

24th Annual Report 2013-14



vijay
TEXTILES LIMITED

Furnishings Simply Incredible

CONTENTS

	Page
Board of Directors	1
Notice	2
Directors' Report	18
Management Discussion & Analysis Report	25
Corporate Governance Report	27
Independent Auditors' Report	41
Balance Sheet	46
Statement of Profit & Loss	47
Cash Flow Statement	48
Notes	50
Significant Accounting Policies	62
Notes on Accounts	64

BOARD OF DIRECTORS**TEXTILES LIMITED**

Shri Vijay Kumar Gupta	:	Chairman and Managing Director
Shri Susheel Kumar Gupta	:	Executive Director
Shri R.Malhotra	:	Finance Director
Shri M. Srikanth Reddy	:	Independent Director
Shri K. Bhupal Reddy	:	Independent Director
Shri Sanjeev Kumar Agarwal	:	Independent Director

Company Secretary

Shri S. Nagarajan

Statutory Auditors

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

Internal Auditors

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

Cost Auditors

Nageswara Rao & Co.,
H.No:30-1569/2, Anatanagar Colony,
Neredmet, SECUNDERABAD-500 056

Bankers**State Bank of India**

Industrial Finance Branch,
Somajiguda, HYDERABAD - 500 082.

Axis Bank Limited

Begumpet, HYDERABAD - 500 016.

State Bank of Hyderabad

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

Registrars & Transfer Agents

Aarathi Consultants Private Limited,
1-2-285, Domalguda,
HYDERABAD - 500 029.

Registered Office

Surya Towers, Ground Floor,
104, Sardar Patel Road,
SECUNDERABAD - 500 003.
Email: info@vijaytextiles.in CIN: L18100TG1990PLC010973

Factory:

Survey No: 139 to 141 & 143
Village Rajapoor, Mandal: Balanagar,
District: Mahaboobnagar
Telangana - 509 202.

Wholesale Depot:

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

Retail Show Rooms:

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

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **VIJAY TEXTILES LIMITED** will be held on **Tuesday, the 30th September, 2014 at 11.00 A.M** at Surana Udyog Auditorium, The Federation of A.P. Chamber of Commerce and Industry, The Federation House, 11-9-84, Red Hills, Hyderabad-500 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss for the year ended as on that date along with Cash Flow Statement and notes appended thereto together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in the place of Shri Susheel Kumar Gupta (DIN :00362714), who has been appointed as whole time Director and who retires by rotation and being eligible, offer himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 139,141 & 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules,2014 and other applicable rules, if any (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s Laxminiwas & Co, Chartered Accountants, Hyderabad, having firm registration number FRN 011168S be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this 24th Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company, to be held in the year 2017(subject to ratification of their appointment by the members at every AGM held after this

AGM) at such remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of Audit".

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions, if any, of the Companies Act 2013, read with Schedule V (as amended from time to time) the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to approval of the Central Government, and such other permissions, sanctions, and consents, consent of the Members be and is hereby accorded for re-appointment of Shri Vijay Kumar Gupta (DIN 01050958) as the Chairman and Managing Director for a period of five years effective from 1st April 2014 at monthly remuneration of ₹ 2,00,000/- (Rupees Two Lakhs Only) inclusive of all allowances payable for a period of 3 years".

"RESOLVED FURTHER THAT, in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Shri Vijay Kumar Gupta the remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V of Companies Act, 2013, or such other limit as may be prescribed by the Government from time to time".

"RESOLVED FURTHER THAT, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to the resolution and delegate to any Director or any office of the Company for obtaining necessary permission and approvals, if any, in this connection from Government and / or any authorities".

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri M.Srikanth Reddy (DIN:00026249), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office up to 29th September 2019, not liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri K. Bhupal Reddy (DIN:00376819), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office up to 29th September 2019, not liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable

provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Sanjeev Kumar Agarwal (DIN: 00362714), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office up to 29th September 2019 not liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), consent of the Members be and is here by accorded ratifying the remuneration as set out in the explanatory statement payable to M/s Nageswara Rao & Co, (Registration No.000332) Cost Accountants to conduct the audit of the cost records of the Company for the financial year ended 31st March, 2015".

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

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

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 18th Annual General Meeting held on 27th September, 2008 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013

and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys from time to time whether in Indian Rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source/countries as prescribed by guidelines, if any in this respect) from any one or more Company's Bankers and/or from any one or more Persons, Firms, Bodies Corporates, Financial Institutions, Banks, or Other acceptable source whether by way of Advances, Deposits, Loans, Debentures, Bonds, or Other Securities whether convertible into Equity/Preference Shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to Bank(s), Financial or other Institutions, Mutual Fund(s), Non-Resident Indians, Foreign Institutional Investors or any other Person(s), Bodies Corporate, etc., whether shareholder of the Company or not, whether Un-secured or Secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company, (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such excess amount so borrowed by the Board shall not at any time exceed the limit of ₹ 400.00 Crores (Rupees Four Hundred Crores Only)".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorize to do all such acts, deeds and things, as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt, that may arise in respect of the

borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient".

"RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to contemplated in any of the forgoing resolutions are hereby approved, ratified and confirmed in all respects".

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

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 18th Annual General Meeting held on 27th September, 2008 and pursuant to Section 180 (1) (a) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Shareholders be and is hereby accorded to the Board of Directors and its Committee(s), to mortgage or create charge on all or any of the immovable and movable properties (including pledge of securities held in subsidiaries/associates) of the Company, its subsidiaries and associates where so ever situated, present and future, and /or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as "the Lenders") to secure repayment of rupee term loans or foreign currency loans or a combination of both lend, advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), entered into/to be entered into by the Company with each of the lenders for the purpose of business of the Company"

"RESOLVED FURTHER THAT the Board be and is hereby also authorized to do all such other

acts, deeds, things as may be required from time to time which may be incidental or ancillary in giving effect to this resolution".

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent and approval of the Members of the Company be and is hereby accorded to alter/amend the Article of Association in the following manner :

- i) To insert the following in place of Article I :
- The regulations contained in Table F of Schedule I of the Companies Act 2013, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of the Company".

- ii) To insert the following in place of Article 123 :

Chairman:

- a) The Directors should elect one among themselves as Chairman of the Board who will Chair all meetings of the Board and General Meeting of the Company.
- b) If, the Chairman is unable to attend the meeting or if he is not present at the Board Meeting within 15 minutes of the scheduled time, the remaining Directors, present at the meeting should elect one among themselves as Chairman of the meeting.
- c) The positions of the Chairman and the Managing Director/Chief Executive Officer can be held by one person, at the same time, to ensure effective operation of the Company.

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

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

"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (De-listing of Equity Shares) Regulations 2009, Listing Agreements entered into by the Company with Stock Exchanges, and other applicable provisions, rules, regulations, guidelines, if any, and subject to such approvals, permissions and sanctions, as may be necessary or required, the consent of the members of the Company be and is hereby accorded for de-listing of the Securities of the Company from Madras Stock Exchange Limited."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to take all the necessary steps in this regard and to do all such acts, deeds, and things and to execute all such deeds, documents, writings as it may, in its absolute direction, deem necessary, proper, desirable or expedient and for this purpose to authorize any of its Directors or the Company Secretary of the Company or any other person, who the Board considers suitable to do the various acts, deeds and things required to be done in this behalf".

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

Place : Secunderabad
Date : 24th July, 2014

S Nagarajan
Company Secretary

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

NOTES FOR MEMBERS ATTENTION:

1. A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
6. The Company has already notified Closure of the Register of Members and Transfer Books from Wednesday, 24th September, 2014 to Tuesday, 30th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
7. Members who hold shares in Physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the Shares Certificates to the Company's Registrars and Transfer Agents, M/s. Aarhi Consultants Pvt Limited, for consolidation into a single folio.
8. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Aarhi Consultants Private Limited, immediately of :
 - a) The Change in the Residential status on return to India for permanent settlement.
 - b) The particulars of the Bank Account, maintained in India, with complete name, branch, account type, account number and address of Bank, with PIN Code Number, if not furnished earlier.
9. Members desirous of obtaining any information concerning the accounts/operations of the Company are requested to send their queries at least seven days before the date of the meeting, to the Company so that information required may be made available at the meeting.
10. The Shares of the Company continue to be listed on the stock exchange (s) at Mumbai and Chennai, the Company has paid up to date all the listing fees to the exchanges.
11. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed herewith.
12. **E-Voting:**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies Management and Administration Rules 2014, the Company is pleased its shareholders with facility to exercise their right to vote at the 24th Annual General Meeting (AGM) by electronic means and the Business may be transacted through e-voting services provided by Aarhi Consultants Private Limited.

The Company has signed an Agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to cast their vote electronically.

A. Instructions for e-voting

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now enter your User ID

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For NSDL: 8 Character DP ID followed by 8 Digits Client ID, For CDSL: 16 digits beneficiary ID,	Folio Number registered with the Company

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> • Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field. • Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the Folio/Client ID.</p>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in Physical form will then reach directly to the voting screen.
- (ix) Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- (x) Click on the relevant EVSN for the "Vijay Textiles Limited" on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- (xii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of the Annual General Meeting.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your

vote.

- (xiv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) Note for Non-Individual Shareholders & Custodians:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

B. Other Instructions:

- a. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
- b. The e-voting period begins on 24th September, 2014 (9 A.M) and ends on 26th September, 2014 (6.PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 29th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c. The voting rights of shareholders shall be in proportions to the shares held by them in the paid equity share capital of the Company as on 29th August, 2014.
- d. The Company has appointed A. Ravi Shankar, Practicing Company Secretary, Hyderabad (C.P: 4318) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- e. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report

of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company.

- f. Voting is provided to the members through e-voting and at the Annual General Meeting of the Company. A Member can opt for only one mode of voting i.e either through e-voting or at the Annual General Meeting of the Company.
- g. If a Member casts votes by both modes, then voting done through e-voting shall prevail.
- h. The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.vijaytextiles.in and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company on 30th September, 2014 and communicated to the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

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

Place : Secunderabad
Date : 24th July, 2014

S Nagarajan
Company Secretary

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

EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013.

Item No 4: Reappointment of Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company:

Members are aware that Shri Vijay Kumar Gupta was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from 1st April 2009 to 31st March 2014 at the 19th Annual General Meeting held on 24th September 2009. The Board of Directors of the Company at its meeting held on 11th April 2014 considered the re-appointment of Shri Vijay Kumar Gupta as Chairman and Managing Director for a further period of five years (i.e from 1st April 2014 to 31st March 2019). The said appointment and remuneration was also approved by the Nomination and Remuneration Committee in their meeting held on 11th April 2014.

Shri Vijay Kumar Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He holds 3088186 Equity Shares (26.86%) directly himself and 2291229 Equity Shares (19.92%) aggregating to 5380045 Equity Shares (46.78%) along with his family members and acting in concert with him in the Company.

A Brief Profile of Shri Vijay Kumar Gupta:

Shri Vijay Kumar Gupta, aged about 64 years is a Commerce Graduate and has had his training at Administrative Staff College of India in the areas of Management. He has an experience of 47 years in textiles trading and processing. He has been in textiles trading since 1968 through proprietary concern belonging to his family. He was looking after his family business distributors of Khatau voils from the year 1968 to 1981, From 1981 onward till the Company was incorporated he was carrying on the activity of

buying yarn from Companies, getting it converted into grey cloth on job work basis from loom owners and getting the grey cloth converted into finished goods on job work basis from reputed textiles processors and marketing them.

Shri Vijay Kumar Gupta is Promoter Director and Chairman and Managing Director of the Company. Has been associated with the Company since inception and taking care of the day to day operations of the Company. The Company has achieved all round progress under his able guidance and administration. In order to avail his un-interrupted services for the growth of the Company, Board of Directors proposes to re appoint him for a further period of 5 years as proposed in the above Resolution. Board of Directors recommends his re-appointment.

The re-appointment of Shri Vijay Kumar Gupta, Managing Director requires the approval of members in general meeting by way of Special Resolution pursuant to Section 196, read with Schedule V to the Companies Act, 2013.

The explanatory Statement may also be regarded as an abstract of Memorandum under Section 190 of the Companies Act, 2013 (corresponding Section 302 of the Companies Act, 1956) and disclosure under Clause 49 of the Listing Agreement.

Statement as required under Section II, part II of the Schedule V of the Companies Act, 2013.

I. General Information:

1. Nature of Industry : Manufacturing of Textile Fabrics
2. Date of Commencement of Commercial production: September, 1993
3. Financial performance:

The performance of the Company for the last three years are as follows:

(₹ In lakhs)

Description	2012-2013	2011-2012	2010-2011
Income from Operations	9313.34	10073.63	13185.26
Profit/(Loss) Before Tax	50.52	108.16	925.59
Profit/(Loss) After Tax	(81.37)	51.45	670.48

4. Export performance and net foreign exchange earnings:

Earnings of foreign currency for the last three years are as follows:

(₹ In lakhs)

Description	2012-2013	2011-2012	2010-2011
Earnings in foreign currency (FOB Value of Exports)	80.24	145.23	83.55

5. Foreign Investments or collaborators, if any: Foreign Investments in the Company as on 31st March, 2014 are 30927 Equity Shares. These shares are held by NRI's/OCB's. At present the Company does not have any collaboration either technical or financial.

II. Information about the appointee:

1. Background Details:

Shri Vijay Kumar Gupta is Promoter Director and Chairman and Managing Director of the Company. Has been associated with the Company since inception and taking care of the day to day operations of the Company. The Company has achieved all round progress under his able guidance and administration.

2. **Past Remuneration** : Presently he is drawing the following remuneration per annum as under :

Salary including HRA	₹ 24,00,000/-
Perquisites	₹ 1,44,000/-
Total	₹ 25,44,000/-

3. **Recognition or Awards** : Nil

4. Job Profile and his suitability:

Shri Vijay Kumar Gupta, Managing Director has been taking care of production, marketing, administration and other operational affairs of the Company. Since his tenure as Managing Director he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in growth of Company's operations.

5. **Remuneration Proposed**: It is proposed to pay a remuneration of ₹ 2,00,000/- per month inclusive of all allowances.
6. **Comparative remuneration profile with respect to Industry, size of the Company, profile of the Position and person (In case of expatriates the relevant details would be with respect to the Country of his origin)**: Compared to the remuneration profile of the position and person with respect to this industry and size, he deserves the above remuneration.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Vijay Kumar Gupta holding Redeemable Cumulative Preference Shares of the Company and the Company not declared Preference Dividend so far. However the said dividend is cumulative. He has advanced unsecured loan to the Company, on which he is receiving interest. Further he is receiving rent for the office premises let out to the Company. Other than his he is not having any other pecuniary relationship with the Company. Shri Susheel Kumar Gupta, Executive Director of the Company are relatives to his within the meaning of Companies Act, 2013.

III. Other Information:

1. Reasons for Inadequate Profits:

The company has encountered various difficulties, which in fact have attributed to decline in profits of the company. The main reasons are analyzed as under:

- State has been facing acute power shortage for a long time, which has impacted the production of the unit very badly. Being a process industry, the company requires continuous power supply. Frequent outages of power leads to large-scale disruption in production schedules thereby affecting the revenues of the company greatly.
- Due to non- conducive micro level economic environment prevalent coupled with economic slow down overall has added to problems of the industry.
- Adverse impact on housing/ infrastructure sector, which is the main thrust for the company, has brought considerable impact on revenues.

- High cost of funds has further aggravated the situation leading to drop in revenues.

2. Steps taken or proposed to be taken for improvement:

In view of retardant revenue growth causing considerable strain on the liquidity of the company, it has decided to conserve cash required for company by concentrating on improving its operational efficiency and productivity improvement.

In order to ensure continuous sustenance, the company has approached the lenders with its debt realignment proposal to bring in more liquidity in to the system so as to improve its operations. Lenders have agreed in principle to accept the proposal of the company, which is in advanced stage of approval for implementation at the earliest. It will help the company tremendously in improving its liquidity position and in turn increase the productivity and the bottom line and profit margin too.

3. Expected increase in productivity and profits in measurable terms:

Keeping in view the steps taken by the company for improvement of operational efficiency, easing of liquidity position and debt realignment by its lenders in line with proposal submitted and other cost cutting measures initiated, the company hopes to streamline its operations in the next 2 years time, which shall result in significant increase in its turnover and profits. The company has projected a turnover of ₹ 111.84 Crores for the year 2014-2015 and ₹ 118.30 Crores for the year 2015-2016. The Company expected generate profit of ₹ 1.12 Crores from the year 2015-2016. With the active support of its lenders and the committed approach of the promoters, the company is poised to achieve the results without much difficulty.

Save and except Shri Vijay Kumar Gupta himself, and Shri Susheel Kumar Gupta, Executive Director being his relative as stated above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way concerned or interested, financially or other wise, in the above resolution set out in the Notice except to the extent of their shareholding.

In terms of Sections 196, 197 and 203 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V of the Act, the Board of Directors of the Company recommends the above Special Resolution for re-appointment of Shri Vijay Kumar Gupta as Chairman and Managing Director for your approval.

Item Nos. 5,6 & 7 : Appointment of Independent Directors:

As per the provisions of the Companies Act, 2013, Independent Directors of the Company shall be appointed for not more than two terms of five years each and they shall not be liable to retire by rotation at every Annual General meeting. Accordingly the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In transition to the Companies Act, 2013 which is effective from 1st April 2014, those Independent Directors who have already served for ten or more years may be appointed for maximum period of one more term of five years. With the above changes in law, the appointment and tenure of Independent Directors is now governed by the provisions of Companies Act, 2013 and the rules made there under.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 Shri M.Srikanth Reddy, Shri K. Bhupal Reddy and Shri Sanjeev Kumar Agarwal are proposed to be appointed as Independent Directors on the Board of the Company for a term up to five consecutive years i.e. for a term up to 29th September 2019. A brief profile of the proposed Independent Director is provided herein under.

Shri M. Srikanth Reddy

Shri M.Srikanth Reddy, aged about 63 years is a Science Graduate with specialization in Agriculture. He has experience of more than 40 years in the business of Agriculture, Beverages and has also been advising different companies on financial matters.

In addition to the above, Shri M. Srikanth Reddy holds Directorship in Public Limited Companies namely Kaveri Seeds Company Limited. Shri M. Srikanth Reddy also holds Directorships in seven Private Limited Companies engaged in the business of agriculture, farming, sugar and infrastructure.

Shri K. Bhupal Reddy:

Shri K. Bhupal Reddy, aged about 74 years is engaged in business of Civil and Engineering contracts and has professional experience of over 46 years behind him. He is also the Managing Director of NLR Property Developers Private Limited., a Company engaged in the business of development of real estate activities. In addition to the above he was also holding Directorship as a Nominee Director on behalf of Financial Institutions for advising on various financial disciplines matters. Further he was a member in Creative Advisory Committee of All India Prasara Bharati.

Shri Sanjeev Kumar Agarwal:

Shri Sanjeev Kumar Agarwal, aged 43 years is an entrepreneur by profession and is actively engaged in pursuing his Software Training and Development business while being associated with Orbit IT Consulting Private Limited at Hyderabad. Prior to this he has been actively perusing family business of Cotton Ginning and Trading business where he has gained rich and varied experience; he continues to pursue this business with the present line of activity. He also holds Directorship in UBA Estates Private Limited.

Shri M. Srikanth Reddy, Shri K.Bhupal Reddy and Shri Sanjeev Kumar Agarwal, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions

specified in the Act and the Rules framed there under for appointment as Independent Directors and they are independent of the management.

The Company has received from the proposed Directors (i) consent in writing to act as Director in Form DIR -2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) Intimation in Form DIR -8 in terms of Companies (Appointment & Qualification of Director(s) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Copy of the Draft Letter of Appointment of the aforesaid Directors setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturday between 11.00 A.M. to 1.00 P.M. up to the date of the Meeting.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are in any way concerned or interested, financially or otherwise in these Resolutions set out at Item No.5, 6 & 7 of the Notice.

The Board considers that their continued association would be immense benefit to the Company and it is desirable to continue to avail services of the Independent Directors. Accordingly, the Board recommends the Ordinary Resolution as set out Item No. 5, 6 & 7 for approval of the Members. The Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No: 8 Ratification of appointment and payment, of remuneration to the Cost Auditor for the financial year 2014-2015:

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s Nageswara Rao & Co (Registration No. 000332) Cost Accountants as Cost Auditors of the Company for the financial year ending 31st March, 2015 to conduct the audit of the cost records and fixed their

remuneration at ₹ 30,000/- (Rupees Thirty Thousand Only) plus Service Tax, out of pocket and other expenses etc.

As per the provisions of Section 148 of the Act read with the Companies Act, 2013 and as per the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the appointment and remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of shares held by them.

Item No. 9 & 10 : Sanction of borrowing limits up to ₹ 400 Crores under Section 180 (1)(c) and Creation of charge on the Assets of the Company under Section 180 (1) (a) of the Companies Act, 2013:

The Members of the Company at their 18th Annual General Meeting held on 27th September, 2008, had approved respective resolutions under Section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 for mortgaging the properties of the Company in favour of the lenders and also for exercising the borrowing limits up to an aggregate amount of ₹ 400 Crores for the purpose of business of the Company.

Pursuant to Notification of Section 180 of the Companies Act, 2013, prior consent of the Shareholders by a special resolution is required to enable the Board of Directors to exercise these powers which, in aggregate, may exceed the paid-up capital and free reserves of the Company and to create charge on movable /immovable properties of the Company in favour of the lenders.

Further, the Ministry of Corporate Affairs vide their Circular No. 4 dated 25.03.2014 had clarified that all

such resolutions passed under earlier Sections 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 are valid and effective only for a period of one year up to 11.09.2014. Any such mortgages and borrowings after this date would require a fresh prior approval of the Shareholders under Section 180 of the Companies Act, 2013 through a Special Resolution. It is imperative that such an authority is required to be delegated to the Board of Directors or its Committee for carrying on the business of the Company in the ordinary course and the Board is of the view that earlier approved borrowing limits of up to ₹ 400.00 Crores would be sufficient to carry on the business. Hence the Board is not proposing any increase in these limits.

Accordingly, Board of Directors of the Company at its meeting held on 24.07.2014 had approved the proposal subject to your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding.

The Board commends the Special Resolution set out in the Notice for approval by the Shareholders.

Item No 11: Amendment of Articles of Association of the Company:

Table A of the erstwhile Companies Act, 1956, prescribes a standard and uniform set of regulations to be followed by every public limited Company. It is common practice for all such companies to adopt "Table A" regulations, except those that are not inconsistent or repugnant to their own set of Articles of Association.

The New Companies Act, 2013 is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share

capital (Section 66), compromises, arrangements and amalgamation (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However substantive sections of the Act which deal with the general working of Companies stand notified.

Since the Companies Act, 2013 has been notified and became effective, a new "Table F" has been prescribed in place of "Table A" of erstwhile Companies Act, 1956. Your Company intends to adopt this New Table F, except in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of the Company.

Further, in terms of the provision of Section 203 of the Companies Act, 2013 the office of the Chairman and Managing Director or Chief Executive Officer cannot be held by one person unless the Articles of Association provides otherwise or the Company does not carry multiple business.

The Board of Directors of your Company at its meeting held on 24th July 2014 had unanimously felt that Shri Vijay Kumar Gupta should continue to hold both the positions of Chairman and Managing Director for a better and continued control over business operations and also to make suitable changes if required to the Articles of Association. Accordingly, certain changes were proposed under Article 123 of the Articles of Association of the Company. Your Board of Directors of the Company recommends these resolution set out in the Notice.

Save and except Shri Vijay Kumar Gupta, Chairman and Managing Director and Shri Susheel Kumar Gupta, Executive Director none of the Directors/Key Managerial Personnel and their relatives are interest or concerned financially or other wise, in the Special Resolution except to the extent of their shareholding.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval of the shareholders.

Item No 12: De-listing of Securities from Madras Stock Exchange Limited:

Based on the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 it is open for the company to voluntarily delist securities from Madras Stock Exchange, if the securities continue to remain listed on the stock exchange having nation wide trading terminals.

Presently your Company is listed at The Bombay Stock Exchange Limited (BSE) and The Madras Stock Exchange Limited (MSE).

The MSE vide their Letter No 040714 dated 12th June 2014 expressed the submission of application for Voluntary exit as a Stock Exchange to the Securities Exchange Board of India on 26th May 2014. In view of the proposed de-recognition of MSE the Company opted for voluntary delisting of Securities of our Company from the MSE.

Further, said de-listing of Equity Shares is proposed on account of the following reasons:

- a. There has been insignificant/negligible trading in the equity shares of the Company on the Madras Stock Exchange Limited in the last few years.
- b. The Company has been incurring precious resources by way of payment of listing fees etc due to listing on MSE which is not justified in the comparison on with the services available to the shareholders of the Company in particular and investors in general. Hence there is no cost benefit to the Company.
- c. The Company could save monetary and other resources by de-listing from MSE with out sacrificing any investors' interest.

- d. The proposed de-listing will also result in reduction in administrative and procedural work. Thus resulting in saving of precious time of senior executives of the Company whose services can be deployed in other productive avenues.

Since the Company shall continue to be listed on the BSE which has a nationwide trading mechanism, the interest of the investors will not be affected adversely. In terms of the SEBI (De-Listing of Equity Shares) Regulations 2009, no exit offer is required to be given to the shareholder of the Company in connection with the proposal de-listing. Accordingly the Company has no intention to give exit option to the shareholders of the Company.

Consent of the members of the Company is required for the proposed de-listing of Equity Shares.

None of the Directors, Key Managerial Personnel or relatives of aforesaid persons are interest or concerned in the proposed resolution except to the extent of their shareholding. Yours Directors recommended the resolution for your approval.

The Board commends the Special Resolution as set out at Item No. 12 of the Notice for approval to the Shareholders.

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

Place : Secunderabad
Date : 24th July, 2014

S Nagarajan
Company Secretary

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

Details Seeking Appointment/Re-appointment at the Annual General Meeting:

Particulars	Shri Susheel Kumar Gupta	Shri Vijay Kumar Gupta
Date of Birth	28.01.1975	03.02.1950
Date of Appointment	17.06.1994	02.02.1990
Qualification	Degree in Commerce	Degree in Commerce
Expertise in specific functional areas	Over 24 years' experience in Textiles Processing Industry	Joined with his father in textiles business at a very young age and has now got a core experience of around 50 years in the industry.He has a strong business acumen and is the mainstay of the Company in bringing it to its present stature.
Directorships held in other Companies(excluding foreign Companies)	Vijay Racing and Farms Pvt Limited	Vijay Racing and Farms Pvt Limited Rajvir Industries Limited UBA Estates Private Limited
Memberships/Chairmanships of committee of other Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Nil	Rajvir Industries Limited Audit Committee (Member) Investors Grievance Committee (Member) Remuneration Committee(Member)
Number of shares held in the Company	2011699	3088186
Inter se relationship with any Director	Son of Shri Vijay Kumar Gupta	Father of Shri Susheel Kumar Gupta.

Particulars	Shri M.Srikanth Reddy	Shri K.Bhupal Reddy	Shri Sanjeev Kumar Agarwal
Date of Birth	21.06.1951	09-07-1940	29-05-1971
Date of Appointment	13.11.2000	30.07.2007	07.08.2010
Qualification	Degree in Agriculture Science	Degree in Arts	SSC
Expertise in specific functional areas	Over 43 years in the business of agriculture seeds and has also been advising different Companies on financial matters.	Over 46 years is engaged in business of Civil and Engineering contracts and has professional in financial matters.	Has expertise in cotton trade and gained core experience of over 20 years in the field.
Directorships held in other Companies (excluding foreign Companies)	Kaveri Seed Company Limited Ganga Kaveri Seeds Pvt Limited Ganga Kaveri Industries Pvt Limited Ganga Kaveri Health Care Pvt Limited Ganga Kaveri Infrastructure India Pvt Limited Shravani Agri Farms Pvt Limited Akshara Agri Farms Pvt Limited Spriha Bio-Science Pvt Limited	NLR Property Developers Private Limited	UBA Estates Private Limited
Memberships/Chairmanships of committee of other Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil
Inter se relationship with any Director	Nil	Nil	Nil

Dear Members,

Your Directors have pleasure in presenting the 24th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2014.

1. FINANCIAL RESULTS

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

(₹ in Lakhs)

Particulars	2013-2014	2012-2013
Total Revenue from operations	11112.57	9613.34
Profit Before Tax	71.92	50.52
Less: Taxation		
a. Provision for Taxation - Current Year	13.70	9.63
b. Deferred Tax	(140.04)	122.26
Profit/(Loss) After Tax	198.26	(81.37)
Add: Profit brought forward from last year	555.78	637.15
Total available for appropriations	754.04	555.78
Transfer to General Reserves	–	–
Balance carried forward to Balance Sheet	754.04	555.78

2. OPERATIONS

The sales and other income for the year were ₹ 11112.57 Lakhs and the net profit of ₹ 71.92 Lakhs as compared to ₹ 9613.34 Lakhs of sales and other income and net profit of ₹ 50.52 Lakhs achieved in the last financial year respectively.

3. PERFORMANCE AND FUTURE OUTLOOK

Performance of your company did not meet the expectations due to recurring and persisting problems of power shortage, general economic slow down and other contributory factors, which impacted its operations to a great extent. Although the company netted a slightly improved turnover, yet bottom line remained below the projected forecast resulting in lower performance.

Due to consistent pressure on operations, stress on liquidity due prevailing economic environment, your company decided to conserve its financial resources for operations and accordingly requested its lenders for realignment of present debt commitments in line with cash flows. Lenders have already approved the proposal for debt recast, and this would certainly strengthen the liquidity position and improve the operations in the long term. As a result your company is looking forward to better its performance and churn out better results in the current financial year and at the same time recouping itself well in order to meet its debt obligations timely once the gestation period of debt recast is over.

4. DIVIDEND

The Board of Directors of your Company has not recommended any dividend for the financial year 2013-14.

5. RESERVES

During the year your Company has not transferred any amount to General Reserve Account.

6. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

According to Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, the unclaimed dividend amounting to ₹ 1,54,920.30 (Rupees One Lakh Fifty Four Thousand Nine Hundred and Twenty and Paise Thirty Only) pertaining to the year 2005-2006 towards final dividend, was transferred to the Investor Education and Protection Fund established by the Central Government during the year under review.

7. FIXED DEPOSITS

Your Company has not accepted or invited any Deposits and consequently no Deposits have matured/ become due for re-payment as on 31st March 2014.

8. DIRECTORS

The Board of Directors of your Company comprises of 6 (six) Directors as on the date of this report representing the optimum blend of professionalisms and having varied experience in different disciplines of corporate functioning. Of these, three Directors are Independent Directors.

Shri Susheel Kumar Gupta who was appointed as an Executive Director at 21st Annual General Meeting held on 2nd August 2011. Pursuant to the provisions of Section 152 of the Companies Act, 2013 and Article 111 of the Articles of Association of the Company, Shri Susheel Kumar Gupta is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment to the office of Directorship. Your Board of Directors recommend for his re-appointment.

Brief profile of Shri Susheel Kumar Gupta, the nature of his expertise in specific functional areas and the number of companies in which he holds Directorship and membership/Chairmanship of committees of the Board as stipulated under Clause 49 of the listing agreement with the stock exchanges, are provided in the section on Explanatory Statement to the Notice in this Annual Report. Members are requested to refer to the said section of the Notice.

Shri Vijay Kumar Gupta was appointed as Chairman and Managing Director of the Company with effect from 1st April 2009 by the Shareholders at the 19th Annual General Meeting of the Company held on 24th September 2009. The current term of office of Shri Vijay Kumar Gupta as Chairman and Managing Director of the Company expires on 31st March 2014. In view of the consistent efforts which have contributed to the growth of the organization and the sincere service rendered to the performance of the organization during his tenure as Chairman and Managing Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Shri Vijay Kumar Gupta as Chairman and Managing Director of the Company for a further period of 5(Five) years effective from 1st April 2014 to 31st March 2019 under Section 196, 197, 203 and Schedule V of the Companies Act, 2013

and rules there under. The approval of the Members is being sought to the for the re-appointment of Shri Vijay Kumar Gupta as the Chairman and Managing Director and the remuneration payable to him and resolution pertaining to the same is contained in the notice calling Annual General Meeting.

The Companies Act, 2013 provides for appointment of Independent Directors Sub-section (10) of Section 149 of the Companies Act, 2013(effective from 1st April 2014) provides that Independent Director shall hold office for a term upto five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing a Special Resolution by the Shareholders of the Company.

Further Sub-section (11) states that no Independent Director shall be eligible for more than two consecutive term of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in Sub-sections (6) of Section 152 of the Companies Act, 2013 shall not apply to such Independent Directors. The Securities Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014 has amended the Clause 49 of the Listing Agreement and as per the amended Clause, the Directors who has already served as an Independent Director for five years or more in a Company as on 1st October 2014 shall be eligible for appointment, for one more term of up to five years only. Hence in view of the above stipulations, the appointment of the following Independent Directors for a term of five years is proposed in the ensuing Annual General Meeting.

1. Shri M. Srikanth Reddy
2. Shri K.Bhupal Reddy
3. Shri Sanjeev Kumar Agarwal

Accordingly, resolutions proposing appointment of Independent Directors forms part of the Notice of the Annual General Meeting. The Independent Directors as mentioned above, who are proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of finance, management, sales, administration, business strategy, corporate governance, corporate responsibility and other disciplines related to the company business. Brief profile of the aforesaid Directors, the nature of their expertise in specific functional areas and the number of companies in which they hold Directorship and Membership/Chairmanship of Committees of the Board, as stipulated under Clause 49 of the listing agreement with the stock exchanges, are provided in the section on Explanatory Statement to the Notice in this Annual Report. Members are requested to refer to the said section of the Notice.

The Board has formed different Committees at different intervals as per the requirement. The Board of Directors at its meeting held on 24th July 2014 has rechristened the existing Remuneration Committee as Nomination and Remuneration Committee and Investors Grievance Committee as Stakeholders Relationship Committee so as to be in line with what is prescribed under the Companies Act, 2013 and Clause 49 of the amended Listing Agreement with the Stock exchanges.

9. AUDITORS

In terms of the sub-section (2) of Section 139 of the Companies Act, 2013 (effective from 1st April 2014) no listed Company shall appoint or re-appoint an Auditing Firm for more than two terms of five consecutive years. Provided that the firms are eligible to be appointed or re-appointed in the same Company after five

years from the completion of existing term. In pursuance of the above every listed company shall comply with this requirement within a transitional period of three years from the date of commencement of the Act. i.e. 1st April 2014.

M/S. Laxminiwas & Co., Chartered Accountants the existing Auditors have been appointed on 2nd August 2011, as Statutory Auditors of the Company for auditing the annual financial statements of the Company for the financial year 2011-2012 and have not completed the permissible period of two terms of five years each as on date.

M/S. Laxminiwas & Co., the, Statutory Auditors of the Company, will retire at the conclusion of this Annual General Meeting and being eligible, they have offered themselves for re-appointment as Statutory Auditors until the conclusion of 27th Annual General Meeting to be held on 2017 subject to ratification at every Annual General Meeting of the Company. The Company has received a certificate from the Auditors to the effect that their re-appointment if made, would be in accordance with the conditions as specified under Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014. The Directors recommend their re-appointment. A resolution proposing appointment of M/S. Laxminiwas & Co., Chartered Accountants as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice.

Comments of the Auditors on their report point number (xi) with regard to the defaulted in repayment of installment and interest to banks.

As your company has faced continuous problems due to external factors, causing liquidity constraint on its system, it has decided to approach its lenders with debt realignment proposal, which shall give your company enough leverage to streamline its operations and become self reliant once again to meet its debt obligations timely after the hiatus proposed therein. As envisaged in the proposal the Company shall get a gestation period of about 15 months from February 2014, to improve its liquidity and thus increase its productivity and sustain its operations.

10. COST AUDITORS

The Company had appointed M/S. Nageswara Rao & Co., Cost Accountants as Cost Auditor for conducting the audit of Cost Account record for the financial year 2014-2015.

The Company is seeking the ratification of the Shareholders for the payment of remuneration as provided in the explanatory statement to the resolution to M/S. Nageswara Rao & Co., Cost Accountants.

11. CORPORATE GOVERNANCE

The Company has implemented all of its major stipulations as applicable to the Company. The Statutory Auditor's Certificate, in accordance with Clause 49 of the Listing Agreement is annexed with the Corporate Governance Report. The Managing Director and Chief Financial Officer have given a certificate to the Board with regard to the financial statements for the year ending 31st March 2014, as contemplated under Clause 49 of the Listing Agreement and the same is annexed with the Corporate Governance Report. A detailed report on Corporate Governance practices followed by your Company, in terms of Clause 49 of the Listing Agreement with the stock exchanges, is provided separately in this Annual Report. The Members are requested to refer the same.

12. INTERNAL AUDIT & CONTROLS

Your Company continues to engage M/S. Sankaran & Krishnan, Chartered Accountants as its Internal Auditors. Your Company continued to implement their suggestions and recommendations to improve the internal controls. Their scope of work includes review of operational efficiency, effectiveness of systems and processes, compliances and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improved efficiency in operations.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

13. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, is annexed, forming a part of the Director's Report. The Members are request to refer to the same.

14. CORPORATE SOCIAL RESPONSIBILITY

The company fully acknowledges its social responsibilities being a conscientious corporate citizen and fully believes in discharging its obligations to the society at large. The company sees this as an opportunity that shall play a pivotal role in helping the society and thus it continues to make concerted efforts in its work towards transformation of communities surrounding its work place as its humble contribution to the society.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013 and on the basis of explanation given by the executives of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis;

16. ENVIRONMENTS AND HUMAN RESOURCE DEVELOPMENT

Your Company always believes in keeping the environment pollution free and is fully committed to its social responsibility. The Company has been taking utmost care in complying with all pollution control measures from time to time strictly as per the directions of the Government.

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

17. PARTICULARS OF EMPLOYEES

Your Company has no employee whose remuneration exceeds the limits proscribed under Section 217(2A) of the Companies Act, 1956. Hence, the information required under the said section, read with Companies (Particulars of the Employees) Rules, 1975, has not been given in the report.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed under Section 134(3)(m) of the Companies Act, 2013, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are provided in a separate statement attached hereto and forming part of this report.

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

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company as stated under Note 7 on notes forming part of the Balance Sheet.

20. CODE OF CONDUCT

Your Company has laid down a Code of Conduct for all Board Members and senior management of the Company. In pursuance of Clause 49 of the listing agreement, the declaration by the Managing Director of the Company affirming compliance with the Code of Conduct by the Directors and senior management personnel forms part of Corporate Governance Report.

21. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Secunderabad
Date : 24th July 2014

Vijay Kumar Gupta
Chairman & Managing Director

FORM A

[Forming part of Annexure (1)]

Disclosure of Particulars with respect to conservation of Energy:

I. Energy Conservation:	31.03.2014	31.03.2013
A. 1. Power & Fuel Consumption		
Electricity :		
a) Purchased:		
Units	27,94,818	22,46,334
Total amount (₹)	2,05,78,202	1,36,78,116
Units Rate (₹)	7.36	6.09
b) Own Generation :		
Through Diesel Generator	23,360	1,00,480
Units	3.20	3.20
Units per ltr. of Diesel oil	17.41	15.69
Cost/Unit (₹)		
2. Coal used in Boiler :		
Quantity (Tonnes)	Nil	Nil
Cost (₹)	Nil	Nil
Average Rate (₹)	Nil	Nil
3. Furnace Oil (HSD):		
Quantity (K. Liter)	Nil	Nil
Total Amount (₹)	Nil	Nil
Average Unit/Liters	Nil	Nil
4. Others/Internal generation :		
Quantity (Tonnes)	8,997	7,893
Total Cost	2,40,14,751	1,85,94,615
Average Rate (₹)	2,669	2,356
B. Consumption per unit of production (Linear meter)		
Electricity	0.40	0.31
Furnace Oil	Nil	Nil
Coal (Kgs.)	Nil	Nil
Others (Firewood) (Kgs.)	1.27	1.07
2. Technology Absorption:	The Company has its In - house Design and Development Department continuously develop innovative designs and select the most suitable raw fabrics for dyeing/printing/processing.	
3. Foreign Exchange earnings and outgo :		
Earnings (₹)	75,15,071	80,23,890
Outgo (₹)	Nil	3,16,267

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE, DEVELOPMENTS AND PERFORMANCE

STRENGTHS

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

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

The company has a fully automated Embroidery Unit within its factory premises initially set up in the year 2009 with 9 sets of fully automatic and sophisticated machines imported from Japan. The company has further expanded this unit by importing more machines in three stages thus taking its tally to 40 fully automatic embroidery machines in the year 2012. In-house embroidery unit extends an edge to the Company in increasing its output in line with the increased demand for embroidered fabric. Embroidered fabric and bed linen has enabled the company to increase its market stronghold and thus capture a sizeable market share too.

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

OPPORTUNITIES & THREATS:

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

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

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

OUTLOOK

The industry is witnessing all-round growth in the global scenario, which is coupled with rise in demand in the housing and infrastructure. Changing life styles and people's acumen to opt for sophisticated standards are the key factors in its growth pattern too. These factors will help the Company to achieve its projected growth outlined for the future. The governmental policies relating to infrastructure projects have strong bearing on the investment scenario in this sector, which may impact the planning of the Company in regard to future projects in this field. Though general economic slow down is a disheartening factor yet the company through its aggressive marketing strategy is trying to overcome it in a good measure.

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

RISKS & CONCERNS

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

INTERNAL CONTROL SYSTEM & ADEQUACY

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

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

There are no material developments in the Human Resources area. The Industrial relations have been considered to be satisfactory. The Company constantly reviews the manpower requirements and effective steps are being taken to meet the requirements. The total number of people directly and indirectly employed by the Company is 400.

DISCUSSION ON FINANCIAL PERFORMANCE

The Company achieved a gross turnover of ₹ 1112.57 Lakhs during the year and net profit of ₹ 198.26 Lakhs during the year under review.

Despite a lean performance in the preceding couple of years the company hopes to overcome the slide and show improved and healthy performance in the current financial year and years to follow. As its proposal for debt recast has met with instant approval with the lenders and it will surely provide the company necessary impetus with required liquidity position to go in for improving its overall performance and thus stabilize its operations to be in a position of comfort to meet its future debt obligations without any difficulty.

NOTE

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

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

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-2014:

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

COMPOSITION:

The Board of Directors of your Company comprises of 6 (Six) Directors as on the date of the report presenting the optimum blend of professionalism, knowledge and experience. Of these 3 (Three) Directors are Independent Directors. All Directors and the Senior Management Personnel are under a requirement to affirm the compliance with the Code of Conduct. The necessary declaration by the Managing Director of the Company regarding compliance of the code of conduct by the Directors and the Senior Management of the Company forms part of the Corporate Governance Report. Members are requested to refer to the same.

During the Financial Year 2013-2014, the Company had a Non-Executive Chairman who belonged to the promoters group and the number of Independent Directors during the year at 3 was in compliance with the requirement of having one- half of the Board as an Independent Directors.

None of the Directors on the Board is a member of more than 10(ten) Committees or Chairman of more than 5(five) Committees as specified in Clause 49 of the Listing Agreement, across all the Companies in which he is a Director. The Directors made necessary disclosures regarding Committee positions in other public limited companies as on 31st March 2014.

Board Meetings :

The Company holds at least four Board Meetings in a year, once in each quarter inter-alia to review the financial results of the Company. The gap between the two board meetings does not exceed four calendar months.

The Board is regularly apprised and informed of important business related information. The agenda papers are circulated well in advance to all the Board members containing the detailed notes on the items to be discussed at the meeting to enable Directors to take informed decisions. All material information was circulated to the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board under Clause 49 of the listing agreement. Every Director on the Board is free to suggest any item for inclusion in the agenda for consideration of the Board. The minutes of the previous meeting is placed at the succeeding meeting of the Board/Committee for noting. Along with other agenda item, Compliance reports of applicable laws and minutes of the meetings of the Committee are placed before the Board at regular intervals.

Four (4) Board Meetings were held during the year April 2013 to March 2014 and the gap between any two meetings did not exceed four months. The date on which the Board meetings were held are: 30th May 2013, 07th August 2013, 08th November 2013 and 11th February 2014.

Board Business:

The normal business of the Board includes -

1. Framing and overseeing progress of the Company's annual operating plans and budgets.
2. Quarterly and annual business performance of the Company.
3. Review of the annual report and accounts for adoption by the members.
4. Functioning of the Board and its Committees.
5. Consider and approve declaration/recommendation of dividend.
6. Recruitment of Director(s) on the Board and Committees.
7. Consideration of recruitments and resignations of senior management personnel including Chief Executive Officer, Chief Financial Officer and Company Secretary.
8. Details of significant development in human resources and industrial relations front.
9. Details of litigations, prosecutions etc.
10. Details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement.
11. Details of risk evaluation and internal controls.
12. Details of capital expenditure incurred in the business.
13. Status of compliance of regulatory, statutory or listing requirements and shareholders service etc.

Attendance and Directorship & Committee positions in other Companies:

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Membership held by them in other Companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Directorship of Foreign Companies and Directorship of Companies under Section 25 of the Companies Act, 1956. The Chairmanship/Membership of Board/Committees includes Membership of Audit/Remuneration and Shareholders/Investors Grievance Committees.

Name	Category	No. of Board Meetings during the period		Attendance of the last AGM held on 27.09.13	No. of Directorship in other Public Ltd. Companies		No. of Committee positions held in other Public Companies	
		Held	Attended		C	M	C	M
Vijay Kumar Gupta	CMD/P/ED	4	4	Present	-	1	-	3
Susheel Kumar Gupta	P/ED	4	4	Present	-	-	-	-
R. Malhotra	FD/E.D	4	4	Present	-	-	-	-
M Srikanth Reddy	ID/NED	4	3	Present	-	1	-	-
K. Bhupal Reddy	ID/NED	4	3	Present	-	-	-	-
Sanjeev Kumar Agarwal	ID/NED	4	2	Present	-	-	-	-

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

ID/NED : Independent Director/ Non-Executive Director

C : Chairman M : Member

Non- Executive Directors interest.

None of the Non-Executive Directors has any pecuniary or material relationship or transaction with the Company.

SI No	Name of the Non-Executive Director	No. of Shares held
1.	Shri M. Srikanth Reddy	Nil
2.	Shri K. Bhupal Reddy	Nil
3.	Shri Sanjeev Kumar Agarwal	Nil

Retiring Directors

Shri Susheel Kumar Gupta will be retiring at the ensuing Annual General Meeting and being eligible is proposed to be re-appointed. As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of Directors being re-appointed are provided hereunder:

Shri Susheel Kumar Gupta is presently the Executive Director of the company in charge of its factory operations and marketing in the major states, which are strongholds of the company.

Shri Susheel Kumar Gupta was inducted as a director of the company at a very young age in the year 1993. He has been nurtured well by his mentor none other than his father Shri Vijay Kumar Gupta chief promoter and Managing Director of the company. Shri Susheel Kumar Gupta has gained core experience of 24 years now and is well entrenched in the company in giving the fillip and direction in synergy with its planning and strategies.

Shri Susheel Kumar Gupta is a commerce graduate by academic qualification and his on the job learning and business acumen has really helped him in acquiring all-round knowledge of the industry and nuances of business.

Appointment of Independent Directors

As per the provisions of Section 149 (10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the Company. The Section 149 (11) of the Companies Act, 2013 further provides that no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. The Securities Exchange Board of India (SEBI) vide its circular no. CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014 has amended the Clause 40 of the Listing Agreement and as per the amended Clause, the Director who has already served as an Independent Director for five years or more in a Company as on 1st October 2014 shall be eligible for appointment, for one more term of up to five years only. Hence in view of the above stipulations, the appointment of the following existing Independent Directors for a term of five years is proposed in the ensuing Annual General Meeting.

The Independent Directors as under mentioned who are proposed to be appointed in the ensuing Annual General Meeting possess the required skills, experience and knowledge in the fields of finance, management, sales, administration, business strategy, corporate governance, corporate social responsibility and other disciplines related to the company business.

The brief profile of the said Independent Directors are herein under provided.

Shri M.Srikanth Reddy

Shri M.Srikanth Reddy, aged about 63 years is a Science Graduate with specialization in Agriculture. He has experience of more than 40 years in the business of Agriculture, Beverages and has also been advising different companies on financial matters.

In addition to the above, Shri M. Srikanth Reddy holds Directorship in Public Limited Companies namely Kaveri Seeds Company Limited. Shri M. Srikanth Reddy also holds Directorships in seven Private Limited Companies engaged in the business of agriculture, farming, sugar and infrastructure.

Shri K. Bhupal Reddy:

Shri K. Bhupal Reddy, aged about 74 years is engaged in business of Civil and Engineering contracts and has professional experience of over 46 years behind him. He is also the Managing Director of NLR Property Developers Private Limited., a Company engaged in the business of development of real estate activities. In addition to the above he was also holding Directorship as a Nominee Director on behalf of Financial Institutions for advising on various financial disciplines matters. Further he was a member in Creative Advisory Committee of All India Prasara Bharati.

Shri Sanjeev Kumar Agarwal:

Shri Sanjeev Kumar Agarwal, aged 43 years is an entrepreneur by profession and is actively engaged in pursuing his Software Training and Development business while being associated with Orbit IT Consulting Private Limited at Hyderabad. Prior to this he has been actively perusing family business of Cotton Ginning and Trading business where he has gained rich and varied experience; he continues to pursue this business with the present line of activity. He also holds Directorship in UBA Estates Private Limited.

Training of Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at Board and Board Committee Meetings, on business and performance updates of the Company.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

Re-appointment of Chairman and Managing Director

Shri Vijay Kumar Gupta was appointed as a Chairman and Managing Director of the Company for a period of 5 years with effect from 1st April 2009 to 31st March 2014 by the Shareholders at the 19th Annual General Meeting of the Company held on 24th September 2009. The current term of office of Shri Vijay Kumar Gupta as Chairman and Managing Director of the Company expires on 31st March 2014. In view of his consistent efforts which have contributed to the growth of the organization and the sincere service rendered for the better performance of the organization during his tenure as Chairman and Managing Director, the Nomination and Remuneration Committee, has decided to re - appoint Shri Vijay Kumar Gupta as a Chairman and Managing Director of the Company for a further period of 5 years effective from 1st April 2014.

The information required to be forwarded to the Shareholders of the Company in pursuance to Clause 49 of the Listing Agreement pertaining to brief resume, experience in functional areas, names of Companies in this he is a Director etc., being provided separately, forming part of this Corporate Governance report. Members are requested to refer to the same.

COMMITTEES OF THE BOARD:

The Board constituted various committees to deal with specific areas/activities relating to the Company. The Board supervises the execution of its responsibilities by the Committees. The minutes of the meeting of the committee are placed before the Board for review. The Board has currently established the following statutory and non -statutory committees.

AUDIT COMMITTEE :

The Audit Committee oversees the work carried out by the management, statutory auditors and internal auditors in relation to the financial reporting process and safe guards employed by them. The Company qualified and independent audit committee.

The Audit Committee comprises of Three members and all of them are Independent Directors. The composition, procedures, powers and role of the Audit Committee constituted by the Board comply with the requirements of Clause 49 of Listing Agreement and Companies Act,2013.The terms of reference of the Audit Committee are broadly as under:

1. Over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement reflect a true and fair position and that sufficient and credible information is disclosed.
2. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fees and approval for payment of any other services.
3. Reviewing the financial statement and draft audit report, including quarterly/half yearly financial information.
4. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - i) The changes in accounting policies and practices.
 - ii) Major accounting entries based on excises of judgment by the management.
 - iii) Qualifications in draft audit report.
 - iv) Significant adjustment arises out of audit.
 - v) The going concern assumption.
 - vi) Compliance with accounting standards, stock exchange and legal requirement concerning financial statements.
 - vii) Review and approval of related party transactions.
5. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.
6. Reviewing the adequacy of internal audit functions.
7. Discussions with internal auditors on any significant findings and follow up there on.
8. Discussions with statutory auditors about the nature and scope of the audit before the audit commences and as well as the post audit discussions to ascertain any area of concern.
9. Reviewing the Company's financial and risk management policy.
10. Any other function as delegated by the Board from time to time.

During the year April 2013 to March 2014, Four (4) Audit Committee Meetings were held. The dates on which the said meetings were held are 30th May, 2013, 07th August, 2013, 08th November, 2013 and 11th February, 2014.

The composition of the Audit Committee and particulars of meetings held and attended by members of the Audit Committee are given below

Name	Category	Number of meetings during the year 2013-2014	
		Held	Attended
Shri K. Bhupal Reddy	Independent, Non-Executive	4	3
Shri M. Srikanth Reddy	Independent, Non-Executive	4	3
Shri Sanjeev Kumar Agarwal	Independent, Non-Executive	4	2

The Audit Committee meetings were also attended by the partner/representatives of Statutory Auditors, Internal Auditors and Cost Auditors of the Company. Shri K. Bhupal Reddy Chairman of Audit Committee attended the previous Annual General Meeting held on 27th September 2013. Shri S. Nagarajan, Company Secretary of Company, also acts as the Secretary to the Audit Committee.

The Audit Committee has recommended to the Board, the re-appointment of M/s. Laxminiwas & Co, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this 24th Annual General Meeting till the conclusion of the 27th Annual General Meeting, subject to ratification by the Shareholders at every Annual General Meeting, and the necessary resolution for their re-appointment as Statutory Auditors is placed before the Shareholder at the 24th Annual General Meeting.

NOMINATION AND REMUNERATION COMMITTEE: (Formerly known as Remuneration Committee)

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

The Nomination and Remuneration Committee comprises of Three Directors, all of whom are Non-Executive, Independent Directors. The Chairman of the Committee is a Non-Executive independent Director nominated by the Board.

The constitution of the Remuneration committee is as follows:

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

No Meetings were held during the year 2013-2014.

Remuneration Policy

A. Remuneration to Non-Executive Directors

The Non-executive Directors are being paid sitting fees @ ₹ 2,000/- for each meeting of the Board or any committee thereof attended by them. The Board of Directors has approved the compensation of the Non-Executive Directors.

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

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

Details of Remuneration accrued and paid to the Directors for the year ended 31st March, 2014:

Name of the Director	Salary (₹)	Perquisites (₹)	Sitting Fees (₹)	Total (₹)
Shri Vijay Kumar Gupta	24,00,000	1,44,000	-	25,44,000
Shri Susheel Kumar Gupta	24,00,000	-	-	24,00,000
Shri R.Malhotra	15,00,000	-	-	15,00,000
Shri M. Srikanth Reddy	-	-	18,000	18,000
Shri K. Bhupal Reddy	-	-	18,000	18,000
Shri Sanjeev Kumar Agarwal	-	-	12,000	12,000

STAKEHOLDERS RELATIONSHIP COMMITTEE (Formerly known as Shareholders'/Investors Grievance Committee):

The Board of Directors has constituted Stakeholders Relationship Committee. The terms of reference of this Committee is to consider transfer/ transmission of Shares, issue of duplicate share certificates, review of shares dematerialized and all other related matters, investors grievances and redressal thereof. During the year the Company had received 11 letters/complaints from the shareholders and all of them were resolved satisfactorily except two by furnishing the requisite information/documents to the shareholders. There were no transfers pending at the close of the financial year.

During the year April 2013 to March 2014, Four (4) Audit Committee Meetings were held. The dates on which the said meetings were held are 30th May, 2013, 07th August, 2013, 08th November, 2013 and 11th February, 2014.

The composition of the Stakeholders Relationship Committee and particulars of meetings held and attended by members of the Stakeholders Relationship Committee are given below:

Name	Category	Number of meetings during the year 2013-2014	
		Held	Attended
Shri K. Bhupal Reddy	Independent, Non-Executive	4	3
Shri M. Srikanth Reddy	Independent, Non-Executive	4	3
Shri Sanjeev Kumar Agarwal	Independent, Non-Executive	4	2

Compliance Officer

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

Code of Conduct

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

General Body Meetings

During the preceding three years, the Company's Annual General Meetings were held at Surana Udyog Auditorium, The Federation House, I I-9-84I, Red Hills, Hyderabad-500 004.

The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat are as follows:

Financial Year	Date	Time	Special Resolution Passed
2010-2011	02.08.2011	11.00 A.M	Yes (Four) *
2011-2012	27.09.2012	11.00 A.M	Nil
2012-2013	27.09.2013	3.30 PM	Nil

- Consolidation of existing equity shares of the face value of ₹ 1/- each into one equity share of ₹ 10/- each.
- Consolidation of existing Authorized Share Capital of 20,00,00,000 equity shares of ₹ 1/- each fully paid up into 2,00,00,000 equity shares of ₹ 10/- each fully paid up & consolidation of existing paid up share capital of 11,50,00,000 equity shares of ₹ 1/- each fully paid up in to 1,15,00,000 equity shares of ₹ 10/- each.
- Amendment of existing Clause V of the Memorandum of Association relating to the Share Capital.
- Amendment of the existing Article 3 of the Articles of Association relating to the Share Capital.

Special Resolution passed through Postal Ballot

No special resolution was passed last year through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through Postal Ballot.

Disclosures :

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

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note 26 of Notes on Accounts under point No: 11 to the Accounts in the Annual Report.

- b) The Company has complied with all the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital market, during the last three years.
- c) The Company has lay down a "Code of Conduct:" for the Directors and Senior Management Personnel. The Members of the Board and Senior Management Personnel of the Company have affirmed

compliance with the Code of Conduct as at 31st March,2014. A declaration to this effect signed by Shri Vijay Kumar Gupta, Chairman and Managing Director, is given in Annexure to this report.

- d) All the mandatory requirements of Clause 49 of the Listing Agreement on Corporate Governance has been completed with.

Reconciliation of Share Capital:

A qualified practicing Company Secretary carry out audit to reconcile the total admitted capital with the National Securities Depository Limited(NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. A Reconciliation of Share Capital Audit Report confirms that the total paid up capital was in agreement with the total number of shares in physical firm and the total number of dematerialized shares held with NSDL and CDSL.

MEANS OF COMMUNICATION:

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

3. General Shareholders Information

- Company Registration Details : The Company is registered in the State of Telangana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L18100TG1990PLC010973.
- Date, Time & Venue of AGM : 30th September,2014, 11.00 A.M
Surana Udyog Auditorium,
The Federation of AP Chamber of
Commerce & Industry, Federation House,
11-6-841, Red Hills, Hyderabad - 500 004.
- Financial Calendar : 1st April to 31st March.
- Results for the quarter ending : June 20,2014 - Second week of August,2014
September 30,2014 - Second week of October,2014
December 31,2014 - Second Week of February,2015.
March, 31 2015 - Fourth week of May,2015.
- Date of Book Closure : Wednesday, 24th September, 2014 to 30th
Tuesday,September,2014 (both days inclusive)
- Listing on Stock Exchanges : The Bombay Stock Exchange Limited
Madras Stock Exchange Limited
- Stock Code : 530151 on Bombay Stock Exchange Limited
- ISIN Number for NSDL & CDSL : INE 256 G01033

- Market price data:

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

Sl.No.	Month	High (₹)	Low (₹)
1	April, 2013	15.00	9.10
2	May, 2013	9.60	5.70
3	June, 2013	6.53	4.76
4	July, 2013	6.40	4.86
5	August, 2013	5.75	4.97
6	September, 2013	6.61	4.65
7	October, 2013	6.90	5.86
8	November, 2013	6.41	6.00
9	December, 2013	6.61	5.80
10	January, 2014	8.45	6.02
11	February, 2014	7.13	5.90
12	March, 2014	7.29	5.77

- Unpaid/Unclaimed Dividend:**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.

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

Year	Dividend - Type	Date of Declaration	Due Date of Transfer
2006-2007	Final	26.09.2007	09.11.2014
2007-2008	Final	27.09.2008	09.11.2015
2008-2009	Final	24.09.2009	06.11.2016
2009-2010	Final	25.09.2010	04.11.2017
2010-2011	Final	02.08.2011	11.09.2018

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

- Share Transfer System : The present Share Transfer Agent is
Aarthi Consultants Private Limited, 1-2-285,
Domalguda, Hyderabad - 500 029.

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

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

- Distribution of Shareholding and Shareholding Pattern as on 31.03.2014.

Distribution of Shareholding:

No. of equity Shared held	No. of Shareholders	%	No. of Shares	%
Up to 5000	12776	92.35	1279270	11.12
5001 to 10000	535	3.86	406266	3.53
10001 to 20000	253	1.83	363228	3.16
20001 to 30000	94	0.68	236879	2.06
30001 to 40000	37	0.27	131825	1.15
40001 to 50000	30	0.22	139709	1.21
50001 to 100000	58	0.42	406074	3.53
100001 and above	51	0.37	8536749	74.24
Grand Total	13834	100	11500000	100
Physical Mode	57	0.41	23596	0.21
Demat Mode	13777	99.59	11476404	99.79

Shareholding Pattern as on 31.03.2014:

Sl. No.	Category	No. of shares	%
1	Promoters	53,80,045	46.78
2	UTI & Mutual Funds	-	-
3	Banks, Financial Institutions & Insurance Companies	15,00,000	13.04
4	Foreign Institutional Investors	-	-
5	Private Bodies Corporate	7,42,005	6.45
6	Indian Public	38,23,645	33.24
7	NRIs/ OCBs	30,927	0.27
8	Clearing Members	23,378	0.22
	Total	1,15,00,000	100.00

- Dematerialization of Share and Liquidity : The trading in Company's shares is permitted only on dematerialized form. In order to enable the Shareholders to hold the shares in electronic form and to facilitate scrip less trading, the Company has enlisted its shares with NSDL and CDSL.
- Share Dematerialization Records : The total number of shares under demat mode constitutes 11476404 Shares amounting to 99.79% of the capital have been dematerialized by investors as on 31.03.2014.
- Plant Location : Survey No: 139 to 141 & 143
Village Rajapoor, Mandal Balanagar, Dist: Mahaboobnagar,
Telangana - 509 202.
- Address for correspondence : To be addressed to
Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad-500029
Phone: 040-27638111, 27634445, Fax: 040-27632184
Email: info@aarthiconsultants.com
Web: www.aarthiconsultants.com.
- Investor Correspondence / Query on Annual Report, Sub-Division, Revalidation of Dividend Warrants etc. : S. Nagarajan
Company Secretary
Vijay Textiles Limited
Surya Towers, Ground Floor,
104, Sardar Patel Road, Secunderabad - 500 003.
Ph.No. 040-27848479, 27844086, Fax : 040-27846849
Email: Info@vijaytextiles.in
Web: www.vijaytextiles.in

• **Depository Services:**

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

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

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

- Nomination Facility : Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72(1) of the Companies Act, 2013 are requested to submit to the Company in the prescribed form 2B for this purpose.
- Company's Policy on prevention of insider trading : Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading.

Shri S.Nagarajan, Company Secretary, had been appointed as the Compliance Officer for this purpose. The code is applicable to all such employees of the Company, who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

As required by the Clause 49 of the Listing Agreement, the Auditors' Certificate is attached to this Report

Declaration on Code of Conduct

This is to confirm that the Board has laid down a code of conduct for all Directors and Senior Management personnel of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended on 31st March 2014, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place : Secunderabad
Date : 24th July, 2014

Vijay Kumar Gupta
Chairman & Managing Director

CERTIFICATE BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

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

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its schedules and notes to accounts, as well as the Cash Flow Statements and the Director's Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company, and have
 - a. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
 - b. Evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and
 - c. Disclosed in this report and change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.

6. We have disclosed to the Company's Auditors and the Audit Committee of the Company's Board of Directors in regard to
- Deficiencies in the design or operation of internal controls and steps taken / proposed to be taken to rectify these deficiencies.
 - Significant changes in internal controls over financial reporting, if any, during the year covered by this report.
 - Significant changes in accounting policies during the year, if any, and that the same, have been disclosed in the notes to the financial statements.
 - Instances of significant fraud of which I am aware, that involves management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place : Secunderabad
Date : 28th May,2014

S. Nagarajan
Chief Financial Officer

Vijay Kumar Gupta
Chief Executive Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Vijay Textiles Limited

We have examined the compliance of conditions of Corporate Governance by Vijay textiles Limited, for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

For **LAXMINIWAS NEETH & CO**
Chartered Accountants
Firm Registration number: 002460S

(LAXMINIWAS SHARMA)
Partner
Membership No.014244

Place : Secunderabad
Date : 28th May, 2014

To
The Members
Vijay Textiles Limited

Report on Financial Statements

1. We have audited the accompanying financial statements of Vijay Textiles Limited("the Company") which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (herein after referred as "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8. As required by section 227(3) of the Companies Act, 1956 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3c) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **LAXMINIWAS NEETH & CO**
Chartered Accountants
Firm Registration number: 002460S

Place: Secunderabad
Date : 28th May, 2014

(LAXMINIWAS SHARMA)
Partner
Membership No.014244

ANNEXURE TO THE INDEPEDENT AUDITORS' REPORT:

VIJAY TEXTILES LIMITED

[Referred to in paragraph 7 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report on even date to the Members of Vijay Textiles Limited on the Financial Statements as of and for the year ended 31st March, 2014]

- (i) In respect of its fixed assets:
- The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - All the assets have not been physically verified by the Management during the year but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - No major part of fixed assets was disposed off during the year hence do not affect the going concern assumption.
- (ii) In respect of its inventories:
- The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - In our opinion and according to the information and explanation 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.
 - According to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book/ records were not material.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
- The Company has not granted loans, secured or unsecured, to Companies, Firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - According to the information and explanations given to us, during the year the Company has taken unsecured loans from two parties, a sum of ₹ 2,492.81 Lakhs and repaid ₹ 2,478.12 Lakhs to two parties and the total amount outstanding as on 31.03.2014 was ₹ 732 Lakhs payable to two parties covered under register maintained under Section 301 of the Companies Act, 1956.
 - In our opinion, the rate of interest and other terms and conditions on which loans were taken from Companies, Firms, or other parties covered under the register maintained under Section 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company.
 - According to the information and explanation given to us, the Company is regular in repayment of the principal and interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- (v) In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956
- In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred in section 301 of Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) In respect of statutory dues:
- According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Sales tax, Customs duty, Excise duty, Investor Education and Protection Fund, Cess and other material statutory dues were in arrears, as at 31.03.2014 for a period of more than six months from the date of becoming payable.
 - According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Municipal tax, Customs duty, Excise duty and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute except as under:

(₹ in lakhs)

Nature of Dues	Assessment year	Amount outstanding	Appeal pending with
Income Tax	2009-10	16.34	ITAT
	2010-11	105.54	CIT-III
	2011-12	2.70	CIT-A-IV

- (x) In our opinion, the company has no accumulated losses as at 31.03.2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

- (xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions and debenture holders. However company has defaulted in repayment of installment and interest to banks (i.e., Installment amounting to ₹ 2.98 Crores and interest amounting to ₹ 1.49 Crores) as at balance sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on the overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment during the year to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanation given to us, during the year the company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.

For **LAXMINIWAS NEETH & CO**
Chartered Accountants
Firm Registration number: 002460S

Place: Secunderabad
Date : 28th May, 2014

(LAXMINIWAS SHARMA)
Partner
Membership No.014244

**BALANCE SHEET AS AT
31ST MARCH, 2014**



TEXTILES LIMITED

	Note No	As at 31.03.2014		As at 31.03.2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	61,50,02,689		61,50,02,689	
Reserves & Surplus	2	60,19,78,323	121,69,81,012	58,21,52,611	119,71,55,300
Non-Current Liabilities					
Long Term Borrowings	3	48,13,28,183		63,19,23,492	
Deferred Tax Liabilities (Net)	4	9,88,35,206	58,01,63,389	11,28,39,481	74,47,62,973
Current Liabilities					
Short Term Borrowings	5	84,06,13,288		84,38,82,391	
Trade Payables	6	14,60,22,023		6,26,03,710	
Other Current Liabilities	7	26,16,49,399		21,30,12,067	
Short Term Provisions	8	31,76,012	125,14,60,722	36,80,039	112,31,78,207
TOTAL			304,86,05,123		306,50,96,480
ASSETS					
Non-Current Assets					
Fixed Assets	9				
Tangible Assets		94,11,70,442		99,97,55,331	
Intangible Assets		3,77,097		3,76,698	
Capital Work-in-Progress		3,94,48,035		1,32,81,702	
Long-Term Loans and Advances	10	2,50,45,770		2,37,53,359	
Other Non-Current Assets	11	18,71,863	100,79,13,207	34,82,233	104,06,49,323
Current Assets					
Inventories	12	103,61,63,469		94,63,65,649	
Trade Receivables	13	75,47,12,692		61,04,54,203	
Cash and Cash Equivalents	14	38,16,853		61,77,337	
Short Term Loans and Advances	15	21,50,23,297		43,80,87,283	
Other Current Assets	16	3,09,75,605	204,06,91,916	2,33,62,685	202,44,47,157
TOTAL			304,86,05,123		306,50,96,480
Significant Accounting Policies	25				
Notes to Accounts	26				

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

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

For and on behalf of the Board

Laxminiwas Sharma
Partner
Membership No.014244

Vijay Kumar Gupta
Chairman & Managing Director

Susheel Kumar Gupta
Executive Director

Place : Secunderabad
Date : 28th May, 2014

R. Malhotra
Finance Director

S. Nagarajan
Company Secretary

**STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED
31ST MARCH, 2014**



TEXTILES LIMITED

	Note No	For the Year ended 31.03.2014 ₹	For the Year ended 31.03.2013 ₹
REVENUE			
Revenue from Operations		106,02,52,939	92,63,57,219
Other Income	17	5,10,03,823	3,49,77,135
Total Revenue from Operations		111,12,56,762	96,13,34,354
EXPENSES:			
Cost of Materials Consumed	18	66,78,26,664	46,17,80,543
Purchase of Stock -in -Trade		3,99,69,672	4,07,12,500
Packing Material Consumed	19	99,24,103	87,23,219
Changes in Inventories of Finished Goods and Work -in-Progress	20	(9,73,52,509)	(4,04,84,654)
Manufacturing Expenses	21	8,01,86,478	6,50,21,938
Employee Benefits Expenses	22	5,64,00,919	5,20,09,835
Finance Costs	23	21,28,53,301	23,30,86,486
Depreciation and Amortization Expenses		6,02,84,998	6,00,33,786
Other Expenses	24	7,39,71,293	7,53,98,555
Total Expenses		110,40,64,919	95,62,82,208
Profit Before Extraordinary Items and Tax		71,91,843	50,52,146
Extraordinary Items		-	-
Profit before tax		71,91,843	50,52,146
Tax Expenses			
a) Current tax		13,70,406	9,62,686
b) Deferred tax		(1,40,04,275)	1,22,26,041
Profit/(Loss)for the period from Continuing Operations		1,98,25,712	(81,36,581)
Profit / (Loss) for the period		1,98,25,712	(81,36,581)
Weighted Average Number of Equity Shares-Basic		1,15,00,000	1,15,00,000
Nominal value per share		10/-	10/-
Earnings per Equity Share			
1) Basic		1.72	(0.71)
2) Diluted		1.72	(0.71)
Significant Accounting Policies	25		
Notes to Accounts	26		

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

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

For and on behalf of the Board

Laxminiwas Sharma
Partner
Membership No.014244

Vijay Kumar Gupta
Chairman & Managing Director

Susheel Kumar Gupta
Executive Director

Place : Secunderabad
Date : 28th May, 2014

R. Malhotra
Finance Director

S. Nagarajan
Company Secretary

**CASH FLOW STATEMENT FOR THE
YEAR ENDED 31ST MARCH, 2014**



TEXTILES LIMITED

	2013-2014		2012-2013	
	₹	₹	₹	₹
A. Cash from Operating Activities:				
Net -profit before tax and extraordinary items			50,52,146	
Adjustment for		71,91,843		
- Depreciation	6,02,84,998		6,00,33,786	
- Interest	21,28,53,301		23,30,86,486	
- Loss on sale of fixed assets	7,746		11,18,960	
- Interest received	(4,53,68,667)		(9,42,030)	
- Profit on sale of assets	(21,761)		-	
- Interest Subsidy Received	(41,53,290)		(62,29,037)	
- State Subsidy Received	(82,242)		-	
- Compensation Received	-		(2,56,35,437)	
		22,35,20,085		26,14,32,728
Operating Profit Before Working Capital Changes		23,07,11,928		26,64,84,874
Adjustment for				
- Trade & other receivables	7,95,65,478		(48,90,28,212)	
- Inventories	(8,97,97,820)		(5,03,63,246)	
- Trade payable	13,01,81,211		4,43,68,748	
		11,99,48,869		(49,50,22,710)
Cash generated from operations		35,06,60,797		(22,85,37,836)
- Direct taxes paid	(80,54,941)		(15,76,802)	
		(80,54,941)		(15,76,802)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		34,26,05,856		(23,01,14,638)
Net Cash Flow From Operating Activities (A)		34,26,05,856		(23,01,14,638)
B. Cash Flow From Investing Activities				
Purchase of fixed assets	(39,28,493)		(13,90,66,046)	
Increase in Capital work in Progress	(2,61,66,333)		92,82,85,128	
Compensation Received	-		2,56,35,437	
Sale of fixed assets	22,42,000		32,45,000	
Interest received	4,53,68,667		9,42,030	
		1,75,15,841		81,90,41,549
Net Cash Used in Investing Activities (B)		1,75,15,841		81,90,41,549

**Cash Flow Statement For The Year
Ended 31st March, 2014 (Contd.)**



TEXTILES LIMITED

	2013-2014		2012-2013	
	₹	₹	₹	₹
C. Cash Flow From Financing Activities				
Decrease in short term borrowings	(32,69,102)		(4,61,60,445)	
Decrease in long term borrowings	(15,05,95,310)		(23,52,57,467)	
Increase in deferred payment liability	-		(9,06,95,600)	
Interest Subsidy Received	41,53,290		62,29,037	
Interest paid	(21,28,53,301)		(23,30,86,486)	
State Subsidy Received	82,242		-	
		(36,24,82,181)		(59,89,70,961)
Net Cash Used in Financing Activities (C)		(36,24,82,181)		(59,89,70,961)
Net decrease in cash and cash equivalents (A+B+C)		(23,60,484)		(1,00,44,050)
Opening cash and cash equivalents		61,77,337		1,62,21,387
Closing cash and cash equivalents		38,16,853		61,77,337

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

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

For and on behalf of the Board

Laxminiwas Sharma
Partner
Membership No.014244

Vijay Kumar Gupta
Chairman & Managing Director

Susheel Kumar Gupta
Executive Director

Place : Secunderabad
Date : 28th May, 2014

R. Malhotra
Finance Director

S. Nagarajan
Company Secretary

**NOTES FORMING PART OF
BALANCE SHEET**



TEXTILES LIMITED

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE : I		
SHARE CAPITAL:		
AUTHORISED		
2,00,00,000 Equity Shares of ₹ 10/- each (Previous Year: 2,00,00,000 Equity Shares of ₹ 10/- each)	20,00,00,000	20,00,00,000
50,00,000,10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/-each (Previous Year:50,00,000 10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each)	50,00,00,000	50,00,00,000
TOTAL	70,00,00,000	70,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
1,15,00,000, Equity Shares of ₹ 10/- each (Previous Year : 1,15,00,000 Equity Shares of ₹ 10/-each)	11,50,00,000	11,50,00,000
50,00,000,10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each (Previous Year : 50,00,000 10% Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each)	50,00,00,000	50,00,00,000
Share Forfeiture	2,689	2,689
TOTAL	61,50,02,689	61,50,02,689

NOTES:

A) Reconciliation of Shares:

Particulars	2013-2014 No. of Shares	2012-2013 No. of Shares
Issued Subscribed and Paid-up Capital :		
Equity Shares :		
At the beginning of the period	1,15,00,000	1,15,00,000
At the closing of the period	1,15,00,000	1,15,00,000
Face value per Share	₹ 10/-	₹ 10/-
Total Paid Up Value	₹ 11,50,00,000	₹ 11,50,00,000
Preference Shares :		
At the beginning of the period	50,00,000	50,00,000
At the closing of the period	50,00,000	50,00,000
Face value per Share	₹ 100/-	₹ 100/-
Total Paid Up Value	₹ 50,00,00,000	₹ 50,00,00,000

B) The Non-Convertible Cumulative Redeemable Preference Shares (NCPS) of ₹ 100/- each allotted to Shri Vijay Kumar Gupta, Promoter of the Company shall be entitled to Cumulative Preference Dividend at 10% per annum of the NCPS Subscription Price. The Dividend shall accrue at the end of each financial year with effect from 1st April,2012. The said shares are redeemable on the completion of a period of 20 years ("Redemption Period") from the date of issue i.e 24th March,2012.

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

Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	%	Number of Shares	%	Number of Shares
Face Value of Shares		₹ 10/-		₹ 10/-
Vijay Kumar Gupta	26.86	3088816	26.86	3088816
Susheel Kumar Gupta	17.49	2011699	17.49	2011699
State Bank of India	13.04	1500000	13.04	1500000

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

Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	%	Number of Shares	%	Number of Shares
Face Value of Shares		₹ 100		₹ 100
Vijay Kumar Gupta	100	5000000	100	5000000

As at
31.03.2014
₹

As at
31.03.2013
₹

NOTE : 2

RESERVES & SURPLUS

SECURITIES PREMIUM RESERVE		19,43,12,510		19,43,12,510
GENERAL RESERVE		31,52,61,541		31,52,61,541
CAPITAL RESERVE				
Opening Balance	1,70,00,000		1,20,00,000	
Add: Forfeiture of Share Warrant				
Application money	-		50,00,000	
Closing Balance		1,70,00,000		1,70,00,000

SURPLUS IN THE STATEMENT OF PROFIT & LOSS ACCOUNT:

Opening Balance	5,55,78,560		6,37,15,141	
Add : Profit/(Loss) for the period	1,98,25,712		(81,36,581)	
Less: Transfer to General Reserve	-		-	
Net Surplus in the Statement of Profit & Loss		7,54,04,272		5,55,78,560
TOTAL		60,19,78,323		58,21,52,611

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE : 3		
NON-CURRENT LIABILITIES :		
Long-Term Borrowings:		
A. Secured		
Term Loan From Banks (Refer Note A)	39,82,21,949	55,37,49,893
Vehicle Loans (Refer Note B)	99,37,624	64,73,599
B. Unsecured		
Loans and Advances from other related parties (Refer Note: C)	7,31,68,610	7,17,00,000
TOTAL	48,13,28,183	63,19,23,492

Notes:

A Term Loans from banks namely State Bank of India, Axis Bank Limited and State Bank of Hyderabad are secured as under:

1. First charge on fixed assets of the Company on Pari-Passu basis. Fixed Assets of the Company include the following immovable/movable properties.
 - a) Equitable mortgage of property of the Company located at Surya Towers, Sub-ground floor, 104, Sardar Patel Road, Secunderabad-500 003.
 - b) Equitable Mortgage of property of the Company comprising of land and building situated at Kattedan, Hyderabad.
 - c) Equitable Mortgage of property of Company comprising of factory land and building situated at Rajapoor Village, Bala Nagar Mandal, Mahaboob Nagar District.
 - d) Equitable mortgage of property located at Surya Towers, Ground Floor, 104 Sardar Patel Road, Secunderabad 500 003, belonging to the promoters namely Shri Vijay Kumar Gupta, Vijay Kumar Gupta HUF, Shri Susheel Kumar Gupta and Mrs. Shashikala Gupta.
 - e) Plant and Machinery present and future.
 - f) Other Fixed Assets.
2. Pledge of 15,00,000 Shares of promoters on Pari-Passu basis.

Further the Term Loans are collaterally secured by:

3. Extension of pledge of 34,45,999 shares of the Company held by promoters pledged to Axis Bank Limited in favour of State Bank of India.
4. Pari-Passu second charge on current assets of the Company with State Bank of India, Axis Bank Limited and State Bank of Hyderabad.
5. Personal guarantees of the promoters' viz. Shri Vijay Kumar Gupta, Vijay Kumar Gupta HUF, Shri Susheel Kumar Gupta, and Mrs. Shashikala Gupta.

6. Term Loan with State Bank of Hyderabad against Credit Card receivables is secured by: Hypothecation and Escrow of credit card receivables.
7. Term loan is further collaterally secured by Pari-Passu first charge with State Bank of India and Axis Bank Limited on present and future assets of the Company.
8. Personal guarantees of the promoters namely Shri Vijay Kumar Gupta and Shri Susheel Kumar Gupta.

Terms of Repayment:

1. Axis Bank Term Loan repayable in 24 quarterly instalments of ₹ 57.00 Lakhs each and the last 4 quarterly instalments of ₹ 58.00 Lakhs each ending on 31st March, 2015, carrying an interest of 16% per annum.
2. State Bank of Hyderabad - Term Loan I repayable in 60 equal monthly instalments of ₹ 13.33 Lakhs ending on 31st March, 2015, carrying an interest of 13.20 % per annum.
3. State Bank of Hyderabad - Term Loan II repayable in 60 equal monthly instalments of ₹ 67.00 Lakhs commencing from 30th April, 2013 and ending on 31st March, 2018, carrying an interest of 13.20 % per annum.
4. State Bank of Hyderabad - Term Loan III repayable in 108 equal monthly instalments of ₹ 7.36 Lakhs with a door to door tenor of 9 years 2 months ending on July, 2020, carrying an interest of 13.20 % per annum.
5. State Bank of Hyderabad - Term Loan IV repayable in 108 equal monthly instalments of ₹ 8.06 Lakhs commencing from November, 2012 and ending on May, 2021, carrying an interest of 13.20 % per annum.
6. State Bank of India - Term Loan I repayable in 31 quarterly instalments of ₹ 28.91 Lakhs each and the last instalment being ₹ 28.87 Lakhs ending on 30th September, 2015, carrying an interest of 14.75 % per annum.
7. State Bank of India - Term Loan II repayable in 32 quarterly instalments of ₹ 10.16 Lakhs each ending on 30th September, 2015, carrying an interest of 14.75 % per annum.
8. State Bank of India -Term Loan IV repayable in 32 quarterly instalments of ₹ 12.50 Lakhs each ending on June, 2017 carrying an interest of 14.75 % per annum.
9. State Bank of India - Term Loan V repayable in 39 quarterly instalments of ₹ 3.00 Lakhs each ending on June, 2020 carrying an interest of 14.75 % per annum.

B) Vehicle Loans is secured by way of hypothecation of specific vehicle financed.

Terms of Repayment:

1. Loan taken from HDFC Bank Ltd., under Loan Account No.20325311 is repayable in monthly instalment of ₹ 3.23 Lakhs each inclusive of interest ending on 5th January, 2015.
2. Loan taken from HDFC Bank Ltd., under Loan Account No.21481962 is repayable in monthly instalment of ₹ 1.30 Lakhs each inclusive of interest ending on 5th June, 2015.
3. Loan taken from HDFC Bank Ltd., under Loan Account No.22824580 is repayable in monthly instalment of ₹ 0.88 Lakhs each inclusive of interest ending on 7th November, 2015.
4. Loan taken from HDFC Bank Ltd., under Loan Account No.27578920 is repayable in monthly instalment of ₹ 2.29 Lakhs each inclusive of interest ending on 7th March, 2017.
5. Loan taken from HDFC Bank Ltd., under Loan Account No. 27580816 is repayable in monthly instalment of ₹ 0.75 Lakhs each inclusive of interest ending on 7th March, 2017.

- C) Unsecured Loans are from Shri Vijay Kumar Gupta, Chairman and Managing Director and Shri Susheel Kumar Gupta, Executive Director of the Company repayable over a period of 8 years ending on 15th April, 2022.**

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
--	--------------------------	--------------------------

NOTE : 4

DEFERRED TAX LIABILITIES:

Opening Balance	11,28,39,481	10,06,13,440
Provision for the year	<u>(1,40,04,275)</u>	<u>1,22,26,041</u>
Closing Balance	<u>9,88,35,206</u>	<u>11,28,39,481</u>

NOTE : 5

CURRENT LIABILITIES :

Short Term Borrowings:

Working Capital Borrowings from Banks	81,56,28,833	81,90,28,715
Axis Bank Corporate Credit Card	<u>2,49,84,455</u>	<u>2,48,53,676</u>
TOTAL	<u>84,06,13,288</u>	<u>84,38,82,391</u>

Note:

- 1) Working Capital facilities availed by the Company from State Bank of India, Axis Bank Limited and State Bank of Hyderabad are secured by:
- Pari-Passu charge on all chargeable current assets of the Company in favour of State Bank of India, Axis Bank Limited and State Bank of Hyderabad (excluding credit card receivables, which are charged to State Bank of Hyderabad alone and are separately dealt with herein).
 - Pari-Passu second charges on Fixed Assets of the Company.
- Further the Working Capital facilities are collaterally secured by:**
- Pari-Passu charge on commercial building situated at Ground Floor, Surya Towers, 104, Sardar Patel Road, Secunderabad-500003 belonging to Shri Vijay Kumar Gupta, Shri Vijay Kumar Gupta HUF, Shri Susheel Kumar Gupta and Mrs. Shashikala Gupta by way of equitable mortgage in favour of State Bank of India, Axis Bank Limited and State Bank of Hyderabad.
 - Pari-Passu second charge on 15,00,000 Shares of the Company belonging to Promoters which have been pledged with State Bank of India for working capital limits of State Bank of India, Axis Bank Limited and State Bank of Hyderabad.
 - Pari-Passu charge on 34,45,999 Shares of the Company belonging to Promoters' which have been pledged with Axis Bank Limited, for working capital limits of State Bank of India and Axis Bank Limited.
 - Personal Guarantees of Shri Vijay Kumar Gupta, Vijay Kumar Gupta HUF, Shri Susheel Kumar Gupta and Mrs. Shashikala Gupta.

As at
31.03.2014
₹

As at
31.03.2013
₹

NOTE :6

CURRENT LIABILITIES :

Trade payables:

Trade Payables	14,60,22,023	6,26,03,710
TOTAL	14,60,22,023	6,26,03,710

S.No	Particulars	As at March 31.03.2014	As at March 31.03.2013
1	Principal amount remaining overdue	Nil	Nil
2	Interest thereon	Nil	Nil
3	Interest Paid by the Company in terms of Section 16 of MSMED Act, 2006	Nil	Nil

NOTE : 7

OTHER CURRENT LIABILITIES :

Term Loan instalments due less than 12 months	18,93,71,644	15,95,25,500
Vehicle Loan instalments due less than 12 months	54,16,428	54,13,781
Interest Accrued and Due on Borrowings	1,49,88,030	81,90,841
Un claimed Dividend	12,34,971	15,28,934
Other Liabilities	5,06,38,326	3,83,53,011
TOTAL	26,16,49,399	21,30,12,067

NOTE : 8

SHORT TERM PROVISIONS:

Provision for Bonus	10,78,411	9,88,028
Provision for Leave Encashment	13,26,591	11,84,028
Provision for Incentives	1,86,359	1,91,874
Provision for Gratuity	5,84,651	13,16,109
TOTAL	31,76,012	36,80,039

NOTE : 9											
Non-Current Assets:											
FIXED ASSETS											
Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2013 ₹	Additions/ Adjustments ₹	Deductions ₹	As at 31.03.2014 ₹	Upto 31.03.2013 ₹	For the year ₹	Adjustments ₹	Upto 31.03.2014 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
TANGIBLE ASSETS											
1	Land - freehold	7,62,54,798	-	-	7,62,54,798	-	-	-	-	7,62,54,798	7,62,54,798
2	Buildings	31,44,79,720	4,66,459	-	31,49,46,179	4,59,48,176	98,19,380	-	5,57,67,556	25,91,78,623	26,85,31,544
3	Plant & Machinery	51,99,83,585	3,87,191	-	52,03,70,776	12,70,84,670	2,67,71,758	-	15,38,56,428	36,65,14,348	39,28,98,915
4	Electrical Fittings	8,32,05,721	8,06,755	-	8,40,12,476	1,99,02,482	40,75,584	-	2,39,78,066	6,00,34,410	6,33,03,239
5	Furniture & Fittings	25,19,12,692	8,17,166	-	25,27,29,858	7,91,23,028	1,58,14,593	-	9,49,37,621	15,77,92,237	17,27,89,664
6	Office Equipment	40,36,068	22,000	-	40,58,068	20,53,644	1,85,150	-	22,38,794	18,19,274	19,82,474
7	Vehicles	3,53,09,030	6,48,722	62,79,983	2,96,77,769	1,19,10,850	32,00,740	40,51,998	1,10,59,592	1,86,18,177	2,33,98,180
8	Computers	28,15,540	6,19,400	14,384	34,20,556	22,18,973	2,57,392	14,384	24,61,981	9,58,575	5,96,567
	Sub Total (A)	128,79,97,154	37,67,693	62,94,367	128,54,70,480	28,82,41,823	6,01,24,597	40,66,382	34,43,00,038	94,11,70,442	9,99,755,331
INTANGIBLE ASSETS:											
9	Computer Software	9,67,652	1,60,800	-	11,28,452	5,90,954	1,60,401	-	7,51,355	3,77,097	3,76,698
	Sub Total (B)	9,67,652	1,60,800	-	11,28,452	5,90,954	1,60,401	-	7,51,355	3,77,097	3,76,698
	TOTAL (A+B)	128,89,64,806	39,28,493	62,94,367	128,65,98,932	28,88,32,777	6,02,84,998	40,66,382	34,50,51,393	94,15,47,539	10,01,32,029
	Previous Year	115,84,99,818	13,90,66,046	86,01,058	128,89,64,806	23,30,36,089	6,00,33,786	42,37,098	28,88,32,777	100,01,32,029	92,54,63,729
	Capital Work-in-Progress									3,94,48,035	1,32,81,702

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE : 10		
LONG TERM LOANS AND ADVANCES:		
(Un Secured, Considered Good)		
Capital Advance	28,28,702	15,40,000
Security Deposits:		
Rental Deposit	1,69,81,000	1,69,81,000
Deposits with suppliers and for Services	5,03,842	5,00,133
Deposits with Government Bodies	47,32,226	47,32,226
TOTAL	2,50,45,770	2,37,53,359
NOTE :11		
OTHER NON-CURRENT ASSETS:		
Power Subsidy Receivable	18,71,863	34,82,233
TOTAL	18,71,863	34,82,233
NOTE :12		
INVENTORIES:		
(At lower of cost or net realizable value)		
Raw-Material	5,06,30,878	5,94,58,308
Work- in- Progress	1,18,32,165	1,11,74,570
Finished Goods	94,40,74,875	84,73,79,961
Stores & Consumables	2,96,25,551	2,83,52,810
TOTAL	103,61,63,469	94,63,65,649
NOTE:13		
TRADE RECEIVABLES :		
(Un Secured, Considered Good)		
Outstanding for a period exceeding six months	16,17,96,012	11,64,60,602
Others	59,29,16,680	49,39,93,601
TOTAL	75,47,12,692	61,04,54,203

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE:14		
CASH AND CASH EQUIVALENTS :		
Cash on Hand	7,86,310	2,90,425
Bank Balance with Scheduled Banks		
- In Current Accounts	9,69,678	35,94,705
- In Un Claimed Dividend Accounts (Refer Note a)	12,38,723	15,28,934
- In Term Deposit Account (Refer Note b)	8,22,142	7,63,273
TOTAL	38,16,853	61,77,337

Notes:

- Section 124 of Companies Act, 2013 mandates that Companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to IEPF.
- Term deposits are held as margins for issue of Bank Guarantees.

NOTE:15

SHORT TERM LOANS AND ADVANCES:

(Un Secured and Considered Good)

Advances for Supplies and Services	3,51,134	-
Pre Paid Expenses	61,68,535	28,27,573
Receivable against cancellation of Tech-Park Project	20,79,91,933	43,48,50,000
Loans and Advances to Employees	4,65,553	3,94,069
Other Advances	46,142	15,641
TOTAL	21,50,23,297	43,80,87,283

NOTE:16

OTHER CURRENT ASSETS:

Income Tax Receivable	1,91,40,161	1,24,41,988
Interest Receivable	3,58,363	3,46,709
Interest Subsidy Receivable	30,23,538	33,76,617
Other Current Assets	84,53,543	71,97,371
TOTAL	3,09,75,605	2,33,62,685

	For the Year ended 31.03.2014 ₹	For the Year ended 31.03.2013 ₹
NOTE:17		
OTHER INCOME:		
Interest Received	4,53,68,667	9,42,030
Interest Subsidy Received	41,53,290	62,29,037
State Subsidy Received	82,242	-
Power Subsidy Received	-	18,71,860
Compensation Received	-	2,56,35,437
Excess Provision written back	4,71,356	-
Miscellaneous Income	9,28,268	2,98,771
TOTAL	5,10,03,823	3,49,77,135
NOTE:18		
COST OF RAW MATERIALS CONSUMED:		
Opening Stock	5,94,58,308	5,18,63,694
Add: Purchases	65,89,99,234	46,93,75,157
	<u>71,84,57,542</u>	<u>52,12,38,851</u>
Less: Closing Stock	5,06,30,878	5,94,58,308
Consumption	<u>66,78,26,664</u>	<u>46,17,80,543</u>
NOTE:19		
PACKING MATERIAL CONSUMED :		
Opening Stock	46,48,186	44,84,806
Add: Purchases	86,12,437	88,86,599
	<u>1,32,60,623</u>	<u>1,33,71,405</u>
Less: Closing Stock	33,36,520	46,48,186
Consumption	<u>99,24,103</u>	<u>87,23,219</u>
NOTE:20		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS :		
OPENING STOCK		
Finished Goods	84,73,79,961	79,23,29,211
Stock in Process	1,11,74,570	2,57,40,666
TOTAL (A)	85,85,54,531	81,80,69,877
CLOSING STOCK		
Finished Goods	94,40,74,875	84,73,79,961
Stock in Process	1,18,32,165	1,11,74,570
TOTAL (B)	95,59,07,040	85,85,54,531
Net Increase/(Decrease) in Stocks (A-B)	<u>9,73,52,509</u>	<u>4,04,84,654</u>

	For the Year ended 31.03.2014 ₹	For the Year ended 31.03.2013 ₹
NOTE: 21		
MANUFACTURING EXPENSES:		
Carriage & Freight	55,10,197	57,23,092
Consumption of Firewood	2,30,13,992	1,83,44,908
Power & Fuel	2,09,96,124	1,52,54,816
Consumption of Design & Development	50,80,802	34,81,273
Consumption of Stores & Consumables	48,29,321	47,07,595
Other Manufacturing Expenses	1,30,25,716	1,06,54,269
Repairs to Plant & Machinery	17,94,945	17,10,993
Effluent Treatment Plant Expenses	59,35,381	51,44,992
TOTAL	8,01,86,478	6,50,21,938
NOTE : 22		
EMPLOYEE BENEFITS EXPENSES :		
Managerial Remuneration	64,44,000	64,44,000
Office Staff Salaries	1,36,48,523	1,31,72,120
Factory Wages & Salaries	2,50,76,926	2,06,78,641
Employee's Benefits	36,65,214	30,87,470
Incentives	26,89,338	29,88,638
Gratuity	7,51,807	21,52,469
Contribution to PF and E.S.I	41,25,111	34,86,497
TOTAL	5,64,00,919	5,20,09,835
NOTE:23		
FINANCE COSTS:		
Interest Charges	20,91,58,356	22,60,78,909
Other borrowing Charges	33,95,573	63,53,381
Bank and Finance Charges	2,99,372	6,54,196
TOTAL	21,28,53,301	23,30,86,486

For the Year ended
31.03.2014
₹

For the Year ended
31.03.2013
₹

NOTE:24

OTHER EXPENSES:

Rent	27,03,708	27,03,708
Lease Rental Charges	2,33,95,678	2,28,30,834
Donations	50,000	50,000
Rates, Taxes, Licences & Fees	25,24,534	25,48,380
Printing & Stationery	10,01,022	9,81,987
Postage, Telegram & Telephones	17,26,536	16,71,472
Office Electricity & Water	1,12,44,815	1,21,85,919
Travelling & Conveyance	16,14,350	26,45,547
Advertisement & Publicity	38,12,319	29,43,823
Agents Commission	90,85,628	87,21,552
Selling Expenses	41,19,928	52,26,883
Insurance	32,69,088	32,57,690
Remuneration to Auditors :		
Audit Fees	4,04,496	4,04,496
Tax Audit Fees	89,888	89,888
Certification Fees/Taxation matters	11,236	11,236
Directors' Sitting Fees	48,000	60,000
Legal & Professional Charges	7,06,745	10,45,272
Security Service Charges	3,30,466	20,53,150
Repairs to Buildings	7,31,025	1,00,692
Repairs to Other Assets	47,03,442	23,34,773
Vehicle Maintenance	12,11,235	13,24,496
Miscellaneous Expenses	11,79,408	10,87,797
Loss on Sale of Fixed Assets	7,746	11,18,960
TOTAL	7,39,71,293	7,53,98,555

NOTE : 25**A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The financial statements of Vijay Textiles Limited (VTL or Company) have been prepared with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on the basis of a going concern with revenues recognized and expenses accounted on their accrual.

2. FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation. All expenditure of capital nature is capitalized. Such expenditure comprises of purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. All assets costing individually ₹ 5,000/- and below are depreciated fully in the year of purchase.

3. DEPRECIATION

Depreciation is provided under the Straight Line Method at rates prescribed under Schedule XIV to the Companies Act, 1956.

4. GOVERNMENT GRANTS

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

5. REVENUE RECOGNITION

Revenue recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operation includes sale of goods and the same is recognised on transfer of significant risk and rewards.

6. LEASES

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

7. INVENTORIES

Raw Materials, Stores & Spares and Work in Process are valued at cost or net realizable value whichever is lower using FIFO cost method. Finished Goods are valued at cost or net realizable Value, whichever is lower. Net realizable value is the estimated selling value in the ordinary course of business less estimated cost of completion and estimated cost necessary to make sale and cost comprises cost of material purchased and expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

8. RETIREMENT BENEFITS

a) **Defined Contribution Plan:**

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

b) **Defined Benefit Plan:**

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

9. FOREIGN CURRENCY TRANSACTIONS

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

10. BORROWING COSTS

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

11. TAXATION

a) **Current year Charge:**

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

b) **Deferred Tax:**

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

12. IMPAIRMENT OF ASSETS

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

13. CONTINGENT LIABILITIES-PROVISIONS AND CONTINGENT ASSETS:

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

NOTE: 26

NOTES ON ACCOUNTS

I. Contingent Liability and Commitments (to the extent not provided for)

a) Contingent Liability not provided for in respect of claims against the Company not acknowledge as debts:

- Counter Guarantee given to Bankers towards the Bank Guarantee ₹ 62.80 Lakhs. (Previous year ₹ 62.80 Lakhs).
- Export Obligation of ₹ 9,39,30,216/- over a period of 8 years ending on 07.04.2016 for concessional duty availed for import of machinery.(Previous Year: ₹ 2,28,935/-).
- Export Obligation of ₹ 5,87,13,076/- over a period of 6 years ending on 09.08.2016 for concessional duty availed for import of machinery.
- Export Obligation of ₹ 11,36,33,520/-over a period of 8 years ending on 28.11.2019 for concessional duty availed for import of machinery.
- Income Tax demand of ₹ 32.69 Lakhs for the assessment year 2009-10 (Previous Year ₹ 32.69) for which the Company has filed an appeal before the competent Income Tax Authority and is listed for hearing on 06 August 2014 and in meanwhile the company has paid an amount of ₹ 16.34 Lakhs in two installments on 28.02.13 and 15.03.2013 as per the orders of CIT Range-3.
- Income Tax demand of ₹ 149.34 Lakhs for the assessment year 2010-11 (Previous Year ₹ 149.34 Lakhs) for which the Company has filed an appeal before the competent Income Tax Authority. The appeal was heard on 07 January 2014 and order is still awaited. In the meanwhile has paid an amount of ₹ 44.80 Lakhs till 15.10.2013 in compliance of orders of CIT Range-3.
- Income Tax demand of ₹ 2.70 Lakhs for the assessment year 2011-2012 (Previous Year - NIL) for which the Company has filed an appeal before the competent Income Tax authority and the same is pending for disposal.
- Shubham Creations, Bhiwandi Thane District had filed an arbitration case against the Company before the Hindustan Chamber of Commerce (HCC), Mumbai. HCC had directed the Company to pay a sum of ₹ 6,51,438/- inclusive of interest. The Company has preferred an appeal before Bombay High Court.

b) Estimated amount of liability on account of Capital Commitments of ₹ 80.89 Lakhs. (Previous year ₹ 100.64 Lakhs).

2. In the opinion of the management current assets, loans & advances and other assets have the value at which they are stated in the Balance Sheet and are realizable in the ordinary course of business.
3. Capital Work-in-Progress is ₹ 3.94 Crores. (Previous year ₹ 1.33 Crores).
4. The Company has not provided for the preference dividend of 10% amounting to ₹ 5.00 Crores due to inadequacy of profit.
5. Vehicle loan is secured by way of hypothecation of specific vehicle financed
6. Loans and advances include advances for Capital Assets ₹ 28.29 Lakhs (Previous Year ₹ 15.40 Lakhs).

7. Additional Information pursuant to the provisions of Schedule VI of the Companies Act, 1956. (In ₹)

S. No.	Particulars	2013-2014	2012-2013
1.	Value of Imports (CIF Basis): Capital Goods	-	-
2.	Expenditure in Foreign Currency on account of Travelling Expenses	-	3,16,267
3.	Earnings of Foreign Currency FOB value of Exports	75,15,071	80,23,890

8. Employee Benefits:

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

Defined Contribution Plan:

(In ₹)

	2013-2014	2012-2013
Employer's Contribution to Provident Fund	24,36,303	20,51,716
Employer's Contribution to ESI	13,61,935	11,59,514

Defined Benefit Plan:

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

(In ₹)

	2013-2014	2012-2013
I. Assumptions:		
Discount Rate	8.06%	7.50%
Rate of Return on Plan Assets	11.00%	11.00%
Salary Escalation Average for next seven years	6.00%	6.00%
II. Table Showing Change in Benefit Obligation :		
Liability at the beginning of the year	67,82,855	51,27,431
Interest Cost	5,31,348	3,69,992
Current Service Cost	11,00,631	9,97,952
Benefit Paid	(3,80,888)	(3,88,421)
Actuarial (gain)/loss on obligations	(7,50,404)	6,75,901
Liability at the end of the year	72,83,542	67,82,855

(Contd.)

(In ₹)

	2013-2014	2012-2013
III. Tables of Fair value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	54,66,746	52,36,055
Expected Return on Plan Assets	7,94,989	5,94,628
Contributions	6,88,276	7,27,736
Benefit Paid	(3,80,888)	(3,88,421)
Actuarial gain/(loss) on Plan Assets	(5,75,929)	(7,03,252)
Fair Value of Plan Assets at the end of the year	66,98,891	54,66,746
Total Actuarial Gain/(Loss) to be Recognized	1,74,475	(13,79,153)
IV. Actual Return on Plan Assets:		
Expected Return on Plan Assets	(7,05,697)	5,94,628
Actuarial gain/(loss) on Plan Assets	(5,75,929)	(7,03,252)
Actual Return on Plan Assets	1,74,475	(1,08,624)
V. Amount Recognized in the Balance Sheet:		
Liability at the end of the year	72,83,542	67,82,855
Fair Value of Plan Assets at the end of the year	66,98,891	54,66,746
Difference	5,84,651	13,16,109
Net Assets/(Liabilities) Recognized in the Balance Sheet	5,84,651	13,16,109
VI. Expenses Recognized in the Income Statement:		
Current Service Cost	11,00,631	9,97,952
Interest Cost	5,31,651	3,69,991
Expected Return on Plan Assets	(7,05,697)	(5,94,628)
Net Actuarial (Gain)/Loss to be Recognized	(13,16,109)	(13,79,153)
Expense Recognized in P& L	7,51,807	21,52,469
VII. Balance Sheet Reconciliation:		
Opening Net Liability	13,16,109	(1,08,624)
Expenses as above	7,51,807	21,52,469
Employer's Contribution	(6,88,276)	(7,27,736)
Amount Recognized in Balance Sheet	5,84,651	13,16,109

9. Borrowing cost capitalized during the year on various assets is ₹ Nil. (Previous year ₹ 1,13,18,981/-).

10. The Company's operations mainly consist of only one segment-Textile Fabrics and therefore the figures as above relate to that segment.

11. Related Parties Disclosures:

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

(In ₹)

Name of the Party	Nature of Transaction	Amount
Vijay Kumar Gupta	Rent	9,78,216
	Remuneration	25,44,000
	Interest	50,24,871
Vijay Kumar Gupta (HUF)	Rent	6,98,676
Susheel Kumar Gupta	Rent	4,67,724
	Remuneration	24,00,000
	Interest	3,73,611
Shashikala Gupta	Rent	5,59,092

Unsecured loans received and paid during the year as under:

(₹ in Lakhs)

Name	Loans Taken	Loan Paid	Balance
Vijay Kumar Gupta	2160.75	2041.06	726.69
Susheel Kumar Gupta	10.00	115.00	5.00

12. The Company's Lease Agreement is in respect of Building at Ameerpet, Kukatpally, Dilukh Nagar, and A.S. Rao Nagar show rooms. Lease rentals payable are charged as "Lease Rental charges" under "Other Expenses" in Note-24. The Leasing arrangement is for a longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under:

(₹ in Lakhs)

Particulars	As at 31.03.2014*	As at 31.03.2013
Payable:		
Not Later than one year	219.40	217.89
Later than one year but not later than 5 years	1085.52	873.23
Later than five years	1313.10	1747.32

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

13. In terms of Accounting Standard 22, Deferred Tax Assets (DTA) of ₹ 1,62,00,448/- and Deferred Tax Liability of ₹ 21,96,173/- has been recognized during the period and consequently Deferred Tax Liability as on 31st March 2014 stands at ₹ 9,88,35,206/-. There is carried forward unabsorbed depreciation as at the Balance Sheet date. However, based on the future profitability projections, the company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

The breakup of Deferred Tax Liability as on 31st March 2014 is as follows:

(₹ in Lakhs)

Sl. No.	Particulars	As at 31.03.2014	As at 31.03.2013
a)	Deferred Tax Liability:		
	Opening Deferred Tax Liability	1128.39	1006.13
	Add: Deferred Tax Liability during the year on account of Depreciation	21.96	122.26
	Closing Deferred Tax Liability	1150.35	1128.39
b)	Deferred Tax Asset:		
	Opening Deferred Tax Asset	-	-
	Add: Deferred Tax Asset during the year on account of Unabsorbed Depreciation	162.00	0.00
	Closing Deferred Tax Asset	162.00	0.00
	Net Deferred Tax Liability there on (a-b)	988.35	1128.39

14. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that might have been impaired in respect of each cash-generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended 31st March 2014.
15. The Company has not provided for cess u/s 44IA of The Companies Act 1956, as the Central Government has not specified the rules and manner of depositing the same.
16. Previous year's figures have been re-grouped and re-arranged wherever necessary so as to make them comparable with the current year.

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

For and on behalf of the Board

Laxminiwas Sharma
Partner
Membership No.014244

Vijay Kumar Gupta
Chairman & Managing Director

Susheel Kumar Gupta
Executive Director

Place : Secunderabad
Date : 28th May, 2014

R. Malhotra
Finance Director

S Nagarajan
Company Secretary

Vijay Textiles Limited

ATTENDANCE SLIP

Registered Office: Surya Towers, Ground Floor, 104, Sardar Patel Road, Secunderabad - 500 003.
CIN : L18100TG1990PLC010973. Tel No:040-27848479,E-mail ID: info@vijaytextiles.in

24th Annual General Meeting Tuesday, the 30th September, 2014 at 11.00 A.M

DP ID* :
Client ID* :

Reg. Folio No :
No. of Shares :

Name and address of the Shareholder:

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 24th Annual General Meeting of the Company, at Surana Udyog Auditorium, The Federation of A.P. Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004. at 11.00 A.M. on Tuesday, the 30th September, 2014.

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

**Member's/Proxy's Signature

Note: Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable.

Vijay Textiles Limited

PROXY FORM

Registered Office: Surya Towers, Ground Floor, 104, Sardar Patel Road, Secunderabad - 500 003.
CIN : L18100TG1990PLC010973. Tel No:040-27848479,E-mail ID: info@vijaytextiles.in

FORM NO: MGT-11

(Pursuant to Section 105(6) of Companies Act,2013, and Rule 19(3) of the Companies(Management and Administration) Rules,2014)

Name of the Company	Vijay Textiles Limited (CIN : L18100TG1990PLC010973)	
Registered Office	Surya Towers, Ground Floor, 104, S.P. Road, Secunderabad - 500 003	
Name of the Member(s)		
Registered Address		
Folio No./DP ID-Client ID		E-mail ID

I/We, being the member(s) holding _____ equity shares of the above named Company, hereby appoint.

- Name : _____ Address: _____
E.mail ID: _____ Signature: _____
or failing him/her
- Name : _____ Address: _____
E.mail ID: _____ Signature: _____
or failing him/her
- Name : _____ Address: _____
E.mail ID: _____ Signature: _____

As my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on the Tuesday, 30th day of September, 2014, 11.00 A.M. at Surana Udyog Auditorium, The Federation of A.P. Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004 and at any adjournment there.

Signed this day of , 2014.

Please
Affix ₹ 1/-
Revenue
Stamp

Note :1. Proxy need not be a member.

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

Signature

NO GIFTS WILL BE DISTRIBUTED AS PER GOVERNMENT NOTIFICATION

This Page is intentionally left blank



Vijay Textiles Limited

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

CIN : L18100TG1990PLC010973. Tel No:040-27848479,E-mail ID: info@vijaytextiles.in

24th Annual General Meeting Tuesday, the 30th September, 2014 at 11.00 A.M

VOTING BY BALLOT

DP. ID* :	
Client ID* :	

Reg. Folio No :	
No. of Shares :	

Name and address of the Shareholder:

.....

Please indicate (✓) in the appropriate column against the Resolutions indicated in the box below:

SI No	Resolutions	Yes	No
	Ordinary Business		
1.	Approval of Audited Financial Statements for the financial year 2013-2014.		
2.	Appointment of Shri Susheel Kumar Gupta, Director.		
3.	Appointment of M/s.Laxminiwas & Co as Statutory Auditors.		
	Special Business:		
4.	Re-appointment of Shri Vijay Kumar Gupta, Managing Director of the Company for a period of 5 years.		
5.	Appointment of Shri M.Srikanth Reddy, as the Independent Director of the Company for the period of 5 years.		
6.	Appointment of Shri KBhupal Reddy, as the Independent Director of the Company for the period of 5 years.		
7.	Appointment of Shri Sanjeev Kumar Agarwal, as the Independent Director of the Company for the period of 5 years.		
8.	Ratification of payment of Remuneration to Cost Auditors.		
9.	Approval for Borrowing limits u/s 180(1)(c).		
10.	Approval for mortgage of assets u/s 180(1)(a).		
11.	Alteration of Articles of Association of the Company.		
12.	Approval for de-listing of equity shares from Madras Stock Exchange Limited.		

Member's/Proxy's Signature



This Page is intentionally left blank

Printed Matter

if undelivered, please return to :



CORPORATE OFFICE

Surya Towers, Ground Floor,
104, Sardar Patel Road,
Secunderabad - 500003

Telephone : 27848479/27844086

Facsimile : + 91-40-2784 6849

Email : info@vijaytextiles.in

Website : www.vijaytextiles.in