auditors of the subsidiary companies (1) Vijayeswari UK Ltd (2) Vijayeswari USA LLC are not attached to the Balance Sheet of the Company.

As directed by the Central Government, the accounts of the subsidiaries are consolidated with the accounts of Company in accordance with Accounting Standard 21 (AS 21) prescribed by the Institute of Chartered Accountants of India and Listing Agreement prescribed by Securities

VIJAYESWARI TEXTILES LIMITED



Exchange Board of India. The Consolidated accounts duly audited by the statutory auditors and the consolidated balance sheet information form part of the annual report.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members and investors upon receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary companies concerned. Any member or investor can

inspect the same during the business hours of any working day.

Acknowledgement

The Board wishes to acknowledge with thanks the continued assistance from the bankers Andhra Bank, Oriental Bank of Commerce, Indian Overseas Bank, United Bank of India, UCO Bank and Yes Bank.

Your Directors take this opportunity to thank all the customers, employees and shareholders of the Company for their cooperation extended to the Company.

Date : 29.05.2010
Place : Coimbatore

By the Order of the Board
For Vijayeswari Textiles Limited
(Sd.) **K. Rajagopal**
Chairman & Managing Director

VIJAYESWARI TEXTILES LIMITED



FORM A

[As per Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988]

A. Power and Fuel Consumption

| | 2009-10 | 2008-09 |
|--|-------------|-------------|
| 1. ELECTRICITY | | |
| a) Purchased | | |
| Units | 1,48,06,279 | 1,09,59,449 |
| Total Amount (in Rs.) | 7,27,55,769 | 6,36,64,212 |
| Rate per unit (in Rs.) | 4.91 | 5.84 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units | 26,83,246 | 22,15,761 |
| Units per Litre of Diesel Oil | 3.25 | 2.65 |
| Cost per Unit (in Rs.) | 11.03 | 11.64 |
| ii) Through Steam Turbine/Generator/WindMill | | |
| Units (Windmill energy produced) | 1,21,75,740 | 2,16,12,494 |
| Units per litre of Fuel Oil/Gas | - | - |
| Cost per unit | - | - |
| 2. COAL | | |
| Quantity (Tonnes) | - | - |
| Total Cost | - | - |
| Average rate | - | - |
| 3. FURNACE OIL | | |
| Quantity (K. Litres) | - | - |
| Total Amount (in Rs.) | - | - |
| Average rate (in Rs.) | - | - |
| 4. OTHERS/INTERNAL GENERATION | | |
| Quantity | - | - |
| Total Cost | - | - |
| Rate per unit | - | - |

B. Consumption per unit of production

| | | |
|---------------------------------------|------|------|
| Units consumed/product (with details) | | |
| Electricity/Furnace oil/Coal/others | 6.60 | 7.78 |
| 1. Electricity | | |
| 2. Furnace oil | | |

C. Research & Development Expenditure :

Our Company is a member of South India Textile Research Association & SIMA Cotton Development and Research Association. Apart from this, Company has not taken up separate research and development work.

D. Foreign Exchange Earnings

The details of Foreign Exchange Earnings and outgo are furnished in Schedule 22B (6) & (7) of our Balance Sheet.

By the Order of the Board
For Vijayeswari Textiles Limited

(Sd.) K. Rajagopal
Chairman & Managing Director

Date : 29.05.2010
Place : Coimbatore

VIJAYESWARI TEXTILES LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Textile Industry

The Indian Textile industry impacted by global recession and demand slowdown is on the verge of recovery and it is projected that exports are likely to grow by 10% in the current financial year. The Indian Textile industry is set to return to the recovery path in the year 2010-11. However, the recovery is subject to increase in demand for textile products, continuation of government stimulus package, liquidity position and various other factors influencing the textile sector.

The textile sector, as a whole, witnessed over 2 percent decline in exports at about \$20 billion in financial year 2009 compared with the previous fiscal. World trade in Textiles & Clothing (T&C) declined to US\$477.23 billion in January- December 2009 from US\$ 584.61 billion in January – December 2008, a decline of 18.37%. In US alone, the import from India recorded a decline of 13.56% with a value of US\$ 4791.85 million during January – December 2009 and in European Union (EU) region, shown a decline of 8.94% with a value of US\$ 8272.90 million during January – December 2009. Recent reports states that overall US imports of cotton recorded a growth of 3.67% during the beginning of 2010 when compared with January 2009. Also, the imports of USA from India has recorded a considerable growth margin of 7.93% but the situation in EU region is completely bleak and is yet to show some sign of recovery from the global slowdown.

The fiscal measures announced by the government during the time of crisis played a pivotal role in the revival of fortunes for the Indian Textile industry. Some experts still believe that the worst is not yet over and the temporary relief provided to the industry would soon be exhausted or become ineffective in the years to come. Most others are quite confident that these measures would benefit the sector in the long run and would strengthen its competitiveness in the global market.

Impact of Economic slowdown and its after effects

The industrial world which reeled under severe economic crisis during the last fiscal since the great depression has slowly eased the pressures. Major economies like US and EU have recorded substantial growth in their performance which resulted in increase of investors' confidence globally. The Asian region should have been given due credit for showing resilient and indeed spearheaded the economic revival throughout the world.

Opportunities

- ❖ The Company has successfully forayed in the hospitality segment viz., hotels and hospitals. The company is participating in all hospitality fairs throughout India to establish identity and recognition for its products in the domestic arena.
- ❖ The Company is taking necessary measures in brand building for its products in the domestic market as well as international market. The Company realizes the potential in establishing a unique brand identity for its products which serves the Company in competing globally as well as domestically.
- ❖ The Company is exploring all possible avenues to set up retail showrooms in and around the region to establish a geographical identity for its products. This will enable the customers to identify the company's product with geographical importance.

Present Developments

The Company has successfully reached the final phase of completion of the project expansion programme during the financial year 2010. This would result in higher turnover and profitability in the ensuing years. The optimum utilization of these installed capacities would again depend on the order book position of the Company in future.

Threats to the Industry

A recent report by Fitch suggests that the export is likely to grow by 10% during the current financial

VIJAYESWARI TEXTILES LIMITED



year. However, there prevails difference of opinion amongst various experts relating to revival of economic growth. Some experts feel that the economy is yet to come out of the woods whereas others feel that the worst is over and the global economy is on the path of recovery.

Revival of major economies like US and EU still poses a major threat to the industry as its dependence proved futile during the crisis period. The exports to these two regions still accounts considerable share to the Indian textile industry and any bad news from these two regions will haunt the industry severely.

The currency fluctuation also causes a major havoc for the Indian textile industry and the crisis in European region particularly situation in countries like Greece, Spain etc poses additional threat to the industry. The current instability in forex market like depreciation of greenback against major currencies and likely fallout of Euro currency due to debt burden in certain European countries would cause additional burden on the industry.

Threats to the Company:

The Company has successfully reached the final phase of completion of its project expansion programme during the current financial year and the optimum utilization of its installed capacity is largely dependent on the increase in order book position of the company in future.

Due to increase in competition globally as well as domestically, there arises need to follow the austere measures in the operational side and the shift of focus would be more on striving for continuous improvement in quality aspects of the products. This would help the company to strengthen its

competitiveness in the global arena particularly against the big players in the market.

It is indeed identified that the Company's dependence on US and EU region has caused hardship and the Company is slowly shifting its focus to newer regions like Brazil, South Africa, Argentina, Australia, Columbia etc for its growth.

The fluctuation in forex market also poses a major threat to the Company due to its large dependence on US and EU customers and the availability of raw material at a reasonable price is also one of the main concerns for the Company. Sudden spurt in yarn prices, non availability of raw material at reasonable prices and unfavourable government policies affecting the procurement of raw material also considered as possible future threats to the Company.

Personnel:

The Company is making all possible steps to retain the talents within the organization with its sound HR policies and practices. New talents are being inducted on a regular basis for the betterment of the company and the employees as well. Relationship with the employees remained cordial throughout the year.

Cautionary Statement

Statements in this report, especially those relating to Management Discussion and Analysis giving details of company's objectives, projections estimates and expectations may be construed as "forward looking statements" within the realm of applicable laws and regulations. Actual results might be liable to differ materially from those either expressed or implied.

Date : 29.05.2010
Place : Coimbatore

By the Order of the Board
For Vijayeswari Textiles Limited
(Sd.) **K. Rajagopal**
Chairman & Managing Director

VIJAYESWARI TEXTILES LIMITED



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value of all its stakeholders through sound and professional governance.

2. Board of Directors

The present strength of the Board is Ten Directors of which three Directors, including Chairman & Managing Director, Managing Director and Joint Managing Directors are Executive Directors. There are seven Non-Executive Directors and all of them are Independent directors. The Non-Executive Directors bring independent judgment in the board's deliberation and decisions.

The composition of the directors and their attendance at the Board Meeting during the year and at the last Annual General Meeting, and also the number of the other directorships are as follows.

| Name of the Director | Category of Directorship | No. of Board Meetings attended | Attendance at the last AGM | No. of other Directorship held in Public Companies # | No. of Committee positions held in other Companies as Member / Chairman © |
|---------------------------|--|--------------------------------|----------------------------|--|---|
| Sri. K. Rajagopal | Executive Chairman & Managing Director. Promoter | 2 | Yes | 2 | - |
| Sri. A.L. Ramachandra | Managing Director. Promoter | 4 | Yes | 2 | - |
| Smt. Jayanthi Ramachandra | Joint Managing Director. Promoter | 4 | Yes | 1 | - |
| Sri. P. Vijay Raghunath | Non-Executive Independent | 3 | Yes | 2 | -/2 |
| Sri. V. Dharmaraj | Non-Executive Independent | 3 | Yes | - | - |
| Sri. N. Balakrishnan | Non-Executive Independent | 5 | Yes | 1 | 1/1 |
| Sri. Durai Ramaswamy | Non-Executive Independent | 4 | No | 1 | 1/- |
| Sri. M.D. Selvaraj | Non-Executive Independent | 5 | Yes | 2 | 2/4 |
| Capt. K.V. Narayanan | Non-Executive Independent | 5 | Yes | 1 | - |
| Sri. K. Selvaraj | Non-Executive Independent | 3 | Yes | - | - |

Excludes directorship in Private Companies and Foreign Companies.

© Only Audit Committee, Remuneration Committee and Investor Grievance Committee are considered.

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Sri. K. Rajagopal, Chairman and Managing Director, Sri. A.L. Ramachandra, Managing Director Smt. Jayanthi Ramachandra, Joint Managing Director are related amongst themselves.

Five Board Meetings were held during the 12 month period ending 31.03.2010. The date on which meetings were held are as follows.

| | | | | | |
|--------------------------|------------|------------|------------|------------|------------|
| Dates of Meeting | 30.06.2009 | 23.07.2009 | 04.09.2009 | 06.11.2009 | 30.01.2010 |
| No. of directors present | 6 | 7 | 9 | 8 | 8 |

3. Audit Committee

This Committee comprises 4 non- executive independent directors. The role, power and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges. The terms of reference of this Committee are as required by SEBI – under Clause 49 of the Listing Agreement. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

| Name of the Member | Status | No. of Meetings attended |
|------------------------------|-------------------------------|--------------------------|
| Sri. V. Dharmaraj (Chairman) | Non - Executive - Independent | 3 |
| Sri. N. Balakrishnan | Non - Executive - Independent | 4 |
| Sri. Durai Ramaswamy | Non - Executive - Independent | 4 |
| Sri. M.D. Selvaraj | Non - Executive - Independent | 4 |

The Committee met 4 times during the year on 30.06.2009, 22.07.2009, 05.11.2009 and 29.01.2010. The composition of the Audit Committee and details of their attendance at the meeting are as follows.

The representatives of Statutory and the Internal Auditors of the Company had also attended the meeting. The minutes of the Audit Committee meetings were circulated to the Board for approval and ratification. The Audit Committee considered and reviewed the financial reports for the year 2009-10 before it was placed before the Board.

4. Remuneration Committee

The Remuneration Committee presently comprises 3 Non-executive Directors, viz Sri. P. Vijay Raghunath, Sri. M.D. Selvaraj and Sri. V. Dharmaraj. The main scope of the Committee is to determine and recommend to the Board, the persons to be appointed/ re-appointed as Executive Directors. The Committee also determines and recommends to the Board on the financial component and the incentives/commissions to the Executive Directors.

The Remuneration Committee meeting held on Saturday, the 30th January 2010 had reviewed and approved the re-appointment of Sri. K. Rajagopal as Chairman and Managing Director for a further period of one year with effect from 26th October 2009.

Details of remuneration paid to the Directors for the year ended 31st March, 2010.

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a) Executive Directors

| Name | Position | Total Remuneration (Rs. in lakhs) | Service Contract |
|---------------------------|------------------------------|-----------------------------------|-------------------------|
| Sri. K. Rajagopal | Chairman & Managing Director | 22.53 | 1 year from 26.10.2009 |
| Sri. A.L. Ramachandra | Managing Director | 18.67 | 5 years from 01.07.2007 |
| Smt. Jayanthi Ramachandra | Joint Managing Director | 18.67 | 5 years from 13.09.2005 |

Remuneration include salary & Company's contribution to P.F.

b) Non Executive Directors

The non-executive directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. The details of sitting fees paid during the year to the Non-executive directors are given below. The non-executive directors do not draw any other remuneration from the company.

| Name of the Director | Sitting Fees (in Rs.) |
|-------------------------|-----------------------|
| Sri. P. Vijay Raghunath | 24,000 |
| Sri. V. Dharmaraj | 48,000 |
| Sri. N. Balakrishnan | 72,000 |
| Sri. Durai Ramaswamy | 64,000 |
| Sri. M.D. Selvaraj | 72,000 |
| Capt. K.V. Narayanan | 40,000 |
| K. Selvaraj | 24,000 |

There has been no materially relevant precuniary transaction or relationship between the Company and its non-executive independent directors during the year.

5. Shareholding of Non-Executive Directors

| Name of the Director | No. of Shares | Percentage |
|----------------------|---------------|------------|
| Sri. V. Dharmaraj | 129220 | 0.71 |
| Sri. Durai Ramaswamy | 24000 | 0.13 |
| Sri. M.D. Selvaraj | 2000 | 0.01 |

Other non-executive directors do not hold any shares in the Company. The Company currently does not have any Stock Option Scheme.

6. Investors' / Shareholders' Grievance Committee

The Share Transfer and Investor Grievance Committee had met 8 times during the year 2009-2010. The functions of the committee are to review and redress shareholder's / investors' query/ grievance/ compliant on matters relating to transfer of shares, non-receipt of dividend warrants, etc. and to approve transfers, transmissions, consolidation and splitting of the share certificates.

The composition of Share Transfer and Investors' Grievance Committee and the attendance of the members at the meeting are given below.

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| Name of the Member | Status | No. of Meeting attended |
|------------------------------|-------------------------------|-------------------------|
| Sri. V. Dharmaraj - Chairman | Non - Executive - Independent | 8 |
| Sri. A.L. Ramachandra | Managing Director | 8 |
| Smt. Jayanthi Ramachandra | Joint Managing Director | 8 |

Mr. S. Suresh, is the Company Secretary and Compliance Officer of the Company. The Minutes of the Share Transfer and Investors' Grievance Committee were placed at the Board meeting. During the year the company had received NIL complaints from the shareholders. There were no transfers pending at the close of the financial year.

7. Annual General Meetings

Location and date / time for last three Annual General Meetings are

| Year | Location | Date | Time |
|-----------|---|------------|---------|
| 2006-2007 | Puliampatti, Pollachi | 17.08.2007 | 4.00 pm |
| 2007-2008 | Arulmigu Meenakshi Amman Vellivizha Samuga Koodam, Mahalingapuram, Pollachi - 642 002 | 27.09.2008 | 4.00 pm |
| 2008-2009 | Puliampatti, Pollachi | 04.09.2009 | 4.00 pm |

No Extra Ordinary General Meeting was held during the year 2009-10.

No Postal ballot was conducted during the financial year 2009-10

The board does not recommend any other special resolution for the approval of the members through postal ballot.

8. Details of special resolutions passed in previous three AGM's

| Year | Details of special resolution(s) passed |
|-----------|--|
| 2006-2007 | (1) Re-appointment of Managing Director. (2) Increase in remuneration payable to Chairman & Managing Director. (3) Increase in remuneration payable to Joint Managing Director. |
| 2007-2008 | (1) Insertion of new clause (vv) in Object clause III of the Memorandum of Association - Pursuant to section 17 of the Companies Act, 1956. (through Postal Ballot) (2) Commencement of new business - Pursuant to section 149 (2A) of the Companies Act, 1956. |
| 2008-2009 | No special resolution was passed. |

9. Disclosures

There were no materially significant related party transactions, which has potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the Related Parties are disclosed in **Note no. 23 of Schedule 22-B** to the Accounts in the Annual Report.

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During the last three years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

9A Disclosure under New Clause 5A of the Listing Agreement

As per SEBI Circular no SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April 2009, all listed companies shall disclose the following details in the following manner:

| Particulars | No. of Shareholders | Total No. of Shares |
|--|---------------------|---------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account as on 01.04.2009 – | 36 | 3950 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | 1 | 100 |
| Number of shareholders to whom shares were transferred from suspense account during the year | 1 | 100 |
| Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2010 | 35 | 3850 |

The Company has opened a separate demat account under the name and style of Vijayeswari Textiles Limited – unclaimed shares demat account with Coimbatore Capital Ltd , Coimbatore solely for the above specific reasons and the voting rights of unclaimed shares as on 31.03.2010 shall remain frozen till the rightful owners of such shares claim these shares.

Compliance with Corporate Governance Norms:

The Company has complied with all the mandatory requirements of Corporate Governance Norms as enumerated in Clause 49 of the listing agreement with the Stock Exchanges.

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the listing agreement.

The Company has set-up a remuneration committee as mentioned above in **Item No.4**.

The other non-mandatory requirements have not been adopted by the Company.

Whistle Blower Policy

The Company does not have any Whistle Blower Policy. However the employees are not denied the direct access to the Managing Director. Besides this the Managing Director is reachable via e-mail and telephone.

Means of Communications

Unaudited Quarterly results/ Half yearly Unaudited Financial Results and the Annual Audited Financial Results are regularly intimated to the stock exchanges after the same was taken on record by the board. The financial results are normally published in the following dailies – Financial Express, Business Standard and Malai Malar and displayed on the Company's website www.vtx.co.in and the statutory documents are also filed on the Corporate Filing and Dissemination System (CFDS) at www.corpfiling.co.in through Corp filing portal pursuant to clause 52 of the Listing Agreement. The Company has opted to publish the Audited Annual Results for the year 2010 within the stipulated time and the same was published.

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Official news releases are made whenever it is considered necessary.

There were no specific presentations made to Institutional Investors or to the Analysts during the year.

Management Discussion & Analysis is annexed to the Directors' Report which forms part of the Annual Report.

Code of Conduct

The Board of Directors has laid down a code of conduct for all the Board Members and Senior Management of the company. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

The company's Managing Director's declaration to this effect forms part of this report.

The Company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Director / Officers/ Designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

10. General Shareholders Information

| | |
|--|---|
| AGM - Date & Venue | : 31.07.2010 at 4 pm at 2/185, Puliampatti (via), Pollachi, Coimbatore Dt. - 642 002 (Registered Office of the Company) |
| Financial Calendar | : Financial year - April to March |
| | (i) First Quarter Results - last week of July 2010 |
| | (ii) Half-yearly Results - last week of October 2010 |
| | (iii) Third Quarter Results - last week of January 2011 |
| | (iv) Annual Audited Results - last week of May 2011 |
| Date of Book Closure | : 21.07.2010 -31.07.2010 (both days inclusive) |
| Dividend 2009-2010 | : Re.0.50 per Equity Share of Rs.10/- each (5%) |
| Dividend payment date | : Within 25 days from the date of AGM |
| Listing on Stock Exchange | : Madras Stock Exchange Ltd. "Exchange Building" Post Box No.813, 11, Second Line Beach Chennai - 600 001 Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001. (Annual Listing fees paid to Madras Stock Exchange Ltd. & Bombay Stock Exchange Limited.) |
| Type of security | : Equity - Scrip Code: 532824 |
| International Security Identification No. (ISIN) Under Depository System | : INE119G01025 |

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Market Price Data

The high and low prices during each month in the last financial year on Bombay Stock Exchange Limited are given below.

For the Period : April 2009 to March 2010 (Monthly High Low Prices of the Stocks)

| Month | Apr'09 | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan'10 | Feb | Mar |
|----------------------|--------|-------|--------|-------|--------|--------|-------|--------|--------|--------|--------|--------|
| High Price | 11.65 | 15.90 | 16.00 | 13.00 | 13.10 | 14.30 | 13.25 | 15.45 | 19.06 | 26.40 | 22.35 | 18.30 |
| Low Price | 8.25 | 9.50 | 11.40 | 9.89 | 10.71 | 12.05 | 11.30 | 10.25 | 13.18 | 18.30 | 15.55 | 15.35 |
| No. of Shares | 98039 | 84625 | 115122 | 27305 | 137147 | 179079 | 92159 | 119614 | 189050 | 529015 | 107002 | 328904 |

No. of Shareholders as on 31.03.2010 : 4421

Details of past Share Issues : Original Issue : 1954 - 1955
Bonus Issue : 1981 - 1982
Bonus Issue : 1991 - 1992
Rights Issue : 2003 - 2004
Bonus Issue : 2006 - 2007
Public Issue : 2006 - 2007

Share Registrar for physical and electronic form of shares :

The Company has appointed M/s. Link Intime India Pvt Ltd.

C-13, Pannalal Silk Mills compound, Bhandup (West), Mumbai 400 078,

(having its branch office at Coimbatore) to act as Registrar and Transfer Agents to handle all investor services relating to shares held in physical form as well as in electronic mode.

The address of their Coimbatore Branch is given below :

Link Intime India Pvt Ltd.

"Surya"35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road,

Coimbatore – 641 028 Phone : 0422-2314792, 2315792 Fax : 0422 - 2314792.

E-mail : coimbatore@linkintime.co.in

Share Transfer System :

The Investors' Relation Committee meets as and when required for approving share transfers and for other related activities.

Shares sent for physical transfers would be registered and returned within an average period of 15 days from the date of receipt, if the documents are clear in all respects.

Trading in equity shares of the Company is permitted only in dematerialized form.

The time taken to process dematerialization requests are 1 to 5 days from the date of receipt of Demat Request Forms.

As at 31st March 2010 there were no Equity Shares pending for transfer. Also, there were no Demat requests pending as on 31st March, 2010.

Investors' Services :

The company has attended all the investors' grievances and correspondence within a period of 7 days from the date of receipt of the same during the year 2009 -2010.

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Equity Shareholding Pattern As on 31st March 2010

| Classification | No. of Shares | % |
|---------------------------------|-----------------|---------------|
| Promoters & Group | 8549794 | 47.06 |
| Banks/Financial Institutions | 1746872 | 9.61 |
| Foreign Institutional Investors | 31668 | 0.17 |
| Private Corporate Bodies | 4269676 | 23.50 |
| Non Resident Indians | 131523 | 0.72 |
| Indian Public | 3439707 | 18.93 |
| Total | 18169240 | 100.00 |

Distribution of Shareholdings as on 31st March 2010

| Slab (No. of Shares) | No. of Shareholders | No. of Shares | % of shares |
|-------------------------|------------------------|------------------|----------------|
| 1 to 500 | 3488 | 553373 | 3.05 |
| 501 to 1000 | 430 | 343407 | 1.89 |
| 1001 to 2000 | 242 | 387298 | 2.13 |
| 2001 to 3000 | 64 | 166443 | 0.92 |
| 3001 to 4000 | 40 | 146201 | 0.80 |
| 4001 to 5000 | 32 | 148227 | 0.82 |
| 5001 to 10000 | 48 | 349603 | 1.92 |
| Above 10000 | 77 | 16074688 | 88.47 |
| Total | 4421 | 18169240 | 100.00 |

Secretarial Audit

In Keeping with the requirements of the SEBI and the Stock Exchanges, a secretarial audit by a Practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued /paid-up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Shares dematerialised with :

National Securities Depository Ltd.,
4th Floor, Trade World, Kamala Mills Compound, S.P. Marg Lower Parel, Mumbai - 400 013.

Central Depository Services (India) Ltd.,
P.J. Tower, 28th Floor, Dalal Street, Mumbai - 400 001.

Total Shares dematerialized as on 31.03.2010

As on 31st March 2010, **94.65%** of the total equity capital is held in the demat form with NSDL and CDSL. The Company's equity shares are in the compulsory demat mode.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

PLANT LOCATIONS :

| Spinning Division | Weaving Division | Processing Division | Madeups Division |
|--|------------------------|---|-------------------------------------|
| Puliampatti, (via Pollachi) Coimbatore | Arakkulam, Palladam | SIPCOT, Industrial Complex, Perundurai | Kuniamuthur, Coimbatore - 641008 |

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For Annual Report, Transfer of Physical Shares, change of address, payment of dividend on shares and any other query relating to the shares of the Company and Investors' correspondence may be addressed to:

Corporate Office :

The Compliance Officer, 10/400 Palghat Road, Kuniamuthur Coimbatore – 641 008.
Ph: 0422 2252661 Fax: 0422 2251538 Email:investors@vtx.co.in

or

Link Intime India Pvt Ltd. (Branch Office)

“Surya” 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641 028
Ph: 0422 - 2314792, 2315792 Fax: 0422 – 2314792 Email:coimbatore@linkintime.co.in

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address/ change of bank account, if any, to their respective Depository Participant (DP).

DECLARATION

It is hereby declared that all the Board Members, Senior Management and Employees of the Company have affirmed to and compliance with the 'Code of Conduct' laid down by the Company, as on 31st March 2010.

By the Order of the Board
For Vijayeswari Textiles Limited

Date : 29.05.2010
Place : Coimbatore

(Sd.) **K. Rajagopal**
Chairman & Managing Director

Auditors Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with Stock Exchanges

To
The
Members

M/s. Vijayeswari Textiles Limited
Puliampatti (Via) Pollachi Coimbatore District

We have examined the compliance of conditions of Corporate Governance by VIJAYESWARI TEXTILES LIMITED for the year ended on 31.03.2010 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance Note on certification of Corporate Governance, 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 to us and

on the basis of the examination described above, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Registrar and Share Transfer Agents of the Company and on the basis of the records maintained by the Share Transfer and Investor Grievance Committee of the Company, we state that no investor grievance is pending for a period exceeding one month.

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 Subbachar & Srinivasan

Firm Reg. No.004083S
Chartered Accountants

(Sd.) **T.S.V. Rajagopal**

Partner ,

Place : Coimbatore

Date : 29.05.2010

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



AUDITORS' REPORT

To

The Shareholders of the Company

We have audited the attached Balance Sheet of **VIJAYESWARI TEXTILES LIMITED** as at **31st March 2010**, the Profit & Loss Account for the period ended on that date 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require 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.

As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we have enclosed in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.

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 account as required by law have been kept by the company so far as appears from our examination of those books
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

- e) On the basis of the written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of directors, we report that none of the Directors, is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.

Without qualifying our report we draw attention to

1. Note No. 28 regarding adoption of depreciation rates applicable to continuous process plant in respect of plant and machinery of spinning and processing units and wind mills which is a technical matter. Due to this policy adopted by the company depreciation for the year is lower by Rs. 295.83 Lakhs with consequential effect on the profit for the year.
 2. Note No. 30 regarding capitalization of Rs. 1027.14 lakhs of borrowing costs and expenses pertaining to the integrated project, reversal of such borrowing costs and expenses of Rs. 689.61 lakhs and lower depreciation of Rs. 278.71 lakhs and reversal of excess depreciation of Rs. 264.20 lakhs.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said 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,
- 1) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010 and
 - 2) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.
 - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Subbachar & Srinivasan

Firm Reg. No.004083S

Chartered Accountants

(Sd.) **T.S.V. Rajagopal**

Partner,

Place : Coimbatore

Date : 29.05.2010

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in Para 3 of our Audit Report of even date]



1. In respect of its Fixed Assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The company has physically verified certain fixed assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. The company has not disposed off any substantial fixed assets during the year of audit.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, 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. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
3. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and as such clauses (iii) (a) to (iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control systems.
5. In respect of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, particulars of such contracts or arrangements have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sec. 58A and Sec. 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company pursuant to the Order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determining whether these are accurate and complete.
9. According to the information and explanations given to us in respect of the statutory dues:
 - a. The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor

VIJAYESWARI TEXTILES LIMITED



Education and protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service Tax, Sales Tax, Customs duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year, except the delays in the following cases:

| Nature of Payment | Amount Rs. in Lakhs |
|-------------------|------------------------|
| T.D.at source | 68.63* |

* Out of the above Rs. 14.25 Lakhs has been paid after 31st March 2010.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.

b. The details of disputed statutory dues are as under:

| Name of the Statute | Nature of the dues year | Amount [Rs. in lakhs] | Period to which it relates | Forum where dispute is pending |
|----------------------|-------------------------|-----------------------|---|--------------------------------|
| Income Tax Act, 1961 | Income tax and interest | 57.77* | A.Y.1999-00 A.Y. 2000-01 A.Y. 2004-05 A.Y. 2005-06 | CIT(A) / ITAT |
| Income Tax Act, 1961 | Income tax and interest | 236.75* | A.Y. 2006-07 | CIT(A) |

* Since paid Rs. 91.10 lakhs

10. The company has no accumulated losses as at the end of the year. It has not incurred cash losses during the financial year covered by our audit but has incurred a cash loss in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/society and as such reporting under clause (xiii) of the Order is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and as such clause (xiv) of the Order is not applicable to the company.
15. 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.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet/Sources and Application of Funds of the company, we are of the opinion that funds raised on short term basis have, prima facie, not been used during the year for long term investments.
18. The company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year. The end use of the monies raised by public issue during the earlier year to the extent deployed and as disclosed in the financial statements has been verified.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

For Subbarchar & Srinivasan
Firm Reg. No.004083S
Chartered Accountants
(Sd.) **T.S.V. Rajagopal**

Place : Coimbatore

Date : 29.05.2010

Partner,
Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



BALANCE SHEET AS ON 31ST MARCH 2010

| | Schedule No. | | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-----------------|------------------|-------------------------------------|-------------------------------------|
| I Sources of Funds | | | | |
| 1. Shareholder's Funds | | | | |
| a. Share Capital | 1 | 1,816.92 | 1,816.92 | |
| b. Reserves & Surplus | 2 | <u>11,232.31</u> | <u>13,049.23</u> | <u>10,975.97</u> |
| 2. Loan Funds | | | | |
| a. Secured Loans | 3 | 25,777.96 | 21,716.84 | |
| b. Unsecured Loans | 4 | <u>601.01</u> | <u>26,378.97</u> | <u>601.89</u> |
| 3. Deferred Tax Liability | | | <u>267.44</u> | <u>172.66</u> |
| TOTAL | | | <u>39,695.64</u> | <u>35,284.28</u> |
| II Application of Funds | | | | |
| 1. Fixed Assets | 5 | | | |
| Gross Block | | 17,846.80 | 13,654.90 | |
| Less : Depreciation | | <u>4,770.01</u> | <u>4,488.18</u> | |
| Net Block | | <u>13,076.79</u> | 9,166.72 | |
| Capital Work in progress | | <u>6,101.91</u> | <u>6,285.10</u> | |
| | | <u>19,178.70</u> | <u>15,451.82</u> | |
| Preoperative Expenses Pending Capitalisation | | <u>1,138.00</u> | <u>110.86</u> | 15,562.68 |
| 2. Investments | 6 | | <u>739.21</u> | <u>2,054.94</u> |
| 3. Current Assets, Loans & Advances | | | | |
| a. Inventories | 7 | 9,379.56 | 8,765.18 | |
| b. Sundry Debtors | 8 | 3,706.06 | 4,404.07 | |
| c. Cash and Bank Balances | 9 | 2,345.00 | 433.22 | |
| d. Loans and Advances | 10A | 4,086.21 | 4,489.79 | |
| e. Other Current Assets | 10B | <u>1,195.83</u> | <u>1,242.84</u> | |
| | | <u>20,712.66</u> | <u>19,335.10</u> | |
| Less : Current Liabilities and provisions | | | | |
| a. Current Liabilities | 11 | 2,589.92 | 2,404.06 | |
| b. Provisions | 12 | <u>142.84</u> | <u>31.65</u> | |
| | | <u>2732.76</u> | <u>2,435.71</u> | |
| NET CURRENT ASSETS | | | 17979.90 | 16,899.39 |
| 4. Miscellaneous Expenditure (To the extent not written off or adjusted) | 13 | | <u>659.83</u> | <u>767.27</u> |
| TOTAL | | | <u>39,695.64</u> | <u>35,284.28</u> |
| Significant Accounting Policies | 22A | | | |
| Notes Forming Part of Accounts | 22B | | | |
| Statement pursuant to Part IV | | | | |

The Schedules referred to above form an integral part of this Balance Sheet.

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **A.L. Ramachandra**
Managing Director

As per our Report of even date attached

For Subbachar & Srinivasan

Firm Reg. No.004083S
Chartered Accountants

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director

(Sd.) **V. Dharmaraj**
Director

(Sd.) **T.S.V. Rajagopal**

Partner
Membership No. 200380

Coimbatore
29.05.2010

(Sd.) **R. Ramesh** (Sd.) **S. Suresh**
Chief Financial Officer Company Secretary

VIJAYESWARI TEXTILES LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

| | Schedule No. | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|---|-----------------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| Gross Sales/Income from operations | 14 | 11,326.91 | 11,821.17 |
| Less : Excise Duty | | - | - |
| Net Sales | | 11,326.91 | 11,821.17 |
| Other Income | 15 | 204.23 | 439.46 |
| Increase/(Decrease) in Stock | 16 | 509.88 | 241.13 |
| TOTAL | | 12,041.02 | 12,501.76 |
| EXPENDITURE | | | |
| Raw Materials Consumed | 17 | 3,094.13 | 3,949.54 |
| Processing & Weaving Charges | | 1,220.12 | 1,992.31 |
| Salaries, Wages & Bonus | 18 | 881.34 | 1,051.94 |
| Power & Fuel | | 1,136.45 | 944.92 |
| Stores consumed | | 1,289.29 | 1,468.75 |
| Lease rent on Production facilities | | 209.52 | 178.66 |
| Repairs and Maintenance | 19 | 275.57 | 234.82 |
| Administrative, Selling & Other Expenses | 20 | 1,530.84 | 1,883.89 |
| Depreciation | | 547.63 | 685.20 |
| Amortization of Product Development Expenditure | | 381.93 | 399.03 |
| | | 10,566.82 | 12,789.06 |
| PROFIT/ (LOSS) BEFORE INTEREST & TAXATION | | | |
| Interest | 21 | 1,474.21 | (287.30) |
| | | 1,255.99 | 1,408.72 |
| PROFIT/ (LOSS) BEFORE EXCEPTIONAL ITEMS & TAXATION | | | |
| Exceptional Items {Refer Notes on Accounts 22B (30)} | | 218.22 | (1,696.02) |
| Provision for Diminution in value of Investment in wholly owned subsidiary {Refer Notes on Accounts 22B (29)} | | 247.77 | (174.35) |
| | | (8.93) | - |
| PROFIT/ (LOSS) BEFORE TAX | | | |
| Current Taxation (MAT) | | 457.06 | (1,870.37) |
| MAT Credit Entitlement | | 35.68 | - |
| Fringe Benefit Tax | | (35.68) | 18.00 |
| Deferred Tax | | - | (669.64) |
| | | 94.78 | (651.64) |
| PROFIT/(LOSS) AFTER TAX | | | |
| Less:Balance of Profit/(Loss) B/F | | 362.28 | (1,218.73) |
| | | (819.38) | 399.35 |
| Less: Transfer from General reserve | | (457.10) | (819.38) |
| Amount available for Appropriation | | 105.94 | (819.38) |

VIJAYESWARI TEXTILES LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010. (CONTD.)

| | Schedule No. | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-----------------|-------------------------------------|-------------------------------------|
| APPROPRIATIONS | | | |
| Transfer to General Reserve | | - | - |
| Final Dividend (out of past reserves) | | 90.85 | - |
| Corporate Tax on Dividend | | 15.09 | - |
| Balance in Profit & Loss Account | | - | (819.38) |
| | | <u>105.94</u> | <u>(819.38)</u> |
| EPS (Basic & Diluted) (F.V Rs.10/-)-After exceptional items | | 1.99 | (6.71) |
| EPS (Basic & Diluted) (F.V Rs.10/-)-Before exceptional items | | 0.68 | (5.75) |
| Significant Accounting Policies | 22A | | |
| Notes Forming Part Of Accounts | 22B | | |
| Statement pursuant to Part IV | | | |

The Schedules referred to above form an integral part of this Profit & Loss account.

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **A.L. Ramachandra**
Managing Director

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director

(Sd.) **V. Dharmaraj**
Director

Coimbatore
29.05.2010

(Sd.) **R. Ramesh**
Chief Financial Officer

(Sd.) **S. Suresh**
Company Secretary

As per our Report of even date attached

For Subbchar & Srinivasan

Firm Reg. No.004083S

Chartered Accountants

(Sd.) **T.S.V. Rajagopal**

Partner

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDING 31-03-2010

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| A. Cash Flow From Operating Activities :- | | |
| Net profit/(Loss) before Tax | 457.06 | (1,870.37) |
| Adjustments for : | | |
| Depreciation | 547.63 | 685.20 |
| Amortisation of Defferred Product | | |
| Development Expenses | 381.93 | 399.03 |
| Loss on Sale of Investments | - | 174.35 |
| Profit on Sale of Assets | (1.02) | - |
| Dividend Income | (18.29) | (157.16) |
| Interest Receipts | (52.47) | (31.93) |
| Interest Payments | 1,255.99 | 1,408.72 |
| Exceptional Item | (238.84) | - |
| | <u>1,874.94</u> | <u>-</u> |
| Operating Profit before Working Capital Changes | 2,332.00 | 607.84 |
| Adjustments for : | | |
| (Increase)/Decrease Trade and Other Receivables | 1,276.86 | (695.08) |
| (Increase) Inventories | (614.38) | (6.13) |
| Increase/(Decrease) in Trade Payables | 216.80 | (587.43) |
| | <u>879.28</u> | <u>(1,288.63)</u> |
| Cash Generated from Operations | 3,211.28 | (680.80) |
| Direct Taxes Paid / Provisions Adjusted | (88.19) | (22.30) |
| | <u>3,123.09</u> | <u>(703.10)</u> |
| Cash Flow before Extra Ordinary Items | 3,123.09 | (703.10) |
| Other Items | | |
| Deferred Product Development Expenditure | (274.50) | (350.69) |
| | <u>2,848.59</u> | <u>(1,053.79)</u> |
| Cash Flow before Exceptional Items | 2,848.59 | (1,053.79) |
| Exceptional Items | (16.43) | - |
| | <u>2,832.16</u> | <u>(1,053.79)</u> |
| Net Cash from Operating Activities (A) | 2,832.16 | (1,053.79) |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (4,010.83) | (6,512.66) |
| Sale of Fixed Assets | 1.53 | - |
| Purchase of Investments | - | (2,044.80) |
| Sale of Investments | 1,306.81 | 3,654.02 |
| Pre-Operative Expenses pending Capitalisation | (300.65) | (223.32) |
| Interest Received | 12.40 | 48.97 |
| Dividend Received | 18.29 | 157.16 |
| | <u>(2,972.46)</u> | <u>(4,920.63)</u> |
| Net Cash used in Investing Activities (B) | (2,972.46) | (4,920.63) |
| C. Cash Flow From Financing Activities : | | |
| Term Loan from Banks | 5,661.76 | 4,762.34 |
| Other Loans from Banks | (1,513.16) | 1,933.14 |
| Fixed Deposits | (0.88) | (3.84) |
| Proceeds / (Repayment) of Other Loans | (5.17) | (14.96) |
| Dividend / Dividend Tax Paid | (25.64) | (144.53) |
| Interest Paid | (2,064.84) | (1,115.31) |
| | <u>2,052.07</u> | <u>5,416.84</u> |
| Net Cash from Financing Activities (C) | 2,052.07 | 5,416.84 |

VIJAYESWARI TEXTILES LIMITED



| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| CASH FLOW STATEMENT FOR THE YEAR ENDING 31-03-2010 (Contd.) | | |
| Net increase in Cash & Cash Equivalents (A + B + C) | <u>1,911.78</u> | <u>(557.58)</u> |
| D. Net increase in Cash & Cash Equivalents : | | |
| Cash & Cash Equivalents as at the beginning of the year | 433.22 | 990.80 |
| Cash & Cash Equivalents as at the end of the year | <u>2,345.00</u> | <u>433.22</u> |
| | <u>1,911.78</u> | <u>(557.58)</u> |

- Note :
1. Previous year's figures have been regrouped and reclassified to conform to this year's classification.
 2. Cash and cash equivalents include the following balances which are restricted and not available for use by the company

| | | |
|-------------------------------------|--------|--------|
| Deposits out of IPO Proceeds | - | 65.33 |
| Current account out of IPO Proceeds | 13.10 | 0.08 |
| Margin Money deposits | 384.35 | 227.13 |
| Unpaid dividend warrant account | 5.71 | 6.64 |
 3. Fixed deposits of Rs.1414 lakhs are pledged with banks for Demand loans

| | | |
|---|--|--|
| <p>(Sd.) K. Rajagopal Chairman & Managing Director</p> <p>(Sd.) Jayanthi Ramachandra Joint Managing Director</p> <p>Coimbatore 29.05.2010</p> | <p>(Sd.) A.L. Ramachandra Managing Director</p> <p>(Sd.) V. Dharmaraj Director</p> <p>(Sd.) R. Ramesh Chief Financial Officer</p> | <p>As per our Report of even date attached</p> <p>For Subbchar & Srinivasan Firm Reg. No.004083S Chartered Accountants</p> <p>(Sd.) T.S.V. Rajagopal Partner Membership No. 200380</p> |
|---|--|--|

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 1 : Share Capital | | |
| Authorised | | |
| 2,00,00,000 Equity Share of Rs.10/- each | <u>2,000.00</u> | <u>2,000.00</u> |
| Issued, Subscribed & Paid up | | |
| 1,81,69,240 Equity Share of Rs.10/- each fully paid up | <u>1,816.92</u> | <u>1,816.92</u> |
| 1) Of the above shares 50,64,620 equity shares of Rs.10/- each represent fully paid up bonus shares issued by capitalisation of general reserve. | | |
| SCHEDULE - 2 : Reserves and Surplus | | |
| 1 Capital Reserve | 42.89 | 42.89 |
| 2 Securities Premium Account | 7,906.86 | 7,906.86 |
| 3 General Reserve | | |
| As per last Balance Sheet | 3,845.60 | 3,845.60 |
| Less : Transferred to Profit and Loss account | 563.04 | - |
| Less : Debit balance in Profit & Loss Account adjusted per Contra | <u>-</u> | <u>819.38</u> |
| | 3,282.56 | 3,026.22 |
| Total | <u>11,232.31</u> | <u>10,975.98</u> |
| SCHEDULE - 3 : Secured Loans | | |
| Working Capital Loans from Banks | 8,339.49 | 9,830.77 |
| Term Loans from Banks | 16,205.09 | 11,620.33 |
| Demand Loan (Against Fixed Deposits of Rs.1414 lakhs) | 1,077.00 | - |
| Term Loans from Financial Institutions | - | 5.17 |
| Interest accrued and due | 150.54 | 232.85 |
| Hire Purchase dues | 6.30 | 30.37 |
| Less: Unmatured Finance Charges | <u>0.46</u> | <u>2.65</u> |
| TOTAL | <u>25,777.96</u> | <u>21,716.84</u> |

Note :1. Working capital loans from banks are secured by hypothecation of Raw Materials, Stock in Process, Finished Goods and book debts and Second charge on the Fixed Assets of the Company on Pari-paasu basis.

2. Term Loan From banks and institutions are secured by pari passu first charge on the fixed assets of the Company and pari passu second charge on the current assets of the Company/ exclusive lien on a part of Fixed Term Mutual funds plan

3. Hire Purchase Dues are secured by hypothecation of vehicles purchased

4. Demand Loan from banks are secured by fixed deposits with bank

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 4 : Unsecured Loans | | |
| a. Fixed Deposits - From Shareholders | 1.68 | 1.68 |
| - From Others | 10.36 | 11.66 |
| | <u>12.04</u> | <u>13.34</u> |
| Less : Unclaimed matured deposits | 12.04 | 12.46 |
| | - | 0.88 |
| b. Trade Deposits | 1.01 | 1.01 |
| c. Unsecured Loan From Banks | | |
| Yes Bank (Repayable within one year Rs.600 Lakhs, Previous Year Rs.600 Lakhs) | 600.00 | 600.00 |
| TOTAL | <u>601.01</u> | <u>601.89</u> |

Note : Fixed Deposit repayable within a year is Rs.Nil (Previous Year Rs.0.88 lakh)

Unclaimed matured deposits worth Rs.12.04 lakhs (Previous Year Rs.12.46 lakhs) are not surrendered for repayment (Refer note under Schedule 11)

5.FIXED ASSETS

(Rupees in Lakhs)

| Details | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|-------------------------------------|---------------------|-------------------------------|--|---------------------|---------------------|-----------------|------------------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2009 | Additions Adjust- ments | Sales/ Transfer Adjust- ments | As on 31.03.2010 | As on 01.04.2009 | For the Year | With- drawn Adjust- ments | As on 31.03.2010 | As on 31.03.2009 | As at 31.03.2010 |
| Land | 100.15 | 490.78 | - | 590.93 | - | - | - | - | 100.15 | 590.93 |
| Leasehold Land | 32.14 | - | - | 32.14 | - | - | - | - | 32.14 | 32.14 |
| Building | 873.49 | 2,760.33 | - | 3,633.82 | 310.28 | 31.66 | - | 341.94 | 563.21 | 3,291.88 |
| Plant and machinery | 8,413.21 | 862.55 | - | 9,275.76 | 3,287.76 | 252.13 | 264.20 | 3,275.69 | 5,125.45 | 6,000.07 |
| Furniture & Fittings | 66.50 | 4.09 | 1.23 | 69.36 | 29.82 | 6.84 | 0.98 | 35.68 | 36.68 | 33.68 |
| Office Equipments | 126.15 | 14.68 | 0.42 | 140.41 | 52.52 | 13.86 | 0.28 | 66.10 | 73.63 | 74.31 |
| Vehicles* | 212.49 | 41.99 | - | 254.48 | 125.07 | 27.07 | - | 152.14 | 87.42 | 102.34 |
| Canteen | | | | | | | | | | |
| Vessels | 4.34 | 8.75 | - | 13.09 | 3.77 | 0.42 | - | 4.19 | 0.57 | 8.90 |
| Computer Equipments | 294.55 | 10.85 | 0.47 | 304.93 | 225.84 | 29.16 | 0.34 | 254.66 | 68.71 | 50.27 |
| Wind Mills | 3,531.88 | - | - | 3,531.88 | 453.12 | 186.48 | - | 639.60 | 3,078.76 | 2,892.28 |
| Sub Total | 13,654.90 | 4,194.02 | 2.12 | 17,846.80 | 4,488.18 | 547.63 | 265.80 | 4,770.01 | 9,166.72 | 13,076.80 |
| Work in Progress | | | | | | | | | | |
| Building | 2,714.13 | 175.42 | 2760.33 | 129.23 | - | - | - | - | 2,714.13 | 129.23 |
| Plant and machinery | 3,570.97 | 3,112.13 | 710.42 | 5,972.68 | - | - | - | - | 3,570.97 | 5,972.68 |
| Sub Total | 6,285.10 | 3,287.55 | 3470.75 | 6,101.91 | - | - | - | - | 6,285.10 | 6,101.91 |
| Total | 19,940.00 | 7,481.57 | 3472.87 | 23,948.71 | 4,488.18 | 547.63 | 265.80 | 4,770.01 | 15,451.82 | 19,178.71 |
| Previous year | 13,264.33 | 7,648.72 | 973.07 | 19,940.01 | 3,802.99 | 685.20 | - | 4,488.19 | 9,461.36 | 15,451.82 |
| Vehicles purchased on Hire Purchase | | | | | | | | | | |
| Current year | 132.84 | - | - | 132.84 | 42.60 | 20.56 | - | 63.16 | 90.24 | 69.68 |
| Previous year | 97.47 | 35.37 | - | 132.84 | 19.30 | 23.30 | - | 42.60 | 78.17 | 90.24 |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | Face value per share | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------|-------------------------------------|-------------------------------------|
| SCHEDULE - 6 : Investments (At Cost) | | | |
| A. Long Term Trade Investments - Quoted | | | |
| a. 5,70,795 Equity Shares in Coimbatore Lakshmi Investments & Finance Co. Ltd. | Rs.10 | 100.90 | 100.90 |
| | | <u>100.90</u> | <u>100.90</u> |
| B. Long Term Investments - Quoted | | | |
| 3,400 Equity Shares in Andhra Bank | Rs.10 | 0.34 | 0.34 |
| C. 100 Equity Shares in Vijayeswari Textiles Employees Co-op Stores Ltd | | | |
| | Rs.10 | 0.01 | 0.01 |
| D. Investment in Subsidiaries - Unquoted | | | |
| a. 19000 Shares in Vijayeswari USA LLC | - | 8.93 | 8.93 |
| b. 1000 Shares in Vijayeswari UK Ltd. | GBP 1 | 0.80 | 0.80 |
| E. Government Securities | | | |
| a. National Savings Certificate | | 0.05 | 0.05 |
| b. Indira Vikas Patra | | 0.01 | 0.01 |
| F. Investment in Mutual Funds-Unquoted | | | |
| (Out of IPO Proceeds) | Units | Rs. | |
| a. Citibank - Equity linked Debentures | 738 | 100000 | 738.00 |
| b. Franklin Tempelton Floating rate Income Fund - LT SIP | | | - |
| c. Reliance Liquid Plus | | | - |
| d. ICICI Liquid Plus Daily Div. Reinvestment | | | - |
| TOTAL | | | 748.14 |
| | | | <u>2054.94</u> |
| | | | 849.04 |
| | | | <u>2155.84</u> |
| Less:- Provision for Diminution in value of investments | | | 109.83 |
| | | | <u>100.90</u> |
| GRAND TOTAL | | | 739.21 |
| | | | <u>2054.94</u> |

| | As at 31-03-10 | | As at 31-03-09 | |
|-----------------------------|----------------|--------------|----------------|--------------|
| | Book Value | Market Value | Book Value | Market Value |
| Aggregate Value of : | | | | |
| Quoted Investments | 0.34 | 3.88 | 0.34 | 1.53 |
| Unquoted Investments | 738.87 | - | 2,054.60 | - |
| Total | 739.21 | 3.88 | 2,054.94 | 1.53 |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 7 : Inventories | | |
| (As certified by the Managing Director) | | |
| 1 Raw Materials | | |
| a. Cotton in Godown | 200.39 | 147.64 |
| b. Cloth in Godown | 649.56 | 664.20 |
| 2 Stock in Process | | |
| a. Cotton in Process | 62.30 | 56.69 |
| b. Cloth in Process | 4,090.53 | 3,876.56 |
| 3 Finished Stock | | |
| a. Cotton Yarn | 269.06 | 174.72 |
| b. Made Ups | 3,455.81 | 3,262.33 |
| 4 Waste Stock | | |
| a. Cotton Waste | 0.76 | 1.03 |
| b. Cloth Waste | 21.30 | 18.55 |
| 5 Stores and Spare Parts | 629.63 | 563.30 |
| 6 Canteen Stock | 0.22 | 0.16 |
| TOTAL | <u>9,379.56</u> | <u>8,765.18</u> |
| SCHEDULE - 8 : Sundry Debtors | | |
| (Unsecured and Considered good) | | |
| Debts outstanding for more than 6 months | 69.45 | 67.13 |
| Others including Bills Discounted with Banks | 3,636.61 | 4,336.94 |
| TOTAL | <u>3,706.06</u> | <u>4,404.07</u> |
| SCHEDULE - 9 : Cash & Bank Balances | | |
| Cash on Hand | 24.45 | 7.72 |
| Balance with Scheduled Banks | | |
| In Current Accounts | 503.39 | 126.33 |
| In Margin Money Deposit Accounts | 384.35 | 227.13 |
| In Current Account (IPO Proceeds) | 13.10 | 0.08 |
| In Deposit Accounts (IPO Proceeds) | - | 65.33 |
| In Deposit Accounts (Pledged with bank for Loan of Rs.1077 lakhs) | 1,414.00 | - |
| In Unpaid Dividend Accounts | 5.71 | 6.64 |
| TOTAL | <u>2,345.00</u> | <u>433.22</u> |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 10 : Loans and Advances & Other Current Assets (Unsecured and considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 3,325.85 | 3,905.06 |
| Deposit with Central Excise, Customs and Sales tax authorities | 290.53 | 203.09 |
| Income-Tax advance | 557.48 | 469.28 |
| Less : Provision for Taxation | <u>426.72</u> | <u>391.04</u> |
| MAT Credit Entitlement | 292.99 | 257.31 |
| Finance Receivables due | 146.09 | 146.09 |
| | <u>4,186.21</u> | <u>4,589.79</u> |
| Less : Provision for Doubtful Receivables | 100.00 | 100.00 |
| Total (A) | <u>4,086.21</u> | <u>4,489.79</u> |
| Other Current Assets | | |
| Prepaid Expenses | 37.99 | 37.00 |
| Interest accrued on bank deposits | 56.05 | 15.99 |
| Income Receivable | 1,101.79 | 1,189.85 |
| Total (B) | <u>1,195.83</u> | <u>1,242.84</u> |
| Total (A) + (B) | <u>5,282.04</u> | <u>5,732.62</u> |
| SCHEDULE - 11 : Current Liabilities | | |
| Sundry Creditors-Micro,Small and Medium Enterprises | - | - |
| -Other Creditors | <u>2,098.80</u> | <u>2,078.91</u> |
| Unpaid Dividends * | 5.71 | 6.63 |
| Unclaimed Matured Deposits * | 12.04 | 12.46 |
| Outstanding Expenses & Other Liabilities | 473.37 | 306.01 |
| Interest accrued but not due | - | 0.05 |
| (* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund) | | |
| TOTAL | <u>2,589.92</u> | <u>2,404.07</u> |
| SCHEDULE - 12 : Provisions | | |
| Proposed Dividend (out of past reserves) | 90.85 | - |
| Tax on Dividend | 15.09 | 24.71 |
| Gratuity Provision | 36.90 | 6.94 |
| | <u>142.84</u> | <u>31.65</u> |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 13 (A): Miscellaneous Expenditure | | |
| (To the extent not writtenoff or adjusted) | | |
| Product Development Expenditure | | |
| Opening Balance | 767.27 | 815.61 |
| Add : Incurred during the year | 274.50 | 350.69 |
| | <u>1,041.77</u> | <u>1,166.30</u> |
| Less : Amortised during the year | 381.93 | 399.03 |
| Closing Balance | <u>659.83</u> | <u>767.27</u> |
| 13 (B) Profit & Loss Account | | |
| Opening Balance | (819.38) | (399.35) |
| Add: Profit / (Loss) for the year | 362.28 | 1,218.73 |
| | <u>(457.10)</u> | <u>819.38</u> |
| Less : Debit balance in Profit & Loss Account adjusted per contra against General Reserve | - | 819.38 |
| Add : Transfer from General Reserve | 457.10 | - |
| Surplus | <u>-</u> | <u>-</u> |
| TOTAL | <u>659.83</u> | <u>767.27</u> |

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2010

SCHEDULE - 14 : Sales/Income From Operations

| | | |
|--------------------|------------------|------------------|
| Cotton Yarn | 440.54 | 288.66 |
| Fabrics | 415.16 | - |
| Madeups | 9,602.17 | 10,608.93 |
| Waste | 242.32 | 110.77 |
| Conversion Charges | 25.95 | - |
| Export Incentives | 600.77 | 812.81 |
| TOTAL | <u>11,326.91</u> | <u>11,821.17</u> |

SCHEDULE - 15 : Other Income

| | | |
|--|---------------|---------------|
| Dividend from Investments | 18.29 | 157.16 |
| Interest Receipts (TDS Rs.5.73 Lakhs : | | |
| Previous year Rs.6.23 Lakhs) | 52.47 | 31.93 |
| Insurance Claim Receipts | 1.48 | 2.07 |
| Profit on sale of Assets | 1.02 | - |
| Profit on Realisation of Finance Receivables | - | 21.72 |
| Wind Power Generation Income | 103.63 | 216.12 |
| Miscellaneous Income | 27.34 | 10.46 |
| TOTAL | <u>204.23</u> | <u>439.46</u> |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2010

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE - 16 : Increase / (Decrease) in Stock | | |
| Finished Goods | | |
| Opening Stock | | |
| Cotton Yarn | 174.72 | 181.60 |
| Cotton and Cloth Waste | 19.58 | 14.51 |
| Work In Progress | 3,933.25 | 4,320.69 |
| Madeups | <u>3,262.33</u> | <u>2,631.95</u> |
| | 7,389.88 | 7,148.75 |
| Closing Stock | | |
| Cotton Yarn | 269.06 | 174.72 |
| Cotton and Cloth Waste | 22.06 | 19.58 |
| Work In Progress | 4,152.83 | 3,933.25 |
| Madeups | <u>3,455.81</u> | <u>3,262.33</u> |
| | 7,899.76 | 7,389.88 |
| Increase /(Decrease) in Stock | <u>509.88</u> | <u>241.13</u> |
| SCHEDULE - 17 : Raw Materials Consumed | | |
| Opening Stock | | |
| Opening Stock in Godown | 147.64 | 366.60 |
| Yarn Stock at Weaving Division | <u>664.20</u> | <u>810.66</u> |
| | 811.84 | 1,177.26 |
| Purchases | | |
| Cotton Purchases | 1,500.56 | 517.43 |
| Yarn & Cloth Purchases | <u>1,631.68</u> | <u>3,066.69</u> |
| | 3,944.08 | 4,761.38 |
| Closing Stock | | |
| Closing Stock in Godown | 200.39 | 147.64 |
| Yarn Stock at Weaving Division | <u>649.56</u> | <u>664.20</u> |
| | 849.95 | 811.84 |
| TOTAL | <u>3,094.13</u> | <u>3,949.54</u> |
| SCHEDULE - 18 : Salaries, Wages and Bonus | | |
| Salaries, Wages, Bonus | 718.99 | 904.15 |
| Contribution to P.F | 51.72 | 77.21 |
| ESI Contribution | 10.75 | 16.11 |
| Labour Welfare Expenses | 69.92 | 54.46 |
| Gratuity | <u>29.96</u> | <u>-</u> |
| TOTAL | <u>881.34</u> | <u>1,051.93</u> |
| SCHEDULE - 19 : Repairs and Maintenance | | |
| Building Repairs | 56.54 | 25.22 |
| Machinery Repairs | 177.72 | 89.77 |
| Electrical Repairs | <u>41.31</u> | <u>119.83</u> |
| TOTAL | <u>275.57</u> | <u>234.82</u> |

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2010

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE - 20 : Administrative, Selling and Other Expenses | | |
| Managerial Remuneration | | |
| i. Salary & Perquisites(Minimum Remuneration) 59.87 | 62.01 | |
| ii. Commission _____ | 59.87 | 62.01 |
| Postage, Telephone, Printing and Stationery | 81.16 | 99.66 |
| Travelling Expenses & Maintenance of Vehicles | 275.45 | 300.91 |
| Insurance | 55.38 | 68.35 |
| Rent | 87.23 | 55.93 |
| Taxes & Licence Fees | 26.86 | 16.76 |
| Bank Charges & Subscription | 77.91 | 97.39 |
| Directors' Sitting Fees | 3.44 | 3.04 |
| Auditors' Remuneration | 3.03 | 3.51 |
| Legal & Professional Charges | 32.74 | 25.43 |
| Miscellaneous Expenses | 74.90 | 102.17 |
| Foreign Exchange Loss | 139.61 | 125.18 |
| Donations | 3.93 | 6.18 |
| | <u>921.51</u> | <u>966.52</u> |
| Selling Expenses : | | |
| Yarn Sales Expenses | 32.48 | 22.44 |
| Commission & Brokerage | 2.28 | 2.03 |
| Madeups Sales Expenses | 574.57 | 892.90 |
| | <u>609.33</u> | <u>917.37</u> |
| TOTAL | <u>1,530.84</u> | <u>1,883.89</u> |
| SCHEDULE - 21 : Interest | | |
| On Fixed Deposits | 0.05 | 0.36 |
| On Bank Loans and Others | 1,255.88 | 1,407.84 |
| On Financial Institution Loans | 0.07 | 0.53 |
| TOTAL | <u>1,255.99</u> | <u>1,408.73</u> |
| SCHEDULE - 22 : Exceptional Items | | |
| Foreign Exchange Loss on forwards / options | | |
| For the Current Year | (283.41) | - |
| For the Earlier Years | (422.63) | - |
| Capitalization / Writeback of Interest, Expenses & Depreciation relating to the project | 953.81 | - |
| Loss on Sale of Investments | - | (174.35) |
| TOTAL | <u>247.77</u> | <u>(174.35)</u> |

VIJAYESWARI TEXTILES LIMITED



SCHEDULE 22 : Significant Accounting Policies and Notes forming part of accounts

A. SIGNIFICANT ACCOUNTING POLICIES

I. METHOD OF ACCOUNTING

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with provisions of the Companies Act 1956 and accounting principles generally accepted in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Government of India to the extent applicable. The accounting is on the basis of a going concern concept.

II. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

III. FIXED ASSETS

- 1) Fixed assets are stated at historical cost net of CENVAT /VAT including appropriate direct and allocated pre-operative expenses.
- 2) Depreciation on Fixed assets is charged as under:
 - a) On Plant & Machinery of Spinning and Processing division acquired on or after 1.4.1993 and on Wind mills on SLM basis as per Schedule XIV as a continuous process plant. On all other plant and machinery acquired on or after 1.4.1993 at general SLM rates as per Schedule XIV.
 - b) On Buildings on SLM basis as per Schedule XIV rates.
 - c) On all other assets (including Plant & machinery acquired on or before 1.4.1993) on WDV basis at schedule XIV rates
- 3) Depreciation on additions and deletions of the fixed assets are charged pro - rata.

IV. INVESTMENTS

Long Term Investments are carried at cost inclusive of all expenses incidental to acquisition. Provision for diminution in value of Long Term Investments is made only if such a decline is other than temporary in nature in the opinion of the management. Such diminution, if temporary, in the opinion of the management is not recognized.

V. INVENTORIES

Inventories are valued as under:

Finished Goods – Yarn, Made ups and Waste at weighted average cost or net realisable value whichever is lower.

Raw Materials, Stock in process, stores and spares and canteen stock at weighed average cost.

VI. REVENUE RECOGNITION

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized on the completion of the contract. Dividend from investments, Export

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incentives under Duty Entitlement Pass Book [“DEPB”] Scheme and Duty Drawback Scheme are recognized when the right to receive payment / credit is established and no significant uncertainty as to measurability or collectability exists.

VII. EMPLOYEE BENEFITS

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees rendered service are accounted on accrual basis.

Defined Contribution Plans

Company's contribution paid/payable during the year to Provident Fund and ESIC are recognized in the profit and loss account.

Defined Benefit Plans

Company's liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with currency and estimated terms of the defined benefit obligations. The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the related obligations.

There is no scheme for encashment of unavailed leave on retirement since unavailed earned leave is settled annually and accounted on payment.

VIII. BORROWING COST

Interest and other incidental preoperative costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets/project are capitalized up to the date when such assets/project are ready for its intended use and other borrowing costs are charged to Profit and Loss Account.

IX. TAXES ON INCOME

Current tax is determined as per the provisions of the Income tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment / appeals.

Deferred Tax assets and liabilities are recognized on timing differences between accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets, other than those arising on account of unabsorbed depreciation or carried forward business losses under tax laws, are recognized and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets arising on account of unabsorbed depreciation or carried forward business losses are recognised only when there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

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X. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the rates prevailing at the date of transaction. Exchange differences arising on final settlement are recognized as income or expenses in the year in which they arise. Outstanding balances before final settlement are converted at the exchange rates on the last date of the financial year and difference adjusted in revenue account where material.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XI. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

XII. DEFERRED REVENUE EXPENDITURE

- a) New product development expenditure is amortised over a period 3 years commencing from the year following the year of expenditure.
- b) Pre-operative expenses related to the integrated project are accumulated for capitalization on commissioning of the project.

XIII. CASH FLOW STATEMENT:

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

XIV. CONTINGENT LIABILITIES:

Contingent Liabilities as defined in Accounting Standard 29 are disclosed in the notes to accounts. Provision is made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with it as a contingent liability.

XV. EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the Net Profit after tax attributable to the shareholders by the weighted average number of equity shares outstanding during the year.

XVI. EXPENDITURE DURING CONSTRUCTION PERIOD

Pre-operative expenditure incurred on projects / assets during the construction / implementation is capitalized and apportioned to projects / assets on commissioning

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SCHEDULE- 22 B Notes Forming Part of Accounts

| | Rs. in Lakhs | |
|--|------------------------|------------------------|
| | As on 31.03.2010 | As on 31.03.2009 |
| 1) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances) | 1,485.79 | 928.33 |
| 2) Income- tax Assessment have been completed upto the Assessment year 2006-07 | | |
| 3) Contingent Liability | | |
| i) Letter of Credit | 822.58 | 364.04 |
| ii) Bank Guarantees | 48.35 | 44.35 |
| iii) Disputed Income tax Demands (Since paid Rs.91.10 lakhs) | 294.52 | 57.77 |
| 4) Break-up of expenditure incurred during the period on Employees in respect of remuneration aggregating to Rs. 24,00,000 (or) More per year of Rs. 2,00,000 (or) more per month, when employed for the part the year | - | - |
| 5) CIF Value of Import of Raw materials. Spare Parts and Capital Goods:- | | |
| i) Raw Materials | 324.33 | 189.17 |
| ii) Components and Spares | 53.76 | 513.89 |
| iii) Capital Goods - Machinery WIP | 1,115.07 | 2,092.47 |
| 6) Earnings in Foreign Exchange (FOB Value) | | |
| i) Cotton Yarn | 27.47 | 76.88 |
| ii) Grey Fabric | 21.21 | 55.84 |
| iii) Madeups | 9,397.16 | 9,892.32 |
| | <u>9,445.84</u> | <u>10,025.05</u> |
| 7) Expenditure in Foreign Currency on account of Travelling Commission, Consulting & professional Charges (On payment basis) | 177.41 | 77.10 |
| 8) Amount remitted on Foreign Currency on account of Dividends | - | - |
| 9) Installed Capacity & Actual Production : | | |
| a) Installed Capacity | | |
| i) Ring Spindles | 53,768 | 53,768 |
| ii) Looms | 68 | 36 |
| iii) Processing | 7,800 mtr/day | 7,800 mtr/day |
| iv) Made ups | 1,50,000 pcs/ month | 1,50,000 pcs/ month |
| b) Production (including outsourcing) | | |
| i) Cotton Yarn | (in Kgs) 10,94,173 | 4,61,498 |
| ii) Grey Fabric | (in Mtrs) 27,30,062 | 29,49,712 |
| iii) Madeups | (in Mtrs) 28,55,655 | 37,77,617 |

VIJAYESWARI TEXTILES LIMITED



| | | Rs. in Lakhs | |
|-------------------------------------|-------|---------------------|---------------------|
| | | As on 31.03.2010 | As on 31.03.2009 |
| 10) Sale of Finished Goods | | | |
| i) Cotton Yarn | Kgs | 2,85,599 | 1,01,386 |
| | Value | 440.54 | 288.66 |
| ii) Grey Fabric | Mtrs | 2,29,141 | 1,37,988 |
| | Value | 415.16 | 158.97 |
| iii) Madeups | Mtrs | 27,38,741 | 37,85,014 |
| | Pcs | 16,11,024 | 21,62,865 |
| | Value | 9,602.17 | 10,449.96 |
| iv) Waste Cotton | Kgs | 4,12,559 | 2,33,861 |
| | Value | 179.70 | 105.54 |
| Cloth | Mtrs | 4,40,934 | 48505 |
| | Value | 62.62 | 5.23 |
| 11) Raw Material Comsumption | | | |
| i) Cotton - Imported | Kgs | 3,07,770 | 1,86,891 |
| | Value | 353.84 | 241.28 |
| ii) Cotton - Local | Kgs | 12,23,497 | 5,33,510 |
| | Value | 1,135.37 | 495.11 |
| iii) Fabric - Purchase | Mtrs | 3,24,602.05 | 9,51,973 |
| | Value | 566.94 | 1,253.52 |
| iv) Yarn | Kgs | 4,10,588.01 | 8,44,200 |
| | Value | 1,037.97 | 1,959.63 |
| 12) Stock of Finished Goods & Waste | | | |
| a) Finished Goods (Opening Stock) | | | |
| i) Cotton Yarn | Kgs | 59,128 | 56244 |
| | Value | 174.72 | 181.60 |
| ii) Madeups | Mtrs | 12,77,894 | 9,84,336 |
| | Value | 3,262.32 | 2,631.95 |
| iii) Work in Process | Mtrs | 13,22,558 | 15,85,759 |
| | Value | 3,876.56 | 4,261.22 |
| | Kgs | 34,529 | 78,312 |
| | Value | 56.69 | 59.47 |
| Finished Goods (Closing Stock) | | | |
| i) Cotton Yarn | Kgs | 83,056 | 59,128 |
| | Value | 269.06 | 174.72 |
| ii) Madeups | Mtrs | 9,14,865 | 12,77,894 |
| | Value | 3,455.81 | 3,262.32 |
| iii) Work in Process - Cloth | Mtrs | 14,36,250 | 13,22,558 |
| | Value | 4,090.53 | 3,876.56 |
| - Yarn | Kgs | 40,006 | 34,529 |
| | Value | 62.30 | 56.69 |

VIJAYESWARI TEXTILES LIMITED



| | | Rs. in Lakhs | |
|--|--------------|---------------------|---------------------|
| | | As on 31.03.2010 | As on 31.03.2009 |
| b) Waste (Opening Stock) | | | |
| i) Cotton | Kgs Value | 36,958 19.58 | 28,328 14.51 |
| Waste (Closing Stock) | | | |
| i) Cotton | Kgs Value | 8325 22.06 | 36958 19.58 |
| 13) Managerial Remuneration | | | |
| a) Salaries and Allowances | | 56.45 | 58.08 |
| b) Commission | | - | - |
| c) Provident Fund | | 3.42 | 3.93 |
| Total | | <u>59.87</u> | <u>62.01</u> |
| 14) Auditors Remuneration | | | |
| i) For Statutory Audit | | 1.68 | 1.68 |
| ii) For Tax Audit | | 0.53 | 0.53 |
| iii) For Income tax and other matters | | 0.82 | 1.30 |
| Total | | <u>3.03</u> | <u>3.51</u> |
| 15) The information required to be disclosed under the Micro, Small and Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. There are no overdues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made. | | | |
| 16) In the opinion of the Board of Directors all Current Assets, Loans & Advances have a Value on realization in the ordinary course of business of a sum of at least equal to the amount at which they are stated. | | | |
| 17) Power and Fuel Cost of Rs.1136.45 (P.Y 944.92) Lakhs is net of wind energy generation income of Rs.353.09 (P.Y 368.81) Lakhs. In addition, income receivable from units generated and banked is Rs.103.63 lakhs (Previous year Rs.216.12) | | | |
| 18) Amount due from Subsidiary Companies: | | | |
| | | 31.03.2010 | 31.03.2009 |
| Included in Sundry Debtors: | | | |
| Vijayeswari - USA LLC | | 1,701.52 | 1,980.77 |
| Vijayeswari - Uk Ltd | | 918.69 | 1,014.81 |
| | | <u>2,620.21</u> | <u>2,995.58</u> |
| 19) Earning Per Share | | | |
| | | 31.03.2010 | 31.03.2009 |
| Net Profit/(Loss) after Taxes after exceptional items | (A) | 362.28 | (1,218.73) |
| Net Profit/(Loss) after Taxes before exceptional items | (B) | 123.43 | (1,044.88) |
| Weighted Average Number of Shares | (C) | 1,81,69,240 | 1,81,69,240 |
| Earning per Share after exceptional items (Face Value Rs.10 Per Share) | (A/C) | 1.99 | (6.71) |
| Earning per Share before exceptional items (Face Value Rs.10 Per Share) | (B/C) | 0.68 | (5.75) |

VIJAYESWARI TEXTILES LIMITED



20) Details of Utilization/ Deployment of IPO Proceeds are as under

Rs. In Lakhs

| Details | Actual as on 31.03.2010 |
|---|-------------------------|
| Public Issue Expenses | 918.06 |
| Capital Expenditure | 6,112.73 |
| In current accounts & Short Term Deposits | 13.10 |
| Temporary Utilization for Working Capital | 1,958.11 |
| Total | 9,002.00 |

DETAILS OF PROJECT EXPENSES

Rs. in Lakhs

| UNIT | PROJECT COST INCURRED AS ON 31.03.2010 | UTILISATION | |
|---|--|-------------------------------|-----------------|
| | | IPO FUNDS & INTERNAL ACCRUALS | TERM LOAN |
| Invested in Intergated textile operations | 19406.40 | 5308.33 | 14098.07 |
| Investment in Wind Mills | 3,270.00 | 817.50 | 2,452.50 |
| Temporary Utilization for Working Capital | 1958.11 | 1,958.11 | - |
| Public Issue Expenses | 918.06 | 918.06 | - |
| | 25,552.57 | 9002.00 | 16550.57 |

- 21) Accounts of the wholly owned subsidiaries viz., Vijayeswari USA LLC and Vijayeswari UK Limited as on 31.03.2010 have been consolidated in terms of AS 21 "Consolidated Financial Statements". The Financial statements of the subsidiaries used for consolidation are unaudited and certified by the management for consolidation purposes. Audit adjustments up to year ended 31st March 2009 have been given effect to in the consolidated financial statements.
- 22) The integrated operations of the Company are considered under a single broad segment viz., Textiles. These operations in the opinion of the management, in the context of AS 17 on "Segment Reporting" issued under the Companies (Accounting Standards) Rules 2006, constitute one single primary segment.

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23) Related party Disclosures for the year ended March31, 2010 as per Accounting Standard 18.

Rs. in Lakhs

| Related party Transactions | Subsidiaries | | Key Management Personnel & Relatives | | Other Related Parties | |
|--|--------------|------------|--------------------------------------|------------|-----------------------|------------|
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Sale of Goods | 1440.90 | 2,763.85 | - | - | - | - |
| Receiving of Services/ Job Work charges | - | - | - | - | 619.55 | 736.95 |
| Lease Rent | - | - | 66.24 | 66.24 | 142.09 | 112.42 |
| Fixed Deposit Interest | - | - | - | - | - | - |
| Dividends Paid | - | - | - | 6.52 | - | 55.81 |
| Managerial Remuneration | - | - | 59.87 | 62.01 | - | - |
| Purchase of Land | - | - | 490.83 | - | - | - |
| Outstanding Balances | 2620.21 | 2995.58 | 73.40 (Cr) | 66.24(Cr) | 275.68(Cr) | 1588.93 |

Related Party Relationships

| Relationships | Name of Company / Personnel |
|--|---|
| Subsidiary Companies | Vijayeswari USA LLC Vijayeswari UK Ltd. |
| Key Management Personnel | K. Rajagopal, Chairman & Managing Director A.L. Ramachandra, Managing Director Jayanthi Ramachandra, Joint Managing Director |
| Relatives of Key Management Personnel | R.Mani R.Gopinath |
| Other Related Parties-Associates | Lakshmi Apparels & Wovens Limited Seshraj Apparels Private Limited Seshraj Enterprises Private Limited Coimbatore Lakshmi Investments & Finance Co. Limited Kay Arr Enterprises |

Note : Related Party relationship is as identified by the company & relied upon by the Auditors.

VIJAYESWARI TEXTILES LIMITED



24.EMPLOYEE BENEFITS

Defined Benefit Plans

| | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|---------------|---------------|---------------|
| Gratuity [Funded] | | | |
| A. Expense recognised during the year | | | |
| 1. Current Service cost | 13,23,674 | 11,39,364 | 16,98,000 |
| 2. Interest cost | 14,42,584 | 18,98,639 | 20,87,000 |
| 3. Expected return on plan assets | (13,01,193) | (22,19,853) | 19,84,627 |
| 4. Actuarial Losses / (Gains) during the year | 15,31,248 | (10,55,221) | (18,00,373) |
| 5. Total Expense | 2996313 | - | - |
| B. Actual return on Plan assets | | | |
| 1. Expected return on plan assets | 13,01,193 | 22,19,853 | 19,84,627 |
| 2. Actuarial (Loss) / Gain on Plan assets | 214,154 | (4,65,337) | (3,53,506) |
| 3. Actual return on plan assets | 15,15,347 | 17,54,516 | 16,31,121 |
| C. Net Asset/(Liability) recognised in the Balance Sheet | | | |
| 1. Present value of the obligation at the end of the year | 1,86,21,799 | 1,98,90,144 | 2,84,42,000 |
| 2. Fair value of plan assets at the end of the year | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| 3. Funded status surplus/(deficit) | (34,52,847) | (4,56,534) | (6,93,840) |
| 4. Unrecognised past service cost | - | - | - |
| 5. Net Asset/(Liability) recognised in the Balance Sheet | (34,52,847) | (6,93,840) | (6,93,840) |
| D. Change in Present value of the Obligation during the year | | | |
| 1. Present value of the obligation as at the beginning of the year | 1,98,90,144 | 2,84,42,000 | 2,75,94,000 |
| 2. Current service cost | 13,23,674 | 11,39,364 | 16,98,000 |
| 3. Interest cost | 14,42,584 | 18,98,639 | 20,87,000 |
| 4. Benefits paid | (57,80,005) | 1,00,69,301 | 10,88,677 |
| 5. Actuarial (gain) loss on obligation | 17,45,402 | (2,16,59,160) | (40,25,677) |
| 6. Present value of obligation at the end of the year | 1,86,21,799 | 1,98,90,144 | 2,84,42,000 |
| E. Change in Assets during the year | | | |
| 1. Fair value of plan assets at the beginning of the year | 1,94,33,610 | 2,77,48,160 | 2,48,07,839 |
| 2. Expected return on plan assets | 13,01,193 | 22,19,853 | 19,84,627 |
| 3. Contributions made | - | - | 20,92,321 |
| 4. Benefits paid | 57,80,005 | 1,00,69,301 | 10,88,677 |
| 5. Actuarial gain / (loss) on plan assets | 214,154 | (4,65,101) | (353,506) |
| 6. Fair value of plan assets at the end of the year | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| F. Major categories of plan assets as a percentage of total plan | | | |
| Special Deposit Scheme | 6,458,876 | 64,58,276 | 64,58,275 |
| Deposit with LIC | 76,30,175 | 1,10,50,633 | 79,70,307 |
| Bank balances and recoverables | 10,80,501 | 19,24,702 | 1,33,19,578 |
| Total | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| G. Actuarial Assumptions | | | |
| 1. Discount rate | 8.00% | 8.00% | 8% |
| 2. Salary escalation | 4.00% | 4.00% | 4% |
| 3. Expected rate of return on plan assets | 8.00% | 8.00% | 8% |
| 4. Attrition rate | 12.00% | 12.00% | 12% |
| 5. Mortality rate | LIC (1994-96) | LIC (1994-96) | LIC (1994-96) |

Notes:

- The salary escalation considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.
- Gratuity is applicable to all permanent and full time employees of the company.
- Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the company.
- Total defined benefit contributions paid

| | | |
|-----------------|------------|------------|
| | 31.03.2010 | 31.03.2009 |
| PF Contribution | 51.72 | 77.21 |

VIJAYESWARI TEXTILES LIMITED



25) Net deferred tax liability carried over as at 31st March 2010 comprises of the following:

| Particulars | 31.3.2009 | Effect for the year | 31.3.2010 |
|---------------------------------------|-----------|---------------------|----------------|
| Deferred Tax Liability: | | | |
| Depreciation | 1338.76 | 66.15 | 1404.91 |
| Deferred Product development expenses | 260.93 | (49.14) | 211.79 |
| | 1599.69 | 17.01 | 1616.70 |
| Deferred Tax Asset | | | |
| Unabsorbed depreciation | 786.67 | - | 786.67 |
| Carry forward Tax losses | 428.33 | - | 428.33 |
| Section 43 B Items | 2.36 | 9.90 | 12.26 |
| Others | 209.67 | (87.67) | 122.00 |
| | 1427.03 | (77.77) | 1349.26 |
| Net Deferred Tax Liability | 172.66 | 94.78 | 267.44 |

Deferred tax asset on account of carry forward losses and unabsorbed depreciation is recognized to the extent of available deferred tax liability.

26(a) DETAILS OF MANAGERIAL REMUNERATION :

| PARTICULARS | 31.03.2010 (Rs. in Lakhs) | 31.03.2009 (Rs. in Lakhs) |
|---|------------------------------|------------------------------|
| Sri. K. Rajagopal - Chairman & Managing Director | | |
| Salaries and Allowances | 21.30 | 22.00 |
| Commission | - | - |
| Contribution to Provident Fund | 1.23 | 1.40 |
| | <u>22.53</u> | <u>23.40</u> |
| Sri. A.L. Ramachandra - Managing Director | | |
| Salaries and Allowances | 17.57 | 18.04 |
| Commission | - | - |
| Contribution to Provident Fund | 1.10 | 1.26 |
| | <u>18.67</u> | <u>19.30</u> |
| Smt. Jayanthi Ramachandra - Joint Managing Director | | |
| Salaries and Allowances | 17.57 | 18.04 |
| Commission | - | - |
| Contribution to Provident Fund | 1.10 | 1.26 |
| | <u>18.67</u> | <u>19.30</u> |
| Total | <u>59.87</u> | <u>62.00</u> |

VIJAYESWARI TEXTILES LIMITED



27) Disclosure in respect of Hire purchase dues (Finance Lease)

| | | 31.3.2010 | 31.3.2009 |
|---|--|-----------|-----------|
| Assets under Hire Purchase | Minimum lease payments as at end of year | 6.30 | 45.88 |
| | Present value of MLP as at end of year | 5.26 | 32.24 |
| Lease payments not later than 1 year | Minimum lease payments as at end of year | 6.08 | 25.65 |
| | Present value of MLP as at end of year | 4.70 | 23.34 |
| Lease payments later than 1 year and not later than 5 years | Minimum lease payments as at end of year | 0.68 | 20.33 |
| | Present value of MLP as at end of year | 0.56 | 9.90 |

- 28 Based on technical opinion, the company classifies the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items is charged at rates applicable to continuous process plant under schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted, depreciation for the year is lower by Rs.295.83 Lakhs (Previous Year Rs.244.83 Lakhs) with consequential effect on the profit for the year.
- 29 Provision for diminution in the value of investment in the wholly owned subsidiary viz., VTX-USA LLC to the extent of Rs.8.93 Lakhs has been made, in view of the accumulated losses of the subsidiary company. The company is of the view that the losses in the last few years arose due to the recessionary phase in USA. With the signs of economic recovery now, in the opinion of the company, such accumulated losses would be wiped out in the next few years and hence no provision is considered necessary therefor.
- 30 a). Since certain commissioned assets relating to the new integrated project have not been put to effective economic use pending implementation of integrated project in whole, the borrowing costs and expenses pertaining thereto for the year amounting to Rs. 1027.14 lakhs have been capitalized. Consequent to this accounting policy borrowing cost and expenses relating to such assets charged off in earlier years amounting to Rs. 689.61 lacs are reversed and capitalized. Also, depreciation provided is lower by Rs. 278.71 lakhs on such assets considering them to be under implementation and depreciation thereon charged off in earlier years amounting to Rs. 264.20 lakhs has been reversed
- b). Foreign exchange loss under exceptional items represents the loss on foreign exchange forward/options contract.
- 31 Figures have been rounded off to the nearest thousand rupees and expressed in lakhs and figures for the previous year have been regrouped and reclassified wherever necessary to conform to this year's classification.

VIJAYESWARI TEXTILES LIMITED



DETAILS REQUIRED UNDER PART IV OF SCHEDULE VI BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

| | | | | |
|------------------------------|---|-----------------------|------------|----|
| Registration No. | : | 00248 | State code | 18 |
| Corporate Identification No. | : | L17111TZ1953PLC000248 | | |
| Balance Sheet Date | : | 31.03.2010 | | |

II Capital Raised during the year(Amount in Rs.Thousands)

| | | | | | |
|--------------|---|-----|-------------------|---|-----|
| Public Issue | : | Nil | Rights Issue | : | Nil |
| Bonus Issue | : | Nil | Private Placement | : | Nil |

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | | | |
|-------------------|---|---------|--------------|---|---------|
| Total Liabilities | : | 4242842 | Total Assets | : | 4242842 |
|-------------------|---|---------|--------------|---|---------|

Sources of Funds

| | | | | | |
|------------------------|---|---------|--------------------|---|---------|
| Paid-up Capital | : | 181692 | Reserves & Surplus | : | 1123231 |
| Secured Loans | : | 2577796 | Unsecured Loans | : | 60101 |
| Deferred Tax Liability | : | 26744 | | | |

Application of Funds

| | | | | | |
|--------------------|---|---------|------------------|---|-------|
| Net Fixed Assets | : | 2031671 | Investment | : | 73921 |
| Net Current Assets | : | 1797990 | Misc.Expenditure | : | 65983 |
| Accumulated Losses | : | Nil | | | |

IV Performance of Company(Amount in Rs.Thousands)

| | | | | | |
|---|---|---------|---------------------------|---|---------|
| Turnover / Income | : | 1204103 | Total Expenditure | : | 1056682 |
| Profit / (Loss) before tax | : | 147421 | Profit / (Loss) after tax | : | 36228 |
| Earning per share (Face value Rs.10/-): | | 1.99 | Dividend Rate (Equity)%: | | 5% |

V Generic Names of Three Principal Products/Services of the Company (as Per monetary terms)

| | | |
|---------------------|---|--|
| Item Code No. | | |
| ITC Code | : | 5203 |
| Product Description | : | Grey Cotton Yarn & Mercerised Cotton yarn |
| ITC Code | | 52-8-1249 |
| Product Description | : | Mill Made |
| | | Mill Made - Woven - Processed / Grey-Cotton and Synthetic - Blended Fabric Made-ups |

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **A.L. Ramachandra**
Managing Director

As per our Report of even date attached

For Subbachar & Srinivasan

Firm Reg. No.004083S

Chartered Accountants

(Sd.) **T.S.V. Rajagopal**

Partner

Membership No. 200380

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director

(Sd.) **V. Dharmaraj**
Director

Coimbatore
29.05.2010

(Sd.) **R. Ramesh**
Chief Financial Officer

(Sd.) **S. Suresh**
Company Secretary

VIJAYESWARI TEXTILES LIMITED



Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies :- (Rs. in lakhs)

| Name of the Subsidiary Company | Financial Year ending of the Subsidiary | Number of Shares held (ordinary) | Extent of holding/ Interest (%) | Net Aggregate amount of Subsidiary's Profit / (Loss) not dealt with in the Holding Company's accounts | | Net aggregate amount of Subsidiary's Profit / (Loss) dealt with in the Holding Company's accounts | | Dividend declared for the year |
|--------------------------------|---|----------------------------------|---------------------------------|---|---------------------------------|---|---------------------------------|--------------------------------|
| | | | | For the Current Financial Year | For the Previous Financial Year | For the Current Financial Year | For the Previous Financial Year | |
| Vijayeswari USA LLC | 31/03/2010 | 19,000 | 100 | (353.35) | (627.17) | NIL | NIL | NIL |
| Vijayeswari UK Limited | 31/03/2010 | 1,000 | 100 | 73.07 | (48.92) | NIL | NIL | NIL |

1. Changes in the interest of the Holding Company between the end of the Subsidiary's Financial Year and Holding Company's Financial Year - Nil

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director
Coimbatore
29.05.2010

(Sd.) **A.L. Ramachandra**
Managing Director

(Sd.) **V. Dharmaraj**
Director

(Sd.) **R. Ramesh**
Chief Financial Officer

As per our Report of even date attached

For Subbachar & Srinivasan
Firm Reg. No.0040835
Chartered Accountants
(Sd.) **T.S.V. Rajagopal**
Partner
Membership No. 200380

(Sd.) **S. Suresh**
Company Secretary

VIJAYESWARI TEXTILES LIMITED



**Auditor's Report to the Board of Directors of
M/s.Vijayeswari Textiles Limited on the Consolidated Financial Statements of
M/s.Vijayeswari Textiles Limited and its subsidiaries.**

We have examined the attached Consolidated Balance Sheet of M/s.Vijayeswari Textiles Limited and its subsidiaries as at **31st March, 2010**, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date.

These financial statements are the responsibility of M/s.Vijayeswari Textiles Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets **Rs. 1315.74 Lakhs** as at **31st March 2010** and net loss of **Rs. 280.28 Lakhs** for the period then ended. These financial statements compiled by the management have not been audited and our opinion in so far as it relates to the amounts included in the consolidated accounts is based solely on these unaudited financial statements certified by the management. Adjustments arising out of audit upto financial year ended 31.3.2009 are unascertainable but have been given effect in the consolidated financial statements and adjustments that may arise on completion of audit for the financial year 2009-10, not material in the opinion of the company. We draw attention to the above point without qualifying our audit report.

We report that the consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited / certified financial statements of M/s. Vijayeswari Textiles

Limited and its subsidiaries included in the Consolidated Financial Statements.

Without qualifying our report we draw attention to

1. Note No. 13 regarding adoption of depreciation rates applicable to continuous process plant in respect of plant and machinery of spinning and processing units and wind mills which is a technical matter. Due to this policy adopted by the company depreciation for the year is lower by Rs. 295.83 Lakhs with consequential effect on the profit for the year.
2. Note No. 14 regarding capitalization of Rs. 1027.14 lakhs of borrowing costs and expenses pertaining to the integrated project, reversal of such borrowing costs and expenses of Rs. 689.61 lakhs and lower depreciation of Rs. 278.71 lakhs and reversal of excess depreciation of Rs. 264.20 lakhs.

On the basis of the information and explanation given to us and on the consideration of the our separate audit reports on the individual audited financial statements of the company and unaudited certified financial statements of its aforesaid subsidiaries, in our opinion, the consolidated financial statements read together with the Notes to Consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of M/s.Vijayeswari Textiles Limited and its subsidiaries as at 31st March 2010.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of M/s.Vijayeswari Textiles Limited and its subsidiaries for the year ended on that date.
- (c) In the case of the Consolidated cash flow statement of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For Subbchar & Srinivasan
Firm Reg. No.004083S
Chartered Accountants

(Sd.) **T.S.V. Rajagopal**
Partner

Membership No. 200380

Place : Coimbatore

Date : 29.05.2010

VIJAYESWARI TEXTILES LIMITED



CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2010

| | Schedule No. | | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|--------------|------------------|-------------------------------------|-------------------------------------|
| I Sources of Funds | | | | |
| 1. Shareholder's Funds | | | | |
| a. Share Capital | 1 | 1,816.92 | 1,816.92 | |
| b. Reserves & Surplus | 2 | <u>10,271.89</u> | <u>12,088.81</u> | 12,063.19 |
| 2. Loan Funds | | | | |
| a. Secured Loans | 3 | 25,777.96 | 21,716.84 | |
| b. Unsecured Loans | 4 | <u>655.92</u> | <u>26,433.88</u> | 22,406.15 |
| 3. Deferred Tax Liability | | | <u>267.44</u> | 172.66 |
| TOTAL | | | <u>38,790.13</u> | <u>34,642.00</u> |
| II Application of Funds | | | | |
| 1. Fixed Assets | 5 | | | |
| Gross Block | | 18,020.54 | 13,828.64 | |
| Less : Depreciation | | <u>4,807.17</u> | <u>4,521.66</u> | |
| Net Block | | 13,213.37 | 9,306.98 | |
| Capital Work in progress | | <u>6,101.91</u> | <u>6,285.11</u> | |
| | | 19,315.28 | 15,592.09 | |
| Preoperative Expenses Pending Capitalisation | | <u>1,138.00</u> | <u>110.86</u> | 15,702.95 |
| 2. Investments | 6 | | <u>738.41</u> | 2,045.21 |
| 3. Current Assets, Loans & Advances | | | | |
| a. Inventories | 7 | 9,790.31 | 9,540.13 | |
| b. Sundry Debtors | 8 | 2,043.71 | 2,518.18 | |
| c. Cash and Bank Balances | 9 | 2,442.69 | 862.65 | |
| d. Loans and Advances | 10A | 4,086.21 | 4,500.09 | |
| e. Other Current Assets | 10B | <u>1,195.83</u> | <u>1,242.84</u> | |
| | | <u>19,558.75</u> | <u>18,663.89</u> | |
| Less : Current Liabilities and provisions | | | | |
| a. Current Liabilities | 11 | 2,478.59 | 2,506.97 | |
| b. Provisions | 12 | <u>142.84</u> | <u>31.65</u> | |
| | | <u>2,621.43</u> | <u>2,538.62</u> | |
| NET CURRENT ASSETS | | | 16,937.32 | 16,125.27 |
| 4. Miscellaneous Expenditure (To the extent not written off or adjusted) | 13 | | <u>661.13</u> | 768.57 |
| TOTAL | | | <u>38,790.13</u> | <u>34,642.00</u> |
| Significant Accounting Policies | 22A | | | |
| Notes Forming Part of Accounts | 22B | | | |
| Statement pursuant to Part IV | | | | |

The Schedules referred to above form an integral part of this Consolidated Balance Sheet.

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **A.L. Ramachandra**
Managing Director

As per our Report of even date attached

For Subbachar & Srinivasan

Firm Reg. No.004083S

Chartered Accountants

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director

(Sd.) **V. Dharmaraj**
Director

(Sd.) **T.S.V. Rajagopal**

Partner

Coimbatore
29.05.2010

(Sd.) **R. Ramesh**
Chief Financial Officer

(Sd.) **S. Suresh**
Company Secretary

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2010.

| | Schedule No. | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-----------------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| Gross Sales/Income from operations | 14 | 11,608.02 | 13,755.17 |
| Less : Excise Duty | | - | - |
| Net Sales | | 11,608.02 | 13,755.17 |
| Other Income | 15 | 204.23 | 454.16 |
| Increase/(Decrease) in Stock | 16 | 145.69 | (387.42) |
| TOTAL | | 11,957.94 | 13,821.91 |
| EXPENDITURE | | | |
| Raw Materials Consumed | 17 | 3,235.65 | 4,705.67 |
| Processing & Weaving Charges | | 1,220.12 | 1,992.31 |
| Salaries, Wages & Bonus | 18 | 881.34 | 1,051.92 |
| Power & Fuel | | 1,136.45 | 944.92 |
| Stores consumed | | 1,289.29 | 1,468.75 |
| Lease rent on Production facilities | | 209.52 | 178.66 |
| Repairs and Maintenance | 19 | 275.57 | 234.92 |
| Administrative, Selling & Other Expenses | 20 | 1,542.16 | 3,114.95 |
| Depreciation | | 551.33 | 689.31 |
| Amortization of Product Development Expenditure | | 381.93 | 399.03 |
| | | 10,723.39 | 14,780.44 |
| PROFIT/(LOSS) BEFORE INTEREST & TAXATION | | | |
| | | 1,234.55 | (958.53) |
| Interest | 21 | 1,255.99 | 1,408.72 |
| PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS & TAXATION | | | |
| | | (21.44) | (2,367.25) |
| Exceptional Items | 22 | 247.77 | (174.35) |
| (Refer Notes on Accounts No.22B(14)) | | | |
| PROFIT/(LOSS) BEFORE TAX | | | |
| | | 226.33 | (2,541.60) |
| Current Taxation (MAT) | | 35.68 | - |
| MAT Credit Entitlement | | (35.68) | |
| Fringe Benefit Tax | | - | 18.00 |
| Deferred Tax | | 94.78 | (669.64) |
| | | 131.55 | (1,889.96) |
| PROFIT/(LOSS) AFTER TAX | | | |
| | | (1,549.05) | 340.91 |
| Less:Balance of Profit / (Loss) B/F | | (1,417.50) | (1,549.05) |
| Less: Transfer from General reserve | | 563.04 | - |
| | | (854.45) | (1,549.05) |
| Amount available for Appropriation | | | |
| | | (854.45) | (1,549.05) |

VIJAYESWARI TEXTILES LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2010.

| | Schedule | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|----------|-------------------------------------|-------------------------------------|
| | No. | | |
| APPROPRIATIONS | | | |
| Transfer to General Reserve | | - | - |
| Final Dividend (out of past reserves) | | 90.85 | - |
| Corporate Tax on Dividend | | 15.09 | - |
| Balance in Profit & Loss Account | | <u>(960.39)</u> | <u>(1549.05)</u> |
| | | <u>(854.45)</u> | <u>(1,549.05)</u> |
| EPS (Basic & Diluted) (F.V Rs.10/-)-After exceptional items | | 0.72 | (10.40) |
| EPS (Basic & Diluted) (F.V Rs.10/-)-Before exceptional items | | (0.64) | (9.44) |
| Significant Accounting Policies | 22A | | |
| Notes Forming Part Of Accounts | 22B | | |
| Statement pursuant to Part IV | | | |

The Schedules referred to above form an integral part of this Consolidated Profit & Loss Account.

(Sd.) **K. Rajagopal** Chairman & Managing Director
(Sd.) **Jayanthi Ramachandra** Joint Managing Director
Coimbatore
29.05.2010

(Sd.) **A.L. Ramachandra** Managing Director
(Sd.) **V. Dharmaraj** Director
(Sd.) **R. Ramesh** Chief Financial Officer

(Sd.) **S. Suresh** Company Secretary

As per our Report of even date attached
For Subbchar & Srinivasan
Firm Reg. No.004083S
Chartered Accountants
(Sd.) **T.S.V. Rajagopal**
Partner
Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



Consolidated Cash Flow Statement for the year ending 31-03-2010

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| A. Cash Flow From Operating Activities :- | | |
| Net profit/(Loss) before Tax | 226.33 | (2,541.62) |
| Adjustments for : | | |
| Depreciation | 551.33 | 689.31 |
| Amortisation of Deferred Product | | |
| Development Expenses | 381.93 | 399.03 |
| Loss on Sale of Investments | - | 174.35 |
| Profit on sale of Assets | (1.02) | 0.00 |
| Dividend Income | (18.29) | (157.16) |
| Interest Receipts | (52.47) | (46.63) |
| Interest Payments | 1255.99 | 1,408.72 |
| Exceptional Items | (247.77) | - |
| Operating Profit before Working Capital Changes | 2,096.05 | (74.00) |
| Adjustments for : | | |
| (Increase)/Decrease in Trade and Other Receivables | 1,063.61 | 80.57 |
| (Increase)/Decrease in Inventories | (250.18) | 622.41 |
| Increase/(Decrease) in Trade Payables | 2.55 | (1,089.39) |
| Cash Generated from Operations | 2,912.03 | (460.41) |
| Direct Taxes Paid | (88.19) | (22.30) |
| Cash Flow before Extra Ordinary Items | 2,823.84 | (482.71) |
| Other Items | | |
| Deferred Product Development Expenditure | (274.50) | (350.69) |
| Cash Flow before Exceptional Items | 2,549.34 | (833.40) |
| Exceptional Items | (16.43) | 0.00 |
| Net Cash from Operating Activities (A) | 2,532.91 | (833.40) |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (4,010.80) | (6,512.66) |
| Sale of Fixed Assets | 1.53 | 0.00 |
| Purchase of Investments | - | (2,044.80) |
| Sale of Investments | 1,306.80 | 3,654.02 |
| Pre - Operative Expenses pending Capitalisation | (300.65) | (223.32) |
| Interest Received | 12.40 | 63.67 |
| Dividend Received | 18.29 | 157.16 |
| Net Cash used in Investing Activities (B) | (2,972.43) | (4,905.93) |
| C. Cash Flow From Financing Activities : | | |
| Term Loan from Banks | 5,661.76 | 4,762.34 |
| Other Loans from Banks & Finance Companies | (1,545.67) | 1,932.69 |
| Fixed Deposits | (0.88) | (3.84) |
| Proceeds / (Repayment) of Other Loans | (5.17) | (14.96) |
| Dividend Paid | (25.64) | (144.53) |
| Interest Paid | (2,064.84) | (1,115.31) |
| Net Cash from Financing Activities (C) | 2,019.56 | 5,416.38 |

VIJAYESWARI TEXTILES LIMITED



Consolidated Cash Flow Statement for the year ending 31-03-2010(Contd)

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| Net increase in Cash & Cash Equivalents (A + B + C) | 1580.04 | (322.95) |
| D. Net increase in Cash & Cash Equivalents : | | |
| Cash & Cash Equivalents as at the beginning of the year | 862.65 | 1185.60 |
| Cash & Cash Equivalents as at the end of the year | <u>2,442.69</u> | <u>862.65</u> |
| | <u>1,580.04</u> | <u>(322.95)</u> |

- Note : 1. Previous year's figures have been regrouped and reclassified to conform to this year's classification
2. Cash and cash equivalents include the following balances which are restricted and not available for use by the company
- | | | |
|-------------------------------------|--------|--------|
| Deposits out of IPO Proceeds | 0.00 | 65.33 |
| Current account out of IPO Proceeds | 13.10 | 0.08 |
| Margin Money deposits | 384.35 | 227.13 |
| Unpaid dividend warrant account | 5.71 | 6.64 |
3. Fixed deposits of Rs.1414 lakhs are pledged with banks for Demand loans

(Sd.) **K. Rajagopal**
Chairman & Managing Director

(Sd.) **Jayanthi Ramachandra**
Joint Managing Director

Coimbatore
29.05.2010

(Sd.) **A.L. Ramachandra**
Managing Director

(Sd.) **V. Dharmaraj**
Director

(Sd.) **R. Ramesh**
Chief Financial Officer

As per our Report of even date attached
For Subbchar & Srinivasan
Firm Reg. No.004083S
Chartered Accountants
(Sd.) **T.S.V. Rajagopal**
Partner
Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 1 : Share Capital | | |
| Authorised | | |
| 2,00,00,000 Equity Share of Rs.10/- each | <u>2,000.00</u> | <u>2,000.00</u> |
| Issued, Subscribed & Paid up | | |
| 1,81,69,240 Equity Share of Rs.10/- each fully paid up | <u>1,816.92</u> | <u>1,816.92</u> |
| 1) Of the above shares 50,64,620 equity shares of Rs.10/- each represent fully paid up bonus shares issued by capitalisation of general reserve. | | |
| SCHEDULE - 2 : Reserves and Surplus | | |
| 1 Capital Reserve | 42.89 | 42.89 |
| 2 Securities Premium Account | 7,906.86 | 7,906.86 |
| 3 General Reserve | | |
| As per last Balance Sheet | 3,845.60 | 3,845.60 |
| Less : Transferred to Profit and Loss account | 563.04 | - |
| Less : Debit balance in Profit & Loss Account adjusted per Contra | 960.42 | 1,549.07 |
| | <u>2,322.14</u> | <u>2296.53</u> |
| Total 1,2 &3 | <u>10,271.89</u> | <u>10,246.28</u> |
| SCHEDULE - 3 : Secured Loans | | |
| Working Capital Loans from Banks | 8,339.49 | 9,830.77 |
| Term Loans from Banks | 16,205.09 | 11,620.33 |
| Demand Loan (Against Fixed Deposits of Rs.1414 lakhs) | 1,077.00 | - |
| Term Loans from Financial Institutions | - | 5.17 |
| Interest accrued and due | 150.54 | 232.85 |
| Hire Purchase dues | 6.30 | 30.37 |
| Less: Unmatured Finance Charges | 0.46 | 2.65 |
| TOTAL | <u>25,777.96</u> | <u>21,716.84</u> |

- Note :1. Working capital loans from banks are secured by hypothecation of Raw Materials, Stock in Process Finished Goods and book debts and Second charge on the Fixed Assets of the Company on Pari-passu basis.
2. Term Loan From banks and institutions are secured by pari passu first charge on the fixed assets of the Company and pari passu second charge on the current assets of the Company/ exclusive lien on a part of Fixed Term Mutual funds plan
3. Hire Purchase Dues are secured by hypothecation of vehicles purchased
4. Demand Loan from banks are secured by fixed deposits with bank

VIJAYESWARI TEXTILES LIMITED**Schedules to Consolidated Balance Sheet**

| | As at 31.03.2009 Rs. in Lakhs | As at 31.03.2008 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 4 : Unsecured Loans | | |
| a. Fixed Deposits - From Shareholders | 1.68 | 1.68 |
| - From Others | 10.36 | 11.66 |
| | <u>12.04</u> | <u>13.34</u> |
| Less : Unclaimed matured deposits | <u>12.04</u> | <u>12.46</u> |
| b. Trade Deposits | 1.01 | 1.01 |
| c. Unsecured Loan From Banks | | |
| Yes Bank (Repayable within one year Rs.600 Lakhs, Previous Year Rs.600 Lakhs) | 600.00 | 600.00 |
| d. Loans from others | 54.91 | 87.42 |
| TOTAL | <u>655.92</u> | <u>689.31</u> |

Note : Fixed Deposit repayable within a year is Rs.Nil (Previous Year Rs. 0.88 lakh)
Unclaimed matured deposits worth Rs. 12.04 lakhs (Previous Year Rs. 12.46 lakhs) are not
surrendered for repayment. (Refer Note under Schedule 11)

5. FIXED ASSETS

(Rupees in Lakhs)

| Details | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------------------------|---------------------|-------------------------------|--|---------------------|---------------------|-----------------|------------------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2009 | Additions Adjust- ments | Sales/ Transfer Adjust- ments | As on 31.03.2010 | As on 01.04.2009 | For the Year | With- drawn Adjust- ments | As on 31.03.2010 | As on 31.03.2009 | As at 31.03.2010 |
| Land | 100.15 | 490.78 | - | 590.93 | - | - | - | - | 100.15 | 590.93 |
| Leasehold Land | 156.93 | - | - | 156.93 | - | - | - | - | 156.93 | 156.93 |
| Building | 886.40 | 2,760.33 | - | 3,646.73 | 314.39 | 35.35 | - | 349.74 | 572.01 | 3,296.99 |
| Plant and machinery | 8,413.45 | 862.55 | - | 9,276.00 | 3,288.65 | 252.13 | 264.20 | 3,276.58 | 5,124.80 | 5,999.42 |
| Furniture & Fittings | 66.50 | 4.09 | 1.23 | 69.36 | 58.29 | 6.84 | 0.98 | 64.15 | 8.21 | 5.21 |
| Office Equipments | 161.07 | 14.68 | 0.42 | 175.33 | 52.52 | 13.86 | 0.28 | 66.10 | 108.55 | 109.23 |
| Vehicles* | 212.49 | 41.99 | - | 254.48 | 125.07 | 27.07 | - | 152.14 | 87.42 | 102.34 |
| Canteen Vessels | 4.34 | 8.75 | - | 13.09 | 3.77 | 0.42 | - | 4.19 | 0.57 | 8.90 |
| Computer Equipments | 295.43 | 10.85 | 0.47 | 305.81 | 225.84 | 29.17 | 0.34 | 254.67 | 69.60 | 51.14 |
| Wind Mills | 3,531.88 | - | - | 3,531.88 | 453.12 | 186.48 | - | 639.60 | 3,078.76 | 2,892.28 |
| Sub Total | 13,828.64 | 4,194.02 | 2.12 | 18,020.54 | 4,521.65 | 551.32 | 265.80 | 4,807.17 | 9,307.00 | 13,213.37 |
| Work in Progress | | | | | | | | | | |
| Building | 2,714.13 | 175.42 | 2,760.33 | 129.23 | - | - | - | - | 2,714.13 | 129.23 |
| Plant and machinery | 3,570.97 | 3,112.13 | 710.42 | 5,972.68 | - | - | - | - | 3,570.97 | 5,972.68 |
| Sub Total | 6,285.10 | 3,287.55 | 3,470.75 | 6,101.91 | - | - | - | - | 6,285.10 | 6,101.91 |
| Total | 20,113.74 | 7,481.57 | 3,472.87 | 24,122.47 | 4,521.65 | 551.32 | 265.80 | 4,807.17 | 15,592.10 | 19,315.28 |
| Previous year | 13,437.98 | 7,648.81 | 973.07 | 20,113.74 | 3,822.35 | 689.31 | - | 4,521.66 | 9,615.62 | 15,592.07 |
| Vehicles purchased on Hire Purchase | | | | | | | | | | |
| Current year | 132.84 | - | - | 132.84 | 42.60 | 20.56 | - | 63.16 | 90.24 | 69.68 |
| Previous year | 97.47 | 35.37 | - | 132.84 | 19.30 | 23.30 | - | 42.60 | 78.17 | 90.24 |

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

| | Face value per share in Rs. | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-----------------------------------|-------------------------------------|-------------------------------------|
| SCHEDULE - 6 : Investments (At Cost) | | | |
| A. Long Term Trade Investments - Quoted | | | |
| a. 5,70,795 Equity Shares in Coimbatore Lakshmi Investments & Finance Co. Ltd. | Rs.10 | 100.90 | 100.90 |
| | | <u>100.90</u> | <u>100.90</u> |
| B. Long Term Investments - Quoted | | | |
| 3,400 Equity Shares in Andhra Bank | Rs.10 | 0.34 | 0.34 |
| C. 100 Equity Shares in Vijayeswari Textiles Employees Co-op Stores Ltd | | | |
| | Rs.10 | 0.01 | 0.01 |
| D. Government Securities | | | |
| a. National Savings Certificate | | 0.05 | 0.05 |
| b. Indira Vikas Patra | | 0.01 | 0.01 |
| E. Investment in Mutual Funds-Unquoted | | | |
| (Out of IPO Proceeds) | Units | Rs. | |
| a. Citibank - Equity linked Debentures | 738 | 100000 | 738.00 |
| b. Franklin Tempelton Floating rate Income Fund - LT SIP | | | - |
| c. Reliance Liquid Plus | | | - |
| d. ICICI Liquid Plus Daily Div. Reinvestment | | | - |
| TOTAL | | | <u>738.41</u> |
| | | | <u>2045.21</u> |
| | | | <u>839.31</u> |
| | | | <u>2146.11</u> |
| Less:- Provision for Diminution in value of investments | | | <u>100.90</u> |
| | | | <u>100.90</u> |
| GRAND TOTAL | | | <u>738.41</u> |
| | | | <u>2045.21</u> |

| | As at 31-03-10 | | As at 31-03-09 | |
|-----------------------------|----------------|--------------|----------------|--------------|
| | Book Value | Market Value | Book Value | Market Value |
| Aggregate Value of : | | | | |
| Quoted Investments | 0.34 | 3.88 | 0.34 | 1.53 |
| Unquoted Investments | 738.07 | - | 2,044.87 | - |
| Total | 738.41 | 3.88 | 2,045.21 | 1.53 |

VIJAYESWARI TEXTILES LIMITED



| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 7 : Inventories | | |
| (As certified by the Managing Director) | | |
| 1 Raw Materials | | |
| a. Cotton in Godown | 200.39 | 147.64 |
| b. Cloth in Godown | 649.56 | 664.20 |
| 2 Stock in Process | | |
| a. Cotton in Process | 62.30 | 56.69 |
| b. Cloth in Process | 4,090.53 | 3,876.56 |
| 3 Finished Stock | | |
| a. Cotton Yarn | 269.06 | 174.72 |
| b. Made Ups | 3,866.56 | 4,037.28 |
| 4 Waste Stock | | |
| a. Cotton Waste | 0.76 | 1.03 |
| b. Cloth Waste | 21.30 | 18.55 |
| 5 Stores and Spare Parts | 629.63 | 563.30 |
| 6 Canteen Stock | 0.22 | 0.16 |
| TOTAL | <u>9,790.31</u> | <u>9,540.13</u> |
| SCHEDULE - 8 : Sundry Debtors | | |
| (Unsecured and Considered good) | | |
| Debts outstanding for more than 6 months | 69.45 | 67.13 |
| Others including Bills Discounted with Banks | 1,974.26 | 2,451.05 |
| TOTAL | <u>2,043.71</u> | <u>2,518.18</u> |
| SCHEDULE - 9 : Cash & Bank Balances | | |
| Cash on Hand | 24.45 | 7.72 |
| Balance with Scheduled Banks | | |
| In Current Accounts | 503.39 | 126.33 |
| In Margin Money Deposit Accounts | 384.35 | 227.13 |
| In Current Account (IPO Proceeds) | 13.10 | 0.08 |
| In Deposit Accounts (IPO Proceeds) | - | 65.33 |
| In Deposit Accounts (Pledged with bank for Loan of Rs.1077 lakhs) | 1,414.00 | - |
| In Unpaid Dividend Accounts | 5.71 | 6.64 |
| Balance with other than Scheduled Banks | | |
| Citi Bank | 16.03 | 3.31 |
| Lloyds TSB | 81.66 | 426.12 |
| TOTAL | <u>2,442.69</u> | <u>862.65</u> |

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 10 : Loans and Advances & Other Current Assets (Unsecured and considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 3,325.85 | 3,915.36 |
| Deposit with Central Excise, Customs and Sales tax authorities | 290.53 | 203.09 |
| Income-Tax advance | 557.48 | 469.28 |
| Less : Provision for Taxation | <u>426.72</u> | <u>391.04</u> |
| MAT Credit Entitlement | 292.99 | 257.31 |
| Finance Receivables due | 146.09 | 146.09 |
| | <u>4,186.21</u> | <u>4,600.09</u> |
| Less : Provision for Doubtful Receivables | 100.00 | 100.00 |
| Total (A) | <u>4,086.21</u> | <u>4,500.09</u> |
| Other Current Assets | | |
| Prepaid Expenses | 37.99 | 37.00 |
| Interest accrued on bank deposits | 56.05 | 15.99 |
| Income Receivable | 1,101.79 | 1,189.85 |
| Total (B) | <u>1,195.83</u> | <u>1,242.84</u> |
| Total (A) + (B) | <u>5,282.04</u> | <u>5,742.92</u> |
| SCHEDULE - 11 : Current Liabilities | | |
| Sundry Creditors-Micro,Small and Medium Enterprises | - | - |
| -Other Creditors | <u>1,987.46</u> | <u>2,181.82</u> |
| Unpaid Dividends * | 5.71 | 6.63 |
| Unclaimed Matured Deposits * | 12.04 | 12.46 |
| Outstanding Expenses & Other Liabilities | 473.37 | 306.01 |
| Interest accrued but not due | - | 0.05 |
| (* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund) | | |
| TOTAL | <u>2,478.59</u> | <u>2,506.97</u> |
| SCHEDULE - 12 : Provisions | | |
| Proposed Dividend (out of past reserves) | 90.85 | - |
| Tax on Dividend | 15.09 | 24.71 |
| Gratuity Provision | 36.90 | 6.94 |
| | <u>142.84</u> | <u>31.65</u> |

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE - 13 (A): Miscellaneous Expenditure | | |
| (To the extent not written off or adjusted) | | |
| a. Product Development Expenditure | | |
| Opening Balance | 767.27 | 815.61 |
| Add : Incurred during the year | 274.50 | 350.69 |
| | <u>1,041.77</u> | <u>1,166.30</u> |
| Less : Amortised during the year | 381.93 | 399.03 |
| Closing Balance | <u>659.83</u> | <u>767.27</u> |
| b. Intangible assets | | |
| | 1.30 | 1.30 |
| 13 (B) Profit & Loss Account | | |
| Opening Balance | (1,549.07) | 340.91 |
| Add: Profit / (Loss) for the year | 131.55 | (1889.98) |
| | <u>(1,417.52)</u> | <u>(1,549.07)</u> |
| Add : Transfer from General Reserve | 457.10 | - |
| Less : Adjusted with General Reserve per contra | <u>(960.42)</u> | <u>(1549.07)</u> |
| TOTAL | 661.13 | 768.57 |

Schedules to Consolidated Profit & Loss Account for the year ended 31.03. 2010

SCHEDULE - 14 : Sales/Income From Operations

| | | |
|--------------------|-------------------------|-------------------------|
| Cotton Yarn | 440.54 | 288.66 |
| Fabrics | 415.16 | - |
| Madeups | 9,883.28 | 12,542.93 |
| Waste | 242.32 | 110.77 |
| Conversion Charges | 25.95 | - |
| Export Incentives | 600.77 | 812.81 |
| TOTAL | <u>11,608.02</u> | <u>13,755.17</u> |

SCHEDULE - 15 : Other Income

| | | |
|---|----------------------|----------------------|
| Dividend from Investments | 18.29 | 157.16 |
| Interest Receipts (TDS Rs.5.73 Lakhs : Previous year Rs.6.23 Lakhs) | 52.47 | 46.63 |
| Insurance Claim Receipts | 1.48 | 2.07 |
| Profit on sale of Assets | 1.02 | - |
| Profit on Realisation of Finance Receivables | - | 21.70 |
| Wind Power Generation Income | 103.63 | 216.12 |
| Miscellaneous Income | 27.34 | 10.46 |
| TOTAL | <u>204.23</u> | <u>454.14</u> |

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Profit & Loss Account for the year ended 31.03. 2010

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE - 16 : Increase / (Decrease) in Stock | | |
| Finished Goods | | |
| Opening Stock | | |
| Cotton Yarn | 174.72 | 181.60 |
| Cotton and Cloth Waste | 19.58 | 14.51 |
| Work In Progress | 3,933.25 | 4,320.69 |
| Madeups | <u>4,037.28</u> | <u>4,035.44</u> |
| | 8,164.83 | 8,552.25 |
| Closing Stock | | |
| Cotton Yarn | 269.06 | 174.72 |
| Cotton and Cloth Waste | 22.06 | 19.58 |
| Work In Progress | 4,152.83 | 3,933.25 |
| Madeups | <u>3,866.56</u> | <u>4,037.28</u> |
| | 8,310.51 | 8,164.83 |
| Increase / (Decrease) in Stock | <u>145.69</u> | <u>(387.42)</u> |
| SCHEDULE - 17 : Raw Materials Consumed | | |
| Opening Stock | | |
| Opening Stock in Godown | 147.64 | 366.60 |
| Yarn Stock at Weaving Division | <u>664.20</u> | <u>810.66</u> |
| | 811.84 | 1,177.26 |
| Purchases | | |
| Cotton Purchases | 1,500.56 | 517.43 |
| Yarn & Cloth Purchases | <u>1,773.20</u> | <u>3,822.82</u> |
| | 4,085.60 | 5,517.51 |
| Closing Stock | | |
| Closing Stock in Godown | 200.39 | 147.64 |
| Yarn Stock at Weaving Division | <u>649.56</u> | <u>664.20</u> |
| | 849.95 | 811.84 |
| TOTAL | <u>3,235.65</u> | <u>4,705.67</u> |
| SCHEDULE - 18 : Salaries, Wages and Bonus | | |
| Salaries, Wages, Bonus | 718.99 | 904.15 |
| Contribution to P.F | 51.72 | 77.21 |
| ESI Contribution | 10.75 | 16.11 |
| Labour Welfare Expenses | 69.92 | 54.46 |
| Gratuity | <u>29.96</u> | <u>-</u> |
| | 881.34 | 1,051.93 |
| SCHEDULE - 19 : Repairs and Maintenance | | |
| Building Repairs | 56.54 | 25.22 |
| Machinery Repairs | 177.72 | 89.76 |
| Electrical Repairs | <u>41.31</u> | <u>119.93</u> |
| | 275.57 | 234.91 |

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Profit & Loss Account for the year ended 31.03. 2009

| | As at 31.03.2010 Rs. in Lakhs | As at 31.03.2009 Rs. in Lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 20 : Administrative, Selling and Other Expenses | | |
| Managerial Remuneration | | |
| i. Salary & Perquisites (Minimum Remuneration) | 59.87 | 62.01 |
| ii. Commission | - | - |
| Postage, Telephone, Printing and Stationery | 87.16 | 106.42 |
| Travelling Expenses & Maintenance of Vehicles | 275.45 | 300.93 |
| Insurance | 55.98 | 68.84 |
| Rent | 110.84 | 82.66 |
| Taxes & Licence Fees | 26.86 | 200.93 |
| Bank Charges & Subscription | 78.63 | 102.41 |
| Directors' Sitting Fees | 3.44 | 3.04 |
| Auditors' Remuneration | 3.03 | 11.89 |
| Legal & Professional Charges | 53.92 | 25.43 |
| Miscellaneous Expenses | 77.91 | 265.49 |
| Foreign Exchange Loss | 139.61 | 125.18 |
| Foreign Exchange (Gain) / Loss on Consolidation | (112.52) | 533.48 |
| Donations | 3.93 | 6.18 |
| | (A) | |
| | <u>864.11</u> | <u>1,894.89</u> |
| Selling Expenses : | | |
| Yarn Sales Expenses | 32.48 | 22.44 |
| Commission & Brokerage | 103.41 | 208.58 |
| Madeups Sales Expenses | 542.16 | 989.04 |
| | (B) | |
| | <u>678.05</u> | <u>1,220.06</u> |
| TOTAL | (A+B) | |
| | <u>1,542.16</u> | <u>3,114.95</u> |
| SCHEDULE - 21 : Interest | | |
| On Fixed Deposits | 0.05 | 0.36 |
| On Bank Loans and Others | 1,255.88 | 1,407.84 |
| On Financial Institution Loans | 0.07 | 0.53 |
| TOTAL | <u>1,255.99</u> | <u>1,408.73</u> |
| SCHEDULE - 22 : Exceptional Items | | |
| Foreign Exchange Loss on forwards / options | | |
| For the Current Year | (283.41) | - |
| For the Earlier Years | (422.63) | - |
| Capitalization / Writeback of Interest, Expenses & Depreciation relating to the integrated project | 953.81 | - |
| Loss on Sale of Investments | - | (174.35) |
| TOTAL | <u>247.77</u> | <u>(174.35)</u> |

VIJAYESWARI TEXTILES LIMITED

SCHEDULE - 22A : Significant Accounting Policies



Accounting Policies

I. PRINCIPLES OF CONSOLIDATION

- a. The Consolidation of financial statements of Vijayeswari Textiles Limited and its subsidiaries are prepared under historical cost convention and in accordance with the generally accepted accounting principles in India and Accounting Standard 21 on Consolidated Financial Statement issued by the Institute of Chartered Accountants of India.
- b. The financial statements of the Company and its subsidiary Companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra – group transactions.
- c. The translation of foreign currencies into Indian Rupees (reporting Currency) is performed for assets and liabilities at the current exchange rate in effect at the balance sheet date, and for revenues, cost and expenses using the average rate prevailing during the reporting period in respect of integral foreign operations.

II. BASIS OF PREPARATION

This consolidated financial statements relate to Vijayeswari Textiles Limited and its Wholly owned subsidiaries. The financial statements are prepared under historical cost convention using uniform accounting policies and in accordance with the generally accepted accounting principles and Accounting Standard 21 on consolidated financial statements.

III. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the

reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

IV. FIXED ASSETS

- 1) Fixed assets are stated at historical cost net of CENVAT /VAT including appropriate direct and allocated pre-operative expenses.
- 2) Depreciation on Fixed assets is charged as under:
 - i. On Plant & Machinery of Spinning and Processing division acquired on or after 1.4.1993 and on Wind mills on SLM basis as per Schedule XIV as a continuous process plant. On all other plant and machinery acquired on or after 1.4.1993 at general SLM rates as per Schedule XIV.
 - ii. On Buildings on SLM basis as per Schedule XIV rates.
 - iii. On all other assets (including Plant & machinery acquired on or before 1.4.1993) on WDV basis at schedule XIV rates
- 3) Depreciation on additions and deletions of the fixed assets are charged pro - rata.

V. INVESTMENTS

Long Term Investments are carried at cost inclusive of all expenses incidental to acquisition. Provision for diminution in value of Long Term Investments is made only if such a decline is other than temporary in nature in the opinion of the management. Such diminution, if temporary, in the opinion of the management is not recognized.

VI. INVENTORIES

Inventories are valued as under:

Finished Goods – Yarn, Made ups and Waste at weighted average cost or net realisable value whichever is lower.

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Raw Materials, Stock in process, stores and spares and canteen stock at weighed average cost.

VII. REVENUE RECOGNITION

Income and Expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sale transaction is recognized as and when significant risks and rewards attached to ownership in the goods is transferred to the buyer. Revenue from service transactions is recognized on the completion of the contract. Dividend from investments, Export incentives under Duty Entitlement Pass Book ["DEPB"] Scheme and Duty Drawback Scheme are recognized when the right to receive payment / credit is established and no significant uncertainty as to measurability or collectability exists.

VIII. EMPLOYEE BENEFITS

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees rendered service are accounted on accrual basis.

Defined Contribution Plans

Company's contribution paid/payable during the year to Provident Fund and ESIC are recognized in the profit and loss account.

Defined Benefit Plans

Company's liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at

the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with currency and estimated terms of the defined benefit obligations. The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the related obligations.

There is no scheme for encashment of unavailed leave on retirement since unavailed earned leave is settled annually and accounted on payment.

IX. BORROWING COST

Interest and other incidental preoperative costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit and Loss Account.

X. TAXES ON INCOME

Current tax is determined as per the provisions of the Income tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment / appeals.

Deferred Tax assets and liabilities are recognized on timing differences between accounting income and taxable income that originate in one period and are capable or reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets, other than those arising on account of unabsorbed depreciation or carried forward business losses under tax laws, are recognized and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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Deferred tax assets arising on account of unabsorbed depreciation or carried forward business losses are recognised only when there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

XI. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the rates prevailing at the date of transaction. Exchange difference arising on final settlement are recognized as income or expenses in the year in which they arise. Outstanding balances before final settlement are converted at the exchange rates on the last date of the financial year and difference adjusted in revenue account where material.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XII. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

XIII. DEFERRED REVENUE EXPENDITURE

- a) New product development expenditure is amortised over a period 3 years commencing from the year following the year of expenditure.

- b) Pre-operative expenses related to the integrated project are accumulated for capitalization on commissioning of the project.

XIV. CASH FLOW STATEMENT:

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

XV. CONTINGENT LIABILITIES:

Contingent Liabilities as defined in Accounting Standard 29 are disclosed in the notes to accounts. Provision is made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with it as a contingent liability.

XVI. EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the Net Profit after tax attributable to the shareholders by the weighted average number of equity shares outstanding during the year.

XVII. EXPENDITURE DURING CONSTRUCTION PERIOD

Pre-operative expenditure incurred on projects / assets during the construction / implementation is capitalized and apportioned to projects / assets on commissioning.

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SCHEDULE - 22B Notes Forming Part of Accounts of Consolidated Financial Statements

1. The subsidiary companies considered in the consolidated financial statements and their reporting dates are as under:

| Name of the company | Country of Incorporation | % of voting power | Reporting date as at |
|---------------------|--------------------------|-------------------|----------------------|
| Vijayeswari USA LLC | United States of America | 100 | 31.03.2010 |
| Vijayeswari UK Ltd. | United Kingdom | 100 | 31.03.2010 |

In the absence of audited financial statements of the subsidiary companies as on 31st March 2010, the unaudited financial statements certified by the management have been used for the purposes of consolidation. Audit adjustments up to year ended 31st March 2009 have been given effect to in the consolidated financial statements. The audit adjustments that may arise on completion of audit for the financial year 2009-10 are not expected to be material.

| | (Rs. in Lakhs) | |
|--|---------------------|---------------------|
| | As on 31.03.2010 | As on 31.03.2009 |
| 2. Estimated Amount of Contracts remaining to be Executed on Capital Account and not provided for (Net of Advances) | 1485.79 | 928.33 |
| 3. Income –Tax Assessments have been completed up to the Assessment Year 2006-2007 | | |
| 4. Contingent Liability | | |
| i) Letter of Credit | 822.58 | 364.04 |
| ii) Bank Guarantees | 48.35 | 44.35 |
| iii) Disputed Income Tax Demands | 294.52 | 57.77 |
| iv) Disputed Sales tax demands | | |
| 5. Managerial Remuneration particulars | | |
| a) Salaries and allowances | 56.45 | 58.08 |
| b) Contribution to PF | 3.42 | 3.93 |
| c) Commission | - | - |
| Total | <u>59.87</u> | <u>62.01</u> |
| 6. In the opinion of the Board of Directors all Current Assets, Loans & Advances have a Value on realization in the ordinary course of business of a sum of at least equal to the amount at which they are stated. | | |
| 7. Earnings Per share as per AS 20 | | |

| | | 31.03.2010 | 31.03.2009 |
|---|-------|--------------------|-------------|
| Net Profit/(Loss) after Taxes after exceptional items | (A) | 131.55 | (1,889.96) |
| Net Profit/(Loss) after Taxes before exceptional items | (B) | (116.22) | (1,715.61) |
| Weighted Average Number of Shares | (C) | 1,81,69,240 | 1,81,69,240 |
| Earning per Share after exceptional items (Face Value Rs.10 Per Share) | (A/C) | 0.72 | (10.40) |
| Earning per Share after exceptional items (Face Value Rs.10 Per Share) | (B/C) | (0.64) | (9.44) |

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8. EMPLOYEE BENEFITS

Defined Benefit Plans

| | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|--------------------|--------------------------|--------------------|
| | | Gratuity [Funded] | |
| A. Expense recognised during the year | | | |
| 1. Current Service cost | 13,23,674 | 11,39,364 | 16,98,000 |
| 2. Interest cost | 14,42,584 | 18,98,639 | 20,87,000 |
| 3. Expected return on plan assets | (13,01,193) | (22,19,853) | 19,84,627 |
| 4. Actuarial Losses / (Gains) during the year | 15,31,248 | (10,55,221) | (18,00,373) |
| 5. Total Expense | 2996313 | - | - |
| B. Actual return on Plan assets | | | |
| 1. Expected return on plan assets | 13,01,193 | 22,19,853 | 19,84,627 |
| 2. Actuarial (Loss) / Gain on Plan assets | 214,154 | (4,65,337) | (3,53,506) |
| 3. Actual return on plan assets | 15,15,347 | 17,54,516 | 16,31,121 |
| C. Net Asset/(Liability) recognised in the Balance Sheet | | | |
| 1. Present value of the obligation at the end of the year | 1,86,21,799 | 1,98,90,144 | 2,84,42,000 |
| 2. Fair value of plan assets at the end of the year | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| 3. Funded status surplus/(deficit) | (34,52,847) | (4,56,534) | (6,93,840) |
| 4. Unrecognised past service cost | - | - | - |
| 5. Net Asset/(Liability) recognised in the Balance Sheet | (34,52,847) | (6,93,840) | (6,93,840) |
| D. Change in Present value of the Obligation during the year | | | |
| 1. Present value of the obligation as at the beginning of the year | 1,98,90,144 | 2,84,42,000 | 2,75,94,000 |
| 2. Current service cost | 13,23,674 | 11,39,364 | 16,98,000 |
| 3. Interest cost | 14,42,584 | 18,98,639 | 20,87,000 |
| 4. Benefits paid | (57,80,005) | 1,00,69,301 | 10,88,677 |
| 5. Actuarial (gain) loss on obligation | 17,45,402 | (2,16,59,160) | (40,25,677) |
| 6. Present value of obligation at the end of the year | 1,86,21,799 | 1,98,90,144 | 2,84,42,000 |
| E. Change in Assets during the year | | | |
| 1. Fair value of plan assets at the beginning of the year | 1,94,33,610 | 2,77,48,160 | 2,48,07,839 |
| 2. Expected return on plan assets | 13,01,193 | 22,19,853 | 19,84,627 |
| 3. Contributions made | - | - | 20,92,321 |
| 4. Benefits paid | 57,80,005 | 1,00,69,301 | 10,88,677 |
| 5. Actuarial gain / (loss) on plan assets | 214,154 | (4,65,101) | (353,506) |
| 6. Fair value of plan assets at the end of the year | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| F. Major categories of plan assets as a percentage of total plan | | | |
| Special Deposit Scheme | 6,458,876 | 64,58,276 | 64,58,275 |
| Deposit with LIC | 76,30,175 | 1,10,50,633 | 79,70,307 |
| Bank balances and recoverables | 10,80,501 | 19,24,702 | 1,33,19,578 |
| Total | 1,51,68,952 | 1,94,33,610 | 2,77,48,160 |
| G. Actuarial Assumptions | | | |
| 1. Discount rate | 8.00% | 8.00% | 8% |
| 2. Salary escalation | 4.00% | 4.00% | 4% |
| 3. Expected rate of return on plan assets | 8.00% | 8.00% | 8% |
| 4. Attrition rate | 12.00% | 12.00% | 12% |
| 5. Mortality rate | LIC (1994-96) | LIC (1994-96) | LIC (1994-96) |

Notes:

- The salary escalation considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.
- Gratuity is applicable to all permanent and full time employees of the company.
- Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the company.
- Total defined benefit contributions paid

| | | |
|-----------------|-------------------|------------|
| | 31.03.2010 | 31.03.2009 |
| PF Contribution | 51.72 | 77.21 |

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9) Net deferred tax liability carried over as at 31st March 2010 comprises of the following:

| Particulars | 31.3.2009 | Effect for the year | 31.3.2010 |
|---------------------------------------|-----------|---------------------|-----------------|
| Deferred Tax Liability: | | | |
| Depreciation | 1,338.76 | 66.15 | 1,404.91 |
| Deferred Product development expenses | 260.93 | (49.14) | 211.79 |
| | 1,599.69 | 17.01 | 1,616.70 |
| Deferred Tax Asset | | | |
| Unabsorbed depreciation | 786.97 | - | 786.97 |
| Carry forward Tax losses | 428.33 | - | 428.33 |
| Section 43B items | 2.36 | 9.90 | 12.26 |
| Others | 209.67 | (87.67) | 122.00 |
| | 1,427.03 | (77.77) | 1,349.26 |
| Net Deferred Tax Liability | 1,72..66 | 94.78 | 267.44 |

Deferred tax asset on account of carry forward losses and unabsorbed depreciation is recognized to the extent of available deferred tax liability.

10) Related party Disclosures for the year ended March31, 2010 as per Accounting Standard 18.

Related party Tranactions

Rs. in Lakhs

| | Key Management Personnel & Relatives | | Other Related Parties | |
|--|--------------------------------------|------------|-----------------------|------------|
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Sale of Goods | - | - | - | - |
| Receiving of Services/ Job Work charges | - | - | 619.55 | 736.95 |
| Lease Rent | 66.24 | 66.24 | 142.09 | 112.44 |
| Dividends Paid | - | 6.52 | - | 55.81 |
| Managerial Remuneration | 59.87 | 62.01 | - | - |
| Purchase of Land | 490.83 | - | - | - |
| Outstanding Balances | 73.40 (Cr) | 66.24 (Cr) | 275.68 (Cr) | 1588.93 |

Related Party Relationships

Relationships

Key Management Personnel

Name of Company / Personnel

K. Rajagopal, Chairman & Managing Director

A.L. Ramachandra, Managing Director

Jayanthi Ramachandra, Joint Managing Director

Relatives of Key Management

R.Mani

Personnel

R.Gopinath

Other Related Parties-Associates

Lakshmi Apparels & Wovens Limited

Seshraj Apparels Private Limited

Seshraj Enterprises Private Limited

Coimbatore Lakshmi Investments & Finance Co. Limited

Kay Arr Enterprises

Note : Related Party relationship is as identified by the company & relied upon by the Auditors.

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11. The integrated operations of the group are considered under a single broad segment viz., Textiles. These operations in the opinion of the management, in the context of AS 17 on "Segment Reporting" issued under the Companies (Accounting Standards) Rules 2006, constitute one single primary segment.
- 12) Disclosure in respect of Hire purchase dues (Finance Lease)

| | | 31.3.2010 | 31.3.2009 |
|---|--|-----------|-----------|
| Assets under Hire Purchase | Minimum lease payments as at end of year | 6.30 | 45.88 |
| | Present value of MLP as at end of year | 5.26 | 32.24 |
| Lease payments not later than 1 year | Minimum lease payments as at end of year | 6.08 | 25.65 |
| | Present value of MLP as at end of year | 4.70 | 23.34 |
| Lease payments later than 1 year and not later than 5 years | Minimum lease payments as at end of year | 0.68 | 20.33 |
| | Present value of MLP as at end of year | 0.56 | 9.90 |

13. Based on technical opinion the company classifies the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items is charged at rates applicable to continuous process plant under Schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted depreciation for the year is lower by Rs.295.83 Lakhs(Previous year Rs.244.83 Lakhs) with consequential effect on the loss for the year.
14. Since certain commissioned assets relating to the new integrated project have not been put to effective economic use pending implementation of integrated project in whole, the borrowing costs and expenses pertaining thereto for the year amounting to Rs. 1027.14 lakhs have been capitalized. Consequent to this accounting policy borrowing cost and expenses relating to such assets charged off in earlier years amounting to Rs.689.61 lacs are reversed and capitalized. Also, depreciation provided is lower by Rs.278.71 lakhs on such assets considering them to be under implementation and depreciation thereon charged off in earlier years amounting to Rs264.20 lakhs has been reversed. Foreign exchange loss under exceptional items represents the loss on foreign exchange forward/ options contract
15. The board of directors have proposed dividend on the basis of surplus profit available for appropriation as per profit and loss account of the parent company as required by the Companies Act, 1956.
16. The exchange rate adopted for conversion of subsidiary accounts is as follows.

| 31.03.2010 | 31.03.2009 |
|--------------------|--------------------|
| 1 GBP = Rs.68.25 | 1 GBP = Rs.72.86 |
| 1 US \$ = Rs.44.97 | 1 US \$ = Rs.50.95 |

17. Figures have been rounded off to the nearest thousand rupees and expressed in lakhs and figures for the previous year have been regrouped and reclassified wherever necessary to confirm to this year's classification.

VIJAYESWARI TEXTILES LIMITED



Disclosure of information relating to the Subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter no:47/74/2010-CI-III dated 5th February,2010

Rs. in lakhs

| S. No | Particulars | Vijayeswari UK Ltd. | 31.03.2010 Vijayeswari USA LLC. | Vijayeswari UK Ltd. | 31.03.2009 Vijayeswari USA LLC. |
|-------|---|---------------------|------------------------------------|---------------------|------------------------------------|
| a | Share capital | 0.80 | 8.93 | 0.80 | 8.93 |
| b | Reserves & Surplus | 24.15 | (980.52) | 65.51 | (719.25) |
| c | Total Assets | 732.14 | 583.60 | 1,566.73 | 951.69 |
| d | Total Liabilities | 707.19 | 1,555.20 | 1,500.42 | 1,662.01 |
| e | Details of Investments** | - | - | - | - |
| f | Net Sales and Services including other Income | 1,549.53 | 172.48 | 2,583.29 | 1,870.19 |
| g | Profit/(Loss) Before Tax | 73.07 | (353.35) | (60.90) | (592.65) |
| h | Provision for Taxation | - | - | - | - |
| i | Profit/(Loss) After Tax | 73.07 | (353.35) | (60.90) | (592.65) |
| j | Proposed Dividend | - | - | - | - |
| k | Reporting Currency* | INR | INR | INR | INR |

* The Financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

The Exchange Rate as at 31st March 2010: 1GBP=68.25 INR (Previous year 72.86 INR)
1USD=44.97 INR (Previous year 50.95 INR)

** Excluding Investments In Subsidiaries

VIJAYESWARI TEXTILES LIMITED



NECS MANDATE FORM FOR PAYMENT OF DIVIDEND ON EQUITY SHARES

1. First Shareholder's Name (in Block Letters) : _____
2. Address : _____
3. Regd. Folio No. : _____
4. Particulars of Bank Account
- A. Bank Name : _____
- B. Branch Name & City (Pin Code) : _____
- C. Account No. (as appearing on the Cheque Book) : _____
- D. Account Type (Please tick) : Savings Current Cash Credit
- E. Ledger Folio No. of the Bank A/c. : _____
- F. 9 Digit Code No. of the Bank & Branch appearing :

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

on the MICR cheque issued by the bank.
(Please attach a photocopy of a cheque for verifying the accuracy of the code number)

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the company responsible. In case of NECS facility not being available for any reason, the account details provided above may be incorporated in the payment instrument.

(Signature of the first Regd.holder)
as per specimen signature with the company

Name : _____

Address : _____

Place: _____

Date : _____ Pin Code _____

Note:

- 1 Kindly fill all the columns. Incomplete forms shall not be entertained.
- 2 In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of warrants.
- 3 Please send the form to M/s. Link Intime India Pvt. Limited "Surya" 35, May Flower Avenue (Behind Senthil Nagar) Sowripalayam Road, Coimbatore - 641 028.



PROXY FORM

VIJAYESWARI TEXTILES LIMITED

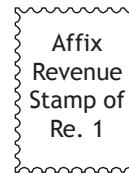
Corporate Office: 10/400, Palghat Road, Kuniamuthur, Coimbatore - 641 008. Tamilnadu

I / We.....
of..... in the district
of being a Member/Members of the above named Company hereby
appoint Shri/Smt. of
..... ofin the district of
..... failing him / her Shri / Smt.
..... in the district of
as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the
Company to be held on Saturday the 31st July 2010 at 04.00 P.M and at any adjournment thereof in
favour of / against the resolutions.

Signed this day of2010

Registered Folio No. :

No. of Shares held :



Notes : The instrument appointing proxy should be deposited at the Registered Office of the Com-
pany not later than 48 hours before the commencement of the meeting.



VIJAYESWARI TEXTILES LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending :

Full name of the first joint holder :

(To be filled in if first named joint-holder does not attend the Meeting)

Name of Proxy :

(To be filled if Proxy Form has been duly deposited with the Company)

I hereby register my presence at the ANNUAL GENERAL MEETING held at 2/185, Puliampatti
(via), Pollachi, Coimbatore District at 04.00P.M on Saturday the 31st July, 2010

Member's / Proxy's Signature
(To be signed at the time of handing over this slip)

Name :

Folio No :

