

VIJAYESWARI TEXTILES LIMITED



BOARD OF DIRECTORS

Sri. K. Rajagopal

Chairman and Managing Director

Sri. A.L. Ramachandra

Managing Director

Smt. Jayanthi Ramachandra

Joint Managing Director

Capt. K.V. Narayanan

Sri. Durai Ramaswamy

Sri. N. Balakrishnan

Sri. V. Dharmaraj

Sri. M.D. Selvaraj

Sri. P. Vijay Raghunath

Sri. K. Selvaraj

Company Secretary

S. Suresh

Auditors

M/s. Subbachar & Srinivasan
Chartered Accountants, Coimbatore

Internal Auditor

Smt. Sasirekha Vengatesh
Chartered Accountant, Coimbatore

Bankers

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

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

Weaving Division at
Arakulam, Palladam.

Processing Division at
SIPCOT, Industrial Complex, Perundurai

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

Subsidiary Companies

Vijayeswari UK Ltd.
Vijayeswari USA LLC

Registrar and Transfer Agents

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

Branch Office

Link Intime India Pvt. Limited
(Formerly Known as Intime Spectrum Registry Limited)
"Surya" 35, May Flower Avenue
(Behind Senthil Nagar)
Sowripalayam Road, Coimbatore - 641 028.

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VIJAYESWARI TEXTILES LIMITED



NOTICE OF THE ANNUAL GENERAL MEETING

To

The Members,

Notice is hereby given that the 55th Annual General Meeting of the shareholders of the Company will be held on Friday, the 04th day of September 2009 at 4.00 pm at 2/185, Puliampatti (via), Pollachi, Coimbatore District - 642 002 the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To consider the Profit & Loss Account for the year ending 31st March 2009, the Balance Sheet as on that date, the Report of the Board of Directors and the Auditors of the Company and to adopt the same.
2. To appoint a Director in the place Sri. N. Balakrishnan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place Sri. Durai Ramaswamy who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place Capt. K.V. Narayanan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Sri. K. Selvaraj, who was appointed as Additional Director by the Board of Directors of the Company with effect from 23rd July 2009 pursuant to provisions of section 260 of the Companies Act, 1956 and holds office upto the date of the Annual General Meeting and in respect of whom notice in writing under section 257 of the Companies Act, 1956 from a member has been received signifying his intention to propose Sri. K. Selvaraj as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

Item No.6

The Board of Directors had appointed Sri. K. Selvaraj as an Additional Director at its meeting held on 23rd July 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956. The Company has received a notice under section 257 of the Companies Act, 1956 in writing from a member proposing candidature of Sri.K.Selvaraj, as Director of the Company, liable to retire by rotation.

Sri. K. Selvaraj is a retired regional vice president of The Lakshmi Mills Company Ltd., Kovilpatti having rich experience of over 46 years in various facets of textile operations.

He does not hold any shares in the Company.

None of the Directors except Sri. K. Selvaraj is concerned or interested in the resolution.

The Board of Directors recommends the resolution for the approval of the members as an Ordinary Resolution.

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Notes:

1. A member, who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less 48 hours before the meeting.
2. The Register of members of the Company and the Share Transfer Books will remain closed from 24th August 2009 to 04th September 2009 (both days inclusive) for the purpose of Annual General Meeting
3. Shareholder are hereby informed that the Unclaimed dividend for the Financial Years upto 1997-1998 have been transferred to the General Revenue Accounts of the Central Government. Shareholders who have not encashed the dividend warrant for the above period are requested to claim the amount from the Registrar of Companies, Coimbatore.
4. As per provisions of the Companies Act, Dividends remaining unpaid for a period of 7 years has to be transferred to Investor Education & Protection Fund established by the Central Government. The Company has already transferred unclaimed dividends upto 2000-2001 to Investor Education & Protection Fund. Dividend relating to the Financial Year 2001-2002 declared on 18.09.2002 and remaining unclaimed will be transferred to the above fund by the end of September 2009.
5. Members who have till date not encashed their dividend warrants for the financial year 2002, or any subsequent financial years are advised to claim the dividend from the Share Department of the Company at the earliest. **It may also be noted that once unclaimed dividends are transferred to the Investors' Education and Protection Fund, Members will lose their claim on these dividends.**
6. Members who are holding shares in physical form are requested to intimate immediately their change of address/ change of bank account, if any, to the Company/ Registrar and Share Transfer Agent quoting reference of the Registered Folio Number.
7. Members who are holding shares in Electronic Form are requested to intimate immediately their change of address/ change of bank account, if any, to their respective Depository Participant.
8. Appointment/Reappointment of Directors:

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

Name	: Sri. N. Balakrishnan
Age	: 70 years
Qualifications	: M.A. B.L., Associate of Federation of Insurance Institute of India
Expertise	: Served as Executive Director, Life Insurance Corporation of India from 1991 to 1996. Presently a Management Consultant
Equity Holding	: Nil
Relationship	: He is not related to any other Director on the Board of the Company.
Date of Appointment	: 26/06/1996
Other Directorships	: Indian Hume Pipe Company Limited Batany Consultancy and Training Pvt Ltd

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Name	: Sri. Durai Ramaswamy
Age	: 78 years
Qualifications	: Higher Secondary
Expertise	: Has been a member of the Legislative Assembly, Tamil Nadu from 1977 to 1996
Equity Holding	: 24000 (0.13%) Equity Shares of the Company.
Relationship	: He is not related to any other Director on the Board of the Company.
Date of Appointment	: 19.03.1997
Other Directorships	: Sakthi Synthetic Gems Limited
Name	: Capt. K.V. Narayanan
Age	: 81 years
Qualifications	: Commercial Airline Pilot
Expertise	: 35 years as Commercial Airline Pilot in Indian Airlines
Equity Holding	: Nil
Relationship	: He is not related to any other Director on the Board of the Company.
Date of Appointment	: 28.04.2005
Other Directorships	: Lakshmi Apparels & Wovens Ltd
Name	: Sri. K. Selvaraj
Age	: 75 years
Qualifications	: Licentiate in Textile Manufacture (LTM)
Expertise	: Retired Regional Vice President of The Lakshmi Mills Company Limited, Kovilpatti
Equity Holding	: NIL
Relationship	: He is not related to any other Director on the Board of the Company.
Date of Appointment	: 23.07.2009
Other Directorships	: NIL

Date : 23.07.2009
Place : Coimbatore

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

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DIRECTORS' REPORT TO SHAREHOLDERS

To

The Members,

Your directors have pleasure in presenting the 55th Annual Report and the Audited Accounts for the financial year ending 31st March, 2009.

Financial Results:

Particulars	Rs. in lakhs	
	2008 - 09	2007- 08
Profit before Interest, Depreciation and Tax	223.55	2855.54
Less : Interest	1408.72	1360.88
Depreciation	685.20	574.44
	<u>2093.92</u>	<u>1935.32</u>
Profit/(Loss) before Tax	(1870.37)	920.22
Less : Provision for Taxation	(651.64)	76.02
Profit/(Loss) after Tax	(1218.73)	844.20
Add : Brought from previous year	399.35	325.21
Amount available for Appropriation	(819.38)	1169.41
Transfer to General Reserve	-	600.00
Dividend	-	145.35
Corporate Tax on Dividend	-	24.70
Balance carried to Balance Sheet	(819.38)	399.36
	<u>(819.38)</u>	<u>1169.41</u>

Dividend

Due to losses incurred during the year your directors are unable to recommend any dividend

Review of operations

During the year under review, your Company's turnover has been dropped significantly as a result of global economic slowdown especially in US and European countries and unexpected cross currency fluctuation in terms of dollar value. Your Company has taken various cost effective control methods and economies of production and purchases throughout the financial year 2008-2009 to cope up with the recessionary trend in the export market.

India has witnessed a 23 per cent drop in cotton textile exports and that has raised concerns over the emerging export scenario.

Import figures from India's major markets such as the European Union (EU) and the United States for the last quarter of fiscal 2008-09 (January to March 2009) reveal that India's exports of cotton textiles to the EU plummeted by 17 per cent. In the

case of the US, the decline was 14 per cent in the last quarter of 2008-09.

This is true for our company too.

The Company as a made up textile exporter has been encountering delays in finalization of export orders, opening of letters of credit with buyers.

The management find that there are other domestic factors that militate against the interest of cotton textile exporters.

They include, increase in input costs and uncertain raw material price

- Mainly on account of minimum support price of cotton.
- Exorbitant rates of interest.
- Insufficient working-capital due to declining profitability.
- Reduction in duty drawback rates, delays in reimbursement of technology up-gradation fund scheme (TUFS) dues.
- Un-rebated State/local levies.

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During the year under review, your company's operations were affected mainly due to 40 % intermittent power shut down and partial strike for 133 days at spinning unit in Pollachi due to labour unrest.

Milestone

Your company has achieved yet another milestone by winning the "Five Star Award" awarded by Macy's Merchandising Group for the 10th year in a row in recognition of its continued outstanding service in the development of Macy's Merchandising Group. Your Company is the only company to achieve this mammoth feat in the entire Asian region.

Future

Owing to the current economic scenario, prediction relating to the future of the industries looks completely bleak and uncertain particularly Indian textile industry. The economy, as a whole, is largely dependent on the revival of U.S. economy and European Union. Since the major economies like US, UK and Japan are already in recession and the impact felt is catastrophic on all the businesses in the world and unfortunately our Indian economy is not insulated from this global phenomena particularly those in the export segment.

The readymade garments and home furnishing segment is now facing severe pressure in the international market due to fall in demand for these products at retail. The future depends on how soon the world comes out of this economic downturn.

Major companies have indulged in various cost cutting measures to relax the financial crisis gripping them and your company has adopted its own policy in order to reduce the costs effectively. Another important worrying factor for the businesses was the depreciation of rupee against the US Dollar.

However, the Indian textile industry is expected to make a turnaround and this is largely depends on various government policies viz., stimulus packages, tax incentives for textiles sector and favourable labour laws and economic conditions.

Your company is tapping newer markets like South Africa, Brazil, Argentina, Australia, Japan, France and Spain etc for its sustenance and survival. Newer

business opportunities such as supply to hospitality and hospitals are in the pipeline.

Your company is expected to make consistent growth in the coming years once the financial crisis comes to natural. Also it hopes to make profits when this cycle improves and prices are improved too.

Internal control system and their adequacy

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

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

Subsidiaries

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

Dematerialization

Out of the 181,69,240 shares, 171,85,503 equity shares stands dematerialized. M/s Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Ltd), Mumbai having its branch office at Coimbatore have been retained as the Registrar and Transfer Agents for all shares both in electronic and physical form.

Initial Public Offering of Equity Shares:

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

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Listing of Shares

Your Company's Shares are listed on the Bombay Stock Exchange Limited, Mumbai and the Madras Stock Exchange Limited, Chennai. Your company proposes to delist its shares from the Madras Stock Exchange Limited, Chennai.

Directors

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

1. Sri. Durai Ramasamy
2. Sri. N. Balakrishnan
3. Capt. K.V. Narayanan

Fixed Deposits

Unclaimed Fixed Deposits as on 31.03.2009 are Rs.11.64 lakhs as against Rs. 17.11 lakhs as on 31.03.2008.

Auditors

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

Directors' Responsibility Statement

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

- a. followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanations relating to material departures; (refer Schedule 22B (note no.30)
- b. selected suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the

assets of the company and for preventing and detecting fraud and other irregularities, and

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

Other information

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

Corporate Governance

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

Approval from Ministry of Corporate Affairs

The Company has obtained approval from the Ministry of Corporate Affairs, New Delhi vide letter No: 47/21/2009 – CL – III dated 13th April, 2009 in terms of Section 212(8) of the Companies Act,1956 exempting the Company from attaching the Balance Sheet and Profit & Loss Account of the Subsidiaries namely (1) Vijayeswari UK Ltd (2) Vijayeswari USA LLC along with the report of Board of Directors and that of Auditors' thereon, with the company's accounts for the year ended 31st March, 2009. Accordingly, the Audited accounts and report of Directors & Auditors of the subsidiary Companies (1) Vijayeswari UK Ltd (2) Vijayeswari USA LLC are not attached to the Balance Sheet of the Company.

As directed by the Central Government, the accounts of the subsidiaries are consolidated with the accounts of Company in accordance with Accounting Standard 21 (AS 21) prescribed by the Institute of Chartered Accountants of India and Listing Agreement prescribed by Securities Exchange Board of India. The Consolidated accounts duly audited by the statutory auditors and the consolidated balance sheet information form part of the annual report.

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

The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary Companies concerned. Any member or investor can inspect the same during the business hours of any working day.

Auditors' Remarks

With regard to the auditor's remarks in their report, your directors state that

- 1) In respect of non provision of foreign exchange loss on forwards/options amounting to Rs. 422.63 lakhs, the relevant Note No. 30 is self explanatory.

Date : 30.06.2009
Place : Coimbatore

- 2) In respect of the attention drawn by the auditors regarding provision of depreciation on spinning and processing division plant & machinery and windmill as continuous process plant it is based on technical opinion as mentioned in Note No.29

Acknowledgement

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

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

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

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FORM A

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

A. Power and Fuel Consumption

	2008-09	2007-08
1. ELECTRICITY		
a) Purchased		
Units	1,09,59,449	1,77,95,256
Total Amount (in Rs.)	6,36,64,212	7,98,01,026
Rate per unit (in Rs.)	5.84	4.48
b) Own Generation		
i) Through Diesel Generator		
Units	22,15,761	19,45,960
Units per Litre of Diesel Oil	2.65	3.08
Cost per Unit (in Rs.)	11.64	10.22
ii) Through Steam Turbine/Generator/WindMill		
Units (Windmill energy produced)	2,16,12,494	1,02,37,966
Units per litre of Fuel Oil/Gas	-	-
Cost per unit	-	-
2. COAL		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average rate	-	-
3. FURNANCE OIL		
Quantity (K. Litres)	-	-
Total Amount (in Rs.)	-	-
Average rate (in Rs.)	-	-
4. OTHERS/INTERNAL GENERATION		
Quantity	-	-
Total Cost	-	-
Rate per unit	-	-

B. Consumption per unit of production

Units consumed/product (with details)

Electricity/Furnace oil/Coal/others 34.74

1. Electricity
2. Furnace oil

C. Research & Development Expenditure :

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

D. Foreign Exchange Earnings

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

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

Date : 30.06.2009
Place : Coimbatore

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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Textile Industry

The Indian textile and clothing industry is currently one of the largest and most important industries in the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes 4% to the country's GDP and 14% to the country's industrial production. With US\$12.7 billion of Textile exports and US\$9.7 billion of garment exports in 2007-08, the industry contributed around 12% to India's foreign exchange earnings.

The Ministry of Textiles has targeted a growth of 16% per annum for the Indian Textiles and Clothing Industry to reach US\$115 billion by the end of Eleventh Five Year Plan. Further, the export earnings from this industry are estimated to increase to US \$ 55 billion by 2012. During the period from April 2008 to December 2008, the Indian textile and clothing industry have missed the expected growth targets on account of economic slowdown in major export markets.

Analysis of Indian Textile and Clothing Industry

Indian Textile and Clothing market is estimated at Rs.2.55 Trillion (2007-08) with exports accounting for 35% of the total market value. The industry has significant dependence on exports with European Union being the largest export market, accounting for 33% of the total textile and clothing exports by value in 2007-08. US is the second largest export market for Indian Textile and Clothing with a share of 21% by value of total exports in 2007-08.

The recent economic slowdown has significantly impacted the major export markets of Indian Textile and Clothing Industry (US, EU and Japan). Decline in export demand has resulted in drop in production of Textile and Clothing Industry.

Over the last few years, Indian Textile and Clothing industry had witnessed debt-funded capacity expansion, primarily driven by interest compensation under TUFs. Decline in production of Textile & Clothing industry has also negatively influenced employment in the sector and as a result,

loss in production of 1.7% is estimated to have resulted in a loss of 6 lakh jobs.

Impact of Economic Slowdown

US is the largest export market for Indian made ups (accounting for 43% of India's total made ups export value) and the second largest export market for the garments (accounting for 28% of India's total garment export value). Retail sales of clothing and clothing accessories in US started declining from September 2008 with a significant decline in November 2008 (by 8% year on year), December 2008 (by 10% year on year) and January 2009 (by 10% year on year) owing to economic slowdown.

From January 2008 to December 2008, the industry also witnessed a decline of 2.1% year on year in made ups import value by US (as against an increase of 6.4% year on year in 2007). Decline in imports continued in 2009 with made ups value declining by 10.7% (year on year) in January 2009 and 23.6 % (year on year) in February 2009.

European Union is the second largest export market for fabric nearly accounting for 17% of 13% of the total value and for Indian made ups nearly accounting for 39% of India's total made ups export by value in 2007-08.

European Union witnessed an economic slowdown from the third quarter of 2008 with its GDP declining on a quarter on quarter basis and the impact of this economic slowdown was observed in garment imports with the import value almost stagnating in Q3 and Q4 of 2008. The import of made ups by the European Union also registered a decline of 4% by value in Q4, 2008 as against an increase of 5% in Q4 2007.

Opportunities

- ❖ The Company has capitalized the current bleak scenario by exploring the markets of developing countries like South Africa, Brazil and Argentina for enlarging its customer base beyond US and European Union.
- ❖ The Company is planning to use its natural dyed products which is processed internally and strongly believes that it brings about a

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unique product line in expectation of the market demand.

- ❖ The Company has also decided to foray into the domestic sector via institutional and hospitality buyers. It helps the Company to build a new brand name for its entire range of products in the domestic sector.

Present Developments

Your Company is on the verge of completing its expansion project in the current fiscal which results in increased turnover and higher profitability. Various new researches are being conducted to improve the overall quality of its product in the global arena.

Threats to the Industry

The textile industry as a whole is severely affected due to the current economic meltdown and unexpected fluctuation in the forex market. As the demand for the textile product is shrinking worldwide particularly in developed economies, the focus now turns on the developing market viz., South Africa, Australia, Brazil, Argentina. Continuation of the current scenario further aggravates the situation and suitable action is imminent at this juncture.

Stimulus packages and other government incentives in the form of tax sops or waivers are greatly welcomed for the speedy recovery of the textile industry as a whole. Perhaps, it depends largely on the internal strength of the organization

that shows its true resistance during these crisis hours.

Threats to the Company:

The Company with its expansion plan nearing completion has to utilize its fullest production capacities in order to be competitive in market. As the textile players increased manifold and the market to access is restricted, it is apparent that the market is fully crowded with fierce competitors vying for the large chunk of market share.

Increase in raw material cost will pose a major threat to the Company.

Personnel:

The Company is making all possible steps to retain the talent within the organization with its sound HR policy and practice. New talent is being inducted on a regular basis for the betterment of the company and the employees as well. Relationship with the employees remained cordial throughout the year except some labour unrest in spinning mill.

Cautionary Statement

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

Date : 30.06.2009
Place : Coimbatore

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

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REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

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

2. Board of Directors

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

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

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

Excludes directorship in Private Companies and Foreign Companies.

© Only Audit Committee, Remuneration Committee and Investor Grievance Committee are considered. Sri. K. Rajagopal, Chairman and Managing Director, Sri. A.L. Ramachandra, Managing Director Smt. Jayanthi Ramachandra, Joint Managing Director are related amongst themselves.

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Four Board Meetings were held during the 12 month period ending 31.03.2009. The date on which meetings were held are as follows.

Dates of Meeting	28.06.2008	31.07.2008	31.10.2008	31.01.2009
No. of directors present	9	9	9	8

3. Audit Committee

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

The Committee met 4 times during the year on 28.06.2008, 31.07.2008, 31.10.2008 and 30.01.2009. The composition of the Audit Committee and details of their attendance at the meeting are as follows.

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

The representatives of Statutory and the Internal Auditors of the Company had also attended the meeting. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the financial reports for the year 2008-09 before it was placed before the Board.

4. Remuneration Committee

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

There was no Remuneration Committee meeting conducted during the year 2008-09.

Details of the remuneration paid to the Directors for the year ended 31st March, 2009.

a) Executive Directors

Name	Position	Total Remuneration (Rs. in lakhs)	Service Contract
Sri. K. Rajagopal	Chairman & Managing Director	X	5 years from 26.10.2004
Sri. A.L. Ramachandra	Managing Director		5 years from 01.07.2007
Smt. Jayanthi Ramachandra	Joint Managing Director		5 years from 13.09.2005

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

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b) Non Executive Directors

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

Name of the Director	Sitting Fees (in Rs.)
Sri. P. Vijay Raghunath	32,000
Sri. V. Dharmaraj	48,000
Sri. N. Balakrishnan	64,000
Sri. Durai Ramaswamy	64,000
Sri. M.D. Selvaraj	64,000
Capt. K.V. Narayanan	32,000

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

5. Shareholding of Non-Executive Directors

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

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

6. Investors' / Shareholders' Grievance Committee

The Share Transfer and Investor Grievance Committee had met ~~x~~ times during the year 2008-2009. The functions of the committee are to review and redress shareholder's / investors' query/ grievance/ compliant on matters relating to transfer of shares, non-receipt of dividend warrants, etc. and to approve transfers, transmissions, consolidation and splitting of the share certificates.

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

Name of the Member	Status	No. of Meeting attended
Sri. V. Dharmaraj - Chairman	Non - Executive - Independent	2
Sri. A.L. Ramachandra	Managing Director	2
Smt. Jayanthi Ramachandra	Joint Managing Director	2

Mr. S. Suresh, is the Company Secretary and Compliance Officer of the Company. The Minutes of the Share Transfer and Investors' Grievance Committee were placed at the Board meeting. During the year the company had received 2 complaints from the shareholders and all of them were resolved satisfactorily by furnishing the requisite information/documents to the shareholders. There were no transfers pending at the close of the financial year.

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7. Annual General Meetings

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

Year	Location	Date	Time
2005-2006	Puliampatti, Pollachi	21.06.2006	4.00 pm
2006-2007	Puliampatti, Pollachi	17.08.2007	4.00 pm
2007-2008	Arulmigu Meenakshi Amman Vellivizha Samuga Koodam, Mahalingapuram, Pollachi - 642 002	27.09.2008	4.00 pm

No Extra Ordinary General Meeting was held during the year 2008-09.

The Company has conducted postal ballot by passing an special resolution under Section 17 of the Companies Act for insertion of new clause (vv) in object clause III of the Memorandum of Association relating to the commencement of new business viz., Real Estate business. Sri.C.N.Paramasivam, Practicing Company Secretary, was appointed as scrutinizer for conducting the postal ballot process and the results of the postal ballot is as follows

Particulars	No. of Postal Ballot forms	No. of shares of Rs. 10/- each
Members who have exercised their voting rights (valid votes)		
Members who have voted against the resolution		
Members who have voted for the resolution		
Percentage of votes cast in favour of resolution		

The results of the postal ballot was announced in the 55th Annual General Meeting of the company held on 27.09.2008 at 4.00 p.m. at Arulmigu Meenakshi Amman Vellivizha Samuga Koodam, Mahalingampuram, Pollachi -642 002 and the said resolution has been passed with the requisite majority. The company has complied with the procedures for the postal ballot in terms of the companies (Passing of resolutions by Postal Ballot), Rules,2001 and amendments thereto.

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

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

Year	Details of special resolution(s) passed
2005-2006	(1) Alteration of Capital Clause of the Articles of Association. (2) Issue of Bonus Shares. (3) Further Issue of Shares – pursuant to Sec.81(1A) of Companies Act,1956.
2006-2007	(1) Re-appointment of Managing Director. (2) Increase in remuneration payable to Chairman & Managing Director. (3) Increase in remuneration payable to Joint Managing Director.
2007-2008	(1) Insertion of new clause (vv) in Object clause III of the Memorandum of Association - Pursuant to section 17 of the Companies Act, 1956. (through Postal Ballot) (2) Commencement of new business - Pursuant to section 149 (2A) of the Companies Act, 1956.

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9. Disclosures

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

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

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

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

As per SEBI Circular no SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April 2009, the Company shall disclose the following details:

Particulars	No. of Shareholders	Total No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as on 01.04.2008 –	43	4650
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	–	–
Number of shareholders to whom shares were transferred	6	700
Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2009	36	3950

The Company is in the process of opening separate demat account under the name and style of Vijayeswari Textiles Ltd – IPO DROPS for the above specific reasons and the voting rights of the unclaimed shares as on 31.03.2009 shall remain frozen till the rightful owners of such shares claims their shares.

Compliance with Corporate Governance Norms:

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

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

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

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

Whistle Blower Policy

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

Means of Communications

Unaudited Quarterly, Half yearly Financial results and the Annual Audited Financial Results are regularly intimated to the stock exchanges after the same was taken on record by the board. The financial results are normally published in the following dailies – Financial Express and Malai Malar and the same is displayed on the Company's website www.vtx.co.in. Pursuant to clause 52 of the

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Listing Agreement, the Company has submitted all statutory information and reports in the Corporate Filing and Dissemination System (CFDS) through Corpfilings portal at www.corpfiling.co.in. The Company has opted to publish the Audited Annual Results for the year ended 31st March 2009 within the stipulated time and the same was published.

Official news releases are made whenever it is considered necessary.

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

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

Code of Conduct

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

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

The Company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992 (as amended on 19.11.2008). This code is applicable to all Director / Officers/ Designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

10. General Shareholders Information

AGM - Date & Venue	: 04.09.2009 at 4 pm at 2/185, Puliampatti (via), Pollachi, Coimbatore Dt. - 642 002 (Registered Office of the Company)
Financial Calendar	: Financial year - April to March
	(i) First Quarter Results - last week of July 2009
	(ii) Half-yearly Results - last week of October 2009
	(iii) Third Quarter Results - last week of January 2010
	(iv) Annual Audited Results - last week of June 2010
Date of Book Closure	: 24.08.2009 - 04.09.2009 (both days inclusive)
Dividend 2008-2009	: Nil
Dividend payment date	: Not applicable
Listing on Stock Exchange	: Madras Stock Exchange Ltd. "Exchange Building" Post Box No.813, 11, Second Line Beach Chennai - 600 001 Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001. (Annual Listing fees paid to Madras Stock Exchange Ltd. & Bombay Stock Exchange Limited.)
Type of security	: Equity - Scrip Code: 532824
International Security Identification No. (ISIN)	
Under Depository System	: INE119G01025

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Market Price Data

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

For the Period : April 2008 to March 2009 (Monthly High Low Prices of the Stocks)

Month	Apr'08	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'09	Feb	Mar
High Price	43.65	36.55	33.25	23.55	22.30	22.00	17.85	13.66	11.48	9.80	10.00	9.43
Low Price	30.00	28.65	22.05	17.60	16.25	14.25	9.85	9.80	5.03	7.50	6.94	6.75
No. of Shares	143512	125962	59650	96612	157992	84899	58434	1488039	2517413	522498	47705	73782

No. of Shareholders as on 31.03.2009 : 4655

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

Share Registrar for physical and electronic form of shares :

The Company has appointed M/s. Link Intime India Pvt Ltd.
(formerly known as Intime Spectrum Registry Ltd.,)

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

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

The address of their Coimbatore Branch is given below :

Link Intime India Pvt Ltd. (Formerly known as Intime Spectrum Registry Limited)

"Surya"35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road,
Coimbatore – 641 028 Phone : 0422-2314792, 2315792 Fax : 0422 - 2314792.

Share Transfer System :

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

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

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

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

As at 31st March 2009 there were no Equity Shares pending for transfer. Also, there were no Demat requests pending as on 31st March, 2009.

Investors' Services :

The company has attended all the investors' grievances and correspondence within a period of 7 days from the date of receipt of the same during the year 2008 -2009.

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Equity Shareholding Pattern As on 31st March 2009

Classification	No. of Shares	%
Promoters & Group	8458552	46.55
Banks/Financial Institutions	1746872	9.61
Foreign Institutional Investors	160703	0.88
Private Corporate Bodies	4553376	25.06
Non Resident Indians	144457	0.80
Indian Public	3105280	17.09
Total	18169240	100.00

Distribution of Shareholdings as on 31st March 2009

Slab (No. of Shares)	No. of Shareholders	No. of Shares	% of shares
1 to 500	3757	589072	3.24
501 to 1000	433	344037	1.89
1001 to 2000	227	356352	1.96
2001 to 3000	61	153663	0.85
3001 to 4000	36	131789	0.73
4001 to 5000	27	127110	0.70
5001 to 10000	47	325998	1.79
Above 10000	67	16141219	88.84
Total	4655	18169240	100.00

Secretarial Audit

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

Shares dematerialised with :

National Securities Depository Ltd.,

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

Central Depository Services (India) Ltd.,

P.J. Tower, 28th Floor, Dalal Street, Mumbai - 400 001.

Total Shares dematerialized as on 31.03.2009

As on 31st March 2009, **94.59%** of the total equity capital is held in the demat form with NSDL and CDSL. The Company's equity shares are in the compulsory demat mode.

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

PLANT LOCATIONS :

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

VIJAYESWARI TEXTILES LIMITED



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

Corporate Office :

The Compliance Officer, 10/400 Palghat Road, Kuniyamuthur Coimbatore – 641 008.

Ph: 0422 2252661 Fax: 0422 2251538 Email:investors@vtx.co.in

or

Link Intime India Pvt Ltd (Formerly known as Intime Spectrum Registry Limited (Branch Office)

“Surya” 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641 028

Ph: 0422 - 2314792, 2315792 Fax: 0422 – 2314792 Email:coimbatore@linkintime.co.in

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

DECLARATION

It is hereby declared that all the Board Members, Senior Management and Employees of the Company have affirmed to and compliance with the 'Code of Conduct' laid down by the Company, as on 31st March 2009.

By the Order of the Board
For Vijayeswari Textiles Limited

(Sd.) K. Rajagopal
Chairman & Managing Director

Date : 30.06.2009

Place : Coimbatore

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

To

The Members

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

We have examined the compliance of conditions of Corporate Governance by VIJAYESWARI TEXTILES LIMITED for the year ended on 31.03.2009 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges,

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance Note on certification of Corporate Governance, was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of the examination described above,

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

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

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

For Subbachar & Srinivasan
Chartered Accountants

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

Place : Coimbatore

Date : 30.6.2009

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



AUDITORS' REPORT

To the Shareholders of the Company,

We have audited the attached Balance Sheet of **VIJAYESWARI TEXTILES LIMITED** as at **31st March 2009**, the Profit & Loss Account for the period ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the

Companies Act, 1956 *except Accounting Standard 11 on "Effects of changes in Foreign Exchange rates" to the extent stated below.*

- e) On the basis of the written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of directors, we report that none of the Directors, is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.

Without qualifying our report we draw attention to Note No. 29 regarding adoption of depreciation rates applicable to continuous process plant in respect of plant and machinery of spinning and processing units and wind mills which is a technical matter. Due to this policy adopted by the company depreciation for the year is lower by Rs.244.83 Lakhs with consequential effect on the loss for the year.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and *subject to non-provision for foreign exchange losses incurred on account of foreign currency forward exchange contracts/options amounting to Rs.422.63 lakhs which is not in accordance with Accounting Standard 11, consequent to which loss for the year is lower by that amount*, give a true and fair view in conformity with the accounting principles generally accepted in India,

- 1) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2009 and
- 2) in the case of Profit & Loss Account, of the **Loss** of the Company for the year ended on that date.
- 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Subbachar & Srinivasan
Chartered Accountants

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

Membership No. 200380

Place : Coimbatore
Date : 30.6.2009

VIJAYESWARI TEXTILES LIMITED



ANNEXURE TO THE AUDITORS' REPORT

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

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

VIJAYESWARI TEXTILES LIMITED



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

Nature of Payment	Amount Rs. in Lakhs
P.F.Contribution	35.34
E.S.I. Contribution	5.48
T.D.at source	20.00
Dividend Tax	24.71

*All the above amounts have since been paid after 31st March 2009.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2009 for a period of more than six months from the date they became payable.

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

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

* Since paid Rs. 5 lakhs

10. The company has accumulated losses of Rs.819.38 Lakhs as at the end of the year. It has incurred cash losses during the financial year covered by our audit but not in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/society and as such reporting under clause (xiii) of the Order is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and as such clause (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet/Sources and Application of Funds of the company, we are of the opinion that funds raised on short term basis have, prima facie, not been used during the year for long term investments.
18. The company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year. The end use of the monies raised by public issue during the earlier year to the extent deployed and as disclosed in the financial statements has been verified.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

For Subbachar & Srinivasan

Chartered Accountants

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

Partner ,

Membership No. 200380

Place : Coimbatore

Date : 30.6.2009

VIJAYESWARI TEXTILES LIMITED



BALANCE SHEET AS ON 31ST MARCH 2009

	Schedule No.		As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
I Sources of Funds				
1. Shareholder's Funds				
a. Share Capital	1	1,816.92	1,816.92	
b. Reserves & Surplus	2	10,975.98	12,194.72	14,011.64
2. Loan Funds				
a. Secured Loans	3	21,716.84	14,865.70	
b. Unsecured Loans	4	601.89	607.77	15,473.47
3. Deferred Tax Liability			172.66	842.30
TOTAL			35,284.28	30,327.41
II Application of Funds				
1. Fixed Assets	5			
Gross Block		13,654.90	12,280.77	
Less : Depreciation		4,488.19	3,802.99	
Net Block		9,166.71	8,477.78	
Capital Work in progress		6,285.11	983.58	
		15,451.82	9,461.36	
Preoperative Expenses Pending Capitalisation (Refer Note-22B(28))		110.86	174.70	9,636.06
2. Investments	6		2,054.95	3,838.50
3. Current Assets, Loans & Advances				
a. Inventories	7	8,765.18	8,759.05	
b. Sundry Debtors	8	4,404.07	5,767.18	
c. Cash and Bank Balances	9	432.40	990.81	
d. Loans and Advances	10A	4,880.83	3,347.20	
e. Other Current Assets	10B	1,242.85	713.01	
		19,725.32	19,577.25	
Less : Current Liabilities and provisions				
a. Current Liabilities	11	2,403.25	2,989.97	
b. Provisions	12	422.69	550.04	
		2,825.94	3,540.01	
NET CURRENT ASSETS			16,899.38	16,037.24
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	13		767.28	815.61
TOTAL			35,284.28	30,327.41
Significant Accounting Policies	22A			
Notes Forming Part of Accounts	22B			
Statement pursuant to Part IV				

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

(Sd.) K. Rajagopal Chairman & Managing Director	(Sd.) A.L. Ramachandra Managing Director	As per our Report of even date attached
(Sd.) Jayanthi Ramachandra Joint Managing Director	(Sd.) N. Balakrishnan Director	For Subbachar & Srinivasan Chartered Accountants
Coimbatore 30.06.2009	(Sd.) N. Padma Chief Financial Officer	(Sd.) T.S.V. Rajagopal Partner
	(Sd.) S. Suresh Company Secretary	Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.

	Schedule No.	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
INCOME			
Gross Sales/Income from operations	14	11,821.17	13,410.05
Less : Excise Duty		-	-
Net Sales		11,821.17	13,410.05
Other Income	15	439.46	448.17
Increase/(Decrease) in Stock	16	241.13	1,708.25
TOTAL		12,501.76	15,566.47
EXPENDITURE			
Raw Materials Consumed	17	3,949.54	4,906.66
Processing & Weaving Charges		1,992.31	2,355.20
Salaries, Wages & Bonus	18	1,051.94	932.06
Power & Fuel		944.92	726.72
Stores consumed		1,468.75	1,537.91
Lease rent on Production facilities		178.66	76.88
Repairs and Maintenance	19	234.82	265.99
Administrative, Selling & Other Expenses	20	1,883.89	1,662.91
Depreciation		685.20	574.44
Amortization of Product Development Expenditure		399.03	246.58
		12,789.06	13,285.36
PROFIT BEFORE INTEREST & TAXATION		(287.30)	2,281.10
Interest	21	1,408.72	1,360.88
PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION		(1,696.02)	920.22
Exceptional Items-Loss on sale of Investments		(174.35)	-
PROFIT BEFORE TAX		(1,870.37)	920.22
Current Taxation (MAT)		-	90.00
Fringe Benefit Tax	18.00	-	23.40
Deferred Tax for earlier years		-	491.37
Less: Transfer from General Reserve		-	(491.37)
Deferred Tax credit for the year(Net)	(669.64)	-	13.05
MAT Credit entitlement(Net of earlier year adjustments)		-	(82.31)
Earlier Years Income Tax Written off		-	31.88
		(651.64)	76.02
PROFIT AFTER TAX		(1,218.73)	844.20
Balance of Profit B/F		399.35	325.21
Profit available for Appropriation		(819.38)	1,169.41
APPROPRIATIONS			
Transfer to General Reserve		-	600.00
Final Dividend		-	145.35
Corporate Tax on Dividend		-	24.71
Balance in Profit & Loss Account		(819.38)	399.35
		(819.38)	1,169.41
Earnings per share (Basic & Diluted) (Face value Rs.10/-per share)		(6.71)	4.65
Significant Accounting Policies	22A		
Notes Forming Part Of Accounts	22B		
Statement pursuant to Part IV			

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

(Sd.) **K. Rajagopal** (Sd.) **A.L. Ramachandra** As per our Report of even date attached
Chairman & Managing Director Managing Director
For Subbachar & Srinivasan
(Sd.) **Jayanthi Ramachandra** (Sd.) **N. Balakrishnan** Chartered Accountants
Joint Managing Director Director (Sd.) **T.S.V. Rajagopal**
Coimbatore (Sd.) **N. Padma** (Sd.) **S. Suresh** Partner
30.06.2009 Chief Financial Officer Company Secretary Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDING 31-03-2009

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
A. Cash Flow From Operating Activities :-		
Net profit/(Loss) before Tax & Extra Ordinary items	(1,870.37)	920.22
Adjustments for :		
Depreciation	685.20	574.44
Amortisation of Defferred Product Development Expenses	399.03	246.58
Loss on Sale of Investments	174.35	0.00
Dividend Income	(157.16)	(143.96)
Interest Receipts	(31.93)	(259.92)
Interest Payments	1,408.72	1360.88
	<u>2,478.20</u>	<u>1,778.02</u>
Operating Profit before Working Capital Changes	607.84	2,698.24
Adjustments for :		
Trade and Other Receivables	(695.08)	(1753.46)
Inventories	(6.13)	(1827.88)
Trade Payables	(587.43)	(56.78)
	<u>(1,288.63)</u>	<u>(3,638.12)</u>
Cash Generated from Operations	(680.80)	(939.88)
Direct Taxes Paid / Provisions Adjusted	(22.30)	(306.52)
Cash Flow before Extra Ordinary Items	(703.10)	(1,246.40)
Other Items		
Defferred Product Development Expenditure	(350.69)	(455.93)
Cash Flow before Exceptional Items	(1,053.79)	(1,702.33)
Net Cash from Operating Activities (A)	(1,053.79)	(1,702.33)
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(6,512.66)	(3,645.30)
Purchase of Investments	(2,044.80)	(2,784.37)
Sale of Investments	3,654.02	0.00
Pre-Operative Expenses pending Captialisation	(99.19)	(74.86)
Interest Received	48.97	259.92
Dividend Received	157.16	143.96
Net Cash used in Investing Activities (B)	(4,796.50)	(6,100.65)
C. Cash Flow From Financing Activities :		
Term Loan from Banks	4,762.34	3,084.36
Other Loans from Banks & Finance Companies	1,932.32	672.21
Public Issue Expenses	-	(240.53)
Fixed Deposits	(3.84)	(11.17)
Proceeds / (Repayment) of Other Loans	(14.96)	(21.20)
Dividend Paid	(144.53)	(211.51)
Interest Paid	(1,239.44)	(1,316.71)
Net Cash from Financing Activities (C)	5,291.89	1,955.45

VIJAYESWARI TEXTILES LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDING 31-03-2009 (Contd.)

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
Net increase in Cash & Cash Equivalents (A + B + C)	<u>(558.41)</u>	<u>(5847.53)</u>
D. Net increase in Cash & Cash Equivalents :		
Cash & Cash Equivalents as at the beginning of the year	990.81	6838.34
Cash & Cash Equivalents as at the end of the year	<u>432.40</u>	<u>990.81</u>
	<u>(558.41)</u>	<u>(5,847.53)</u>

Note : Previous year's figures have been regrouped and reclassified to confirm to this year's classification.

* Cash & Cash Equivalents includes short term deposits of Rs.65.33 Lakhs(Previous year Rs.616 Lakhs) and Current A/c of Rs.0.08 Lakhs (Previous Year Rs.81.56 Lakhs)out of public issue proceeds, it also includes unpaid dividend amount of Rs.6.64 Lakhs (Previous Year Rs.6 Lakhs) Which is not available for use by the company.

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

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

As per our Report of even date attached

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

(Sd.) **N. Balakrishnan**
Director

For Subbachar & Srinivasan
Chartered Accountants

Coimbatore
30.06.2009

(Sd.) **N. Padma**
Chief Financial Officer

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

(Sd.) **T.S.V. Rajagopal**
Partner
Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 1 : Share Capital		
Authorised		
2,00,00,000 Equity Share of Rs.10/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up		
1,81,69,200 Equity Share of Rs.10/- each fully paid up	1,816.92	1,816.92
1) Of the above shares 50,64,620 equity shares of Rs.10/- each represent fully paid up bonus shares issued by capitalisation of general reserve.		
SCHEDULE - 2 : Reserves and Surplus		
1 Capital Reserve	42.89	42.89
2 Securities Premium Account		
As per last Balance sheet	7,906.86	8,824.92
Less: Public Issue Expenses written off	-	918.06
	7,906.86	7,906.86
3 General Reserve		
As per last Balance Sheet	3,845.60	3,741.54
Less : Adjustment consequent to recomputation of defined benefit plan liability as per AS-15 Revised (Net of deferred Tax Asset of Rs. 2.37 lakhs)	-	4.57
	3,845.60	3,736.97
Less : Transferred to Profit and Loss account	-	491.37
	3,845.60	3,245.60
ADD : Transferred from Profit and Loss Account	-	600.00
	3,845.60	3,845.60
Less : Debit balance in Profit & Loss Account adjusted per Contra	819.38	-
	3,026.22	3,845.60
4 Surplus in Profit & Loss Account	-	399.35
Total 1,2,3 &4	10,975.98	12,194.71
SCHEDULE - 3 : Secured Loans		
Working Capital Loans from Banks	9,830.77	7,898.21
Term Loans from Banks	11,620.33	6,857.99
Term Loans from Financial Institutions	5.17	20.13
Interest accrued and due	232.85	63.45
Hire Purchase dues	30.37	29.69
Less: Unmatured Finance Charges	2.65	3.77
	27.72	25.92
TOTAL	21,716.84	14,865.70

- Note : 1. Working capital loans from banks are secured by hypothecation of Raw Materials, Stock in Process Finished Goods and book debts and Second charge on the Fixed Assets of the Company on Pari-paasu basis.
2. Term Loan From banks and institutions are secured by pari passu first charge on the fixed assets of the Company and pari passu second charge on the current assets of the Company/ exclusive charge on Fixed Term Mutual funds plan of Rs. 1306.80 lakhs
3. Hire Purchase Dues are secured by hypothecation of vehicles purchased

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 4 : Unsecured Loans		
a. Fixed Deposits - From Shareholders	1.68	1.68
- From Others	<u>10.84</u>	<u>20.15</u>
	12.52	21.83
Less : Unclaimed matured deposits	<u>11.64</u>	<u>17.11</u>
b. Trade Deposits	0.88	4.72
c. Unsecured Loan From Banks		3.05
Yes Bank	600.00	600.00
(Repayable within one year Rs.600 Lakhs, Previous Year Rs.600 Lakhs)		
TOTAL	<u>601.89</u>	<u>607.77</u>

Note : Fixed Deposit repayable within a year is Rs.0.88 Lakhs (Previous Year Rs.4.69 lakhs)
Unclaimed matured deposits worth Rs.11.64 lakhs (Previous Year Rs.17.11 lakhs) are not surrendered for repayment

5.FIXED ASSETS

(Rupees in Lakhs)

Details	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions Adjust- ments	Sales/ Transfer Adjust- ments	As on 31.03.2009	As on 01.04.2008	For the Year	With- drawn Adjust- ments	As on 31.03.2009	As on 31.03.2008	As at 31.03.2009
Land	100.15	-	-	100.15	-	-	-	-	100.15	100.15
Leasehold Land	32.14	-	-	32.14	-	-	-	-	32.14	32.14
Building	866.42	7.07	-	873.49	282.10	28.18	-	310.28	584.33	563.22
Plant and machinery	7,137.61	1,275.60	-	8,413.21	2,903.21	384.56	-	3,287.76	4,234.39	5,125.44
Furniture & Fittings	60.45	6.06	-	66.50	22.99	6.83	-	29.82	37.46	36.68
Office Equipments	102.07	24.06	-	126.15	38.35	14.18	-	52.52	63.74	73.63
Vehicles*	177.11	35.37	-	212.49	99.21	25.87	-	125.07	77.91	87.41
Canteen										
Vessels	4.34	-	-	4.34	3.56	0.22	-	3.77	0.78	0.57
Computer Equipments	268.58	25.97	-	294.55	186.95	38.89	-	225.84	81.64	68.72
Wind Farm	3,531.88	-	-	3,531.88	266.64	186.48	-	453.12	3,265.24	3,078.76
Sub Total	12,280.75	1,374.13	-	13,654.90	3,802.99	685.20	-	4,488.19	8,477.78	9,166.71
Work in Progress										
Building	698.85	2,015.28	-	2,714.13	-	-	-	-	698.85	2,714.13
Plant and machinery	284.72	4,529.32	973.07	3,570.97	-	-	-	-	284.72	3,570.97
Sub Total	983.58	6,274.59	973.07	6,285.11	-	-	-	-	983.58	6,285.11
Total	13,264.33	7,648.72	973.07	19,940.01	3,802.99	685.20	-	4,488.19	9,461.36	15,451.82
Previous year	9,490.02	3,919.68	145.37	13,264.33	3,288.55	574.44	-	3,802.99	6,261.47	9,461.35
* Notes :	97.47	35.37	-	132.84	19.30	23.30	-	42.60	78.17	90.24
Previous year	65.33	32.14	-	97.47	2.55	16.75	-	19.30	62.78	78.17

* Includes vehicles Purchased on Hire Purchase

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

	Face value per share	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 6 : Investments (At Cost)			
A. Long Term Trade Investments - Quoted			
a. 5,70,795 Equity Shares in Coimbatore Lakshmi Investments & Finance Co. Ltd.	Rs.10	100.90	100.90
		<u>100.90</u>	<u>100.90</u>
B. Long Term Investments - Quoted			
3,400 Equity Shares in Andhra Bank	Rs.10	0.34	0.34
C. 100 Equity Shares in Vijayeswari Textiles Employees Co-op Stores Ltd			
	Rs.10	0.01	0.01
D. Investment in Subsidiaries - Unquoted			
a. 19000 Shares in Vijayeswari USA LLC	-	8.93	8.93
b. 1000 Shares in Vijayeswari UK Ltd.	£ 1	0.80	0.80
E. Government Securities			
a. National Savings Certificate		0.05	0.05
b. Indira Vikas Patra		0.01	0.01
F. Investment in Mutual Funds-Unquoted			
(Out of IPO Proceeds)	Units	Rs.	
a. Birla Fixe Term plan - T series	2500000	10	-
b. DSP Merrill Lunch Fixed T series	25000	1000	-
c. HDFC FMP 15M Wholesale Plan	2500000	10	-
d. Franklin Tempelton Fixed tenure fund	2500000	10	-
e. ICICI Prudential FMP - Series 36 - Growth	5000000	10	-
f. DWS Credit Opportunity fund	2128877	10	-
g. DWS Money Plus	2558808	10	-
h. DWS Money plus Advantage	3012663	10	-
i. Standard Chartered Mutual Fund	2947085	10	-
j. Birla Mid Cap Fund	603719	10	-
k. HSBC Equity Fund	520281	10	-
l. Citibank - Equity linked Debentures	738	100000	738.00
m. Franklin Templeton Floating rate Income Fund - LT SIP	5374766	10.01	538.04
n. Reliance Liquid Plus	26384	1001.14	264.14
o. ICICI Liquid Plus Daily Div Reinvestment	4257878	11.85	504.62
TOTAL			2,054.94
			3,838.50
			2,155.84
			3,939.40
Less:- Provision for Diminution in value of investments			100.90
GRAND TOTAL			2,054.94
			3,838.50

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 9 : Cash & Bank Balances		
Cash on Hand	7.72	15.82
Balance with Scheduled Banks		
In Current Accounts	125.51	18.46
In Margin Money Deposit Accounts	227.13	252.98
In Current Account (IPO Proceeds)	0.08	81.56
In Deposit Accounts (IPO Proceeds)	65.33	616.00
In Unpaid Dividend Accounts	6.64	6.00
TOTAL	432.40	990.81
SCHEDULE - 10 : Loans and Advances & Other Current Assets (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received*	3,905.06	2,535.16
Deposit with Central Excise, Customs and Sales tax authorities	203.09	61.66
Income-Tax advance	469.28	446.98
MAT Credit Entitlement	257.31	257.31
Finance Receivables due	146.09	146.09
	4,980.83	3,447.20
Less : Provision for Doubtful Receivables	100.00	100.00
Total (A)	4,880.83	3,347.20
Other Current Assets		
Prepaid Expenses	37.00	55.59
Interest accrued on bank deposits	15.99	33.02
Income Receivable	1,189.85	624.40
Total (B)	1,242.85	713.01
Total (A) + (B)	6,123.68	4,060.20
SCHEDULE - 11 : Current Liabilities		
Sundry Creditors-Micro,Small and Medium Enterprises	-	-
-Other Creditors	2,078.91	2,224.56
Unpaid Dividends *	6.63	5.81
Unclaimed Matured Deposits *	11.64	17.11
Outstanding Expenses & Other Liabilities	306.01	742.32
Interest accrued but not due	0.05	0.17
(* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund)		
TOTAL	2,403.25	2,989.97

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO BALANCE SHEET

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 12 : Provisions		
Proposed Dividend	-	145.35
Tax on Dividend	24.71	24.71
Provision for Taxation(Including Wealth tax and FBT)	391.04	373.04
Gratuity Provision	6.94	6.94
	<u>422.69</u>	<u>550.04</u>
SCHEDULE - 13: Miscellaneous Expenditure (To the extent not writtenoff or adjusted)		
a. Product Development Expenditure		
Opening Balance	815.61	606.26
Add : Incurred during the year	350.69	455.93
	<u>1,166.30</u>	<u>1,062.19</u>
Less : Amortised during the year	399.03	246.58
Closing Balance	<u>767.28</u>	<u>815.61</u>
b. Public Issue Expenses		
Opening Balance	-	677.53
Add : Incurred during the year	-	240.53
	<u>-</u>	<u>918.06</u>
Less: Writtenoff against Securities Premium	-	918.06
Closing Balance	<u>-</u>	<u>-</u>
Profit & Loss Account		
Opening Balance	(399.35)	-
Add:Loss for the year	1,218.73	-
	<u>819.38</u>	<u>-</u>
Less:Adjusted with General Reserve per Contra	819.38	-
	<u>-</u>	<u>-</u>
TOTAL	<u>767.28</u>	<u>815.61</u>

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2009

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 14 : Sales/Income From Operations		
Cotton Yarn	288.66	1,953.78
Madeups	10,608.93	10,412.07
Waste	110.77	172.30
Export Incentives	812.81	871.90
TOTAL	11,821.17	13,410.05
SCHEDULE - 15 : Other Income		
Dividend from Investments	157.16	143.96
Foreign Exchange Gain	-	27.27
Interest Receipts (TDS Rs.6.23 Lakhs : Previous year Rs.51.10 Lakhs)	31.93	259.92
Insurance Claim Receipts	2.07	4.56
Profit on sale of Investments	-	4.87
Profit on Realisation of Finance Receivables	21.70	0.00
Wind Power Generation Income	216.12	0.00
Miscellaneous Income	10.46	7.60
TOTAL	439.46	448.17
SCHEDULE - 16 : Increase / (Decrease) in Stock		
Finished Goods		
Opening Stock		
Cotton Yarn	181.60	381.35
Cotton and Cloth Waste	14.51	84.30
Work In Progress	4,320.69	3,611.47
Madeups	2,631.95	1,363.39
Closing Stock		
Cotton Yarn	174.72	181.60
Cotton and Cloth Waste	19.58	14.51
Work In Progress	3,933.25	4,320.69
Madeups	3,262.33	2,631.95
Increase /(Decrease) in Stock	241.13	1,708.25
SCHEDULE - 17 : Raw Materials Consumed		
Opening Stock		
Opening Stock in Godown	366.60	535.68
Yarn Stock at Weaving Division	810.66	637.04
Purchases		
Cotton Purchases	517.43	1,934.01
Yarn & Cloth Purchases	3,066.69	2,977.19
	4,761.38	6,083.92
Closing Stock		
Closing Stock in Godown	147.64	366.60
Yarn Stock at Weaving Division	664.20	810.66
TOTAL	3,949.54	4,906.66

VIJAYESWARI TEXTILES LIMITED



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2009

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 18 : Salaries, Wages and Bonus		
Salaries, Wages, Bonus	904.15	751.98
Contribution to P.F	77.21	69.15
ESI Contribution	16.11	19.31
Labour Welfare Expenses	54.46	91.63
Gratuity	0.00	0.00
TOTAL	1,051.94	932.06
SCHEDULE - 19 : Repairs and Maintenance		
Building Repairs	25.22	31.89
Machinery Repairs	89.76	142.33
Electrical Repairs	119.83	91.78
TOTAL	234.82	265.99
SCHEDULE - 20 : Administrative , Selling and Other Expenses		
Managerial Remuneration		
i. Salary & Perquisites(Minimum Remuneration)	62.01	56.12
ii. Commission	-	45.94
Postage, Telephone, Printing and Stationery	99.66	127.81
Travelling Expenses & Maintenance of Vehicles	300.91	364.26
Insurance	68.35	53.28
Rent	55.93	18.11
Taxes & Licence Fees	16.76	11.99
Bank Charges & Subscription	97.39	108.57
Directors' Sitting Fees	3.04	3.52
Auditors' Remuneration	3.51	2.68
Legal & Professional Charges	25.43	58.45
Miscellaneous Expenses	102.17	76.75
Foreign Exchange Loss	125.18	0.00
Donations	6.18	29.35
	966.52	956.81
Selling Expenses :		
Yarn Sales Expenses	22.44	23.46
Commission & Brokerage	2.03	14.79
Madeups Sales Expenses	892.90	667.85
	917.37	706.09
TOTAL	1,883.89	1,662.91
SCHEDULE - 21 : Interest		
On Fixed Deposits	0.36	1.97
On Bank Loans and Others	1,407.84	1,351.03
On Financial Institution Loans	0.53	7.88
TOTAL	1,408.72	1,360.88

VIJAYESWARI TEXTILES LIMITED



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

A. SIGNIFICANT ACCOUNTING POLICIES

I. METHOD OF ACCOUNTING

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

II. USE OF ESTIMATES

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

III. FIXED ASSETS

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

IV. INVESTMENTS

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

V. INVENTORIES

Inventories are valued as under:

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

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

VI. REVENUE RECOGNITION

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

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

VII. EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

Defined Benefit Plans

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

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

VIII. BORROWING COST

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

IX. TAXES ON INCOME

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

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

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

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

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X. FOREIGN CURRENCY TRANSACTIONS

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

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

XI. IMPAIRMENT OF ASSETS

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

XII. DEFERRED REVENUE EXPENDITURE

- a) New product development expenditure is amortised over a period 3 years commencing from the year following the year of expenditure.
- b) Public issue expenses are adjusted against the Securities Premium account.
- c) Pre-operative expenses net of pre-operative income related to fixed assets are accumulated for capitalization on commissioning of assets.

XIII. CASH FLOW STATEMENT:

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

XIV. CONTINGENT LIABILITIES:

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

XV. EARNINGS PER SHARE

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

XVI. EXPENDITURE DURING CONSTRUCTION PERIOD

Pre-operative expenditure incurred on projects / assets during the construction / implementation net of pre-operative income, if any, is capitalized and apportioned to projects / assets on commissioning.

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SCHEDULE- 22 B Notes Forming Part of Accounts

	Rs. in Lakhs	
	As on 31.03.2009	As on 31.03.2008
1) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	928.33	2,904.59
2) Income- tax Assessment have been completed upto the Assessment year 2005-06		
3) Contingent Liability		
i) Letter of Credit	364.04	787.58
ii) Bank Guarantees	44.35	49.35
iii) Disputed Income tax Demands	57.77	16.00
4) Break-up of expenditure incurred during the period on Employees in respect of remuneration aggregating to Rs. 24,00,000 (or) More per year of Rs. 2,00,000 (or) more per month, when employed for the part the year	-	3
5) CIF Value of Import of Raw materials. Spare Parts and Capital Goods:-		
i) Raw Materials	189.17	360.42
ii) Components and Spares	513.89	58.27
iii) Capital Goods - machinery	2,092.47	1,686.91
6) Earnings in Foreign Exchange (FOB Value)		
i) Cotton Yarn	76.88	447.99
ii) Grey Fabric	55.84	37.01
iii) Madeups	9,892.32	10,262.08
	<u>10,025.05</u>	<u>10,747.08</u>
7) Expenditure in Foreign Currency on account of Travelling Commission, Consulting & professional Charges (On payment basis)	77.10	132.46
8) Amount remitted on Foreign Currency on account of Dividends	-	-
9) Installed Capacity & Actual Production :		
a) Installed Capacity		
i) Ring Spindles	53,768	53,768
ii) Looms	36	30
iii) Processing	7,800 mtr/day	6,000 mtr/day
iv) Made ups	1,50,000 pcs/ month	1,00,000 pcs/ month
b) Production (including outsourcing)		
i) Cotton Yarn	(in Kgs) 4,61,498	16,40,353
ii) Grey Fabric	(in Mtrs) 29,49,712	24,98,951
iii) Madeups	(in Mtrs) 37,77,617	34,83,193

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		Rs. in Lakhs	
		As on 31.03.2009	As on 31.03.2008
10) Sale of Finished Goods			
i) Cotton Yarn	Kgs	1,01,386	11,03,925
	Value	288.66	1,953.78
ii) Grey Fabric	Mtrs	1,37,988	52,462
	Value	158.97	65.11
iii) Madeups	Mtrs	37,85,014	31,31,842
	Pcs	21,62,865	20,71,846
	Value	10,449.96	10,346.96
iv) Waste Cotton	Kgs	2,33,861	5,47,860
	Value	83.76	162.06
Cloth	Mtrs	48,505	30,089
	Value	5.23	10.24
11) Raw Material Comsumption			
i) Cotton - Imported	Kgs	186891	3,03,728
	Value	241.28	377.87
ii) Cotton - Local	Kgs	533510	20,68,969
	Value	495.05	1,725.22
iii) Fabric - Purchase	Mtrs	951973	15,55,595
	Value	1253.52	1,949.14
iv) Yarn	Kgs	844200	4,08,516
	Value	1958.62	854.43
12) Stock of Finished Goods & Waste			
a) Finished Goods (Opening Stock)			
i) Cotton Yarn	Kgs	56,244	1,28,663
	Value	181.60	381.35
ii) Madeups	Mtrs	9,84,336	466811
	Value	2,631.95	1,363.39
iii) Work in Process	Mtrs	15,85,759	15,05,097
	Value	4,261.22	3,511.21
	Kgs	78,312	1,48,016
	Value	59.47	100.26
Finished Goods (Closing Stock)			
i) Cotton Yarn	Kgs	59,128	56,244
	Value	174.72	181.60
ii) Madeups	Mtrs	12,77,894	9,84,336
	Value	3,262.32	2,631.95
iii) Work in Process	Mtrs	13,22,558	15,85,759
	Value	3,876.56	4,261.22
	Kgs	34,529	78,312
	Value	56.69	59.47

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		Rs. in Lakhs	
		As on 31.03.2009	As on 31.03.2008
b) Waste (Opening Stock)			
i) Cotton	Kgs Value	28,328 14.51	1,33,731 84.30
Waste Closing Stock)			
i) Cotton	Kgs Value	2,958 1.03	28,328 14.51
13) Managerial Remuneration			
a) Salaries and Allowances		58.08	56.12
b) Commission		-	45.94
c) Provident Fund		3.93	-
Total		62.01	102.06
14) Auditors Remuneration			
i) For Statutory Audit		1.68	1.68
ii) For Tax Audit		0.53	0.56
iii) For Income tax and other matters		1.30	0.44
Total		3.51	2.68
15) As per information received and available with the company there are no Micro, Small and Medium industries in respect of whom the company's dues are outstanding for more than 45 days as at the Balance sheet date.			
		31.03.2009	31.03.2008
a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		Nil	Nil
b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development act, 2006 along with the payment made to the supplier beyond the appointed day during each accounting year.		Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the Appointed day during the year) but without adding the interest specified under this Act.		Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year.		Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under sec. 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		Nil	Nil
16) In the opinion of the Board of Directors all Current Assets, Loans & Advances have a Value on realization in the ordinary course of business of a sum of at least equal to the amount at which they are stated.			
17) Power and Fuel Cost of Rs.944.92 (P.Y 726.72) Lakhs is net of wind energy generation income of Rs.368.81 (P.Y 358.33)Lakhs. In addition, income receivable from units generated and banked of Rs.216.12 lakhs is included in other income			

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18) Amount due from Subsidiary Companies:

	31.03.2009	31.03.2008
Included in Sundry Debtors:		
Vijayeswari - USA LLC	1,980.77	2,986.29
Vijayeswari - Uk Ltd	1,014.81	821.58
	<u>2,995.58</u>	<u>3,807.87</u>

19) Earning Per Share

		2009	2008
Net Profit/(Loss) after Taxes	(A)	(1,218.73)	844.20
Weighted Average Number of Shares	(B)	1,81,69,240	1,81,69,240
Earning per Share (Face Value Rs.10 Per Share)	(A/B)	(6.71)	4.65

20) Details of Utilization/ Deployment of IPO Proceeds are as under Rs. In Lakhs

Details	Actual as on 31.03.2009
Public Issue Expenses	918.06
Capital Expenditure	4,313.62
In current accounts & Short Term Deposits	65.41
Investments in Mutual Funds	2,044.80
Temporary Utilization for Working Capital	1,658.11
Total	9,000.00

DETAILS OF PROJECT EXPENSES

Rs. in Lakhs

	PROJECT COST INCURRED AS ON 31.03.2009	UTILISATION	
		IPO FUNDS & INTERNAL ACCRUALS	TERM LOAN
Invested in Integated textile operations	12,882.37	3,868.53	9,012.96
Investment in Wind Mills	3,270.00	817.50	2,452.50
Temporary Utilization for Working Capital	1,658.12	1,658.11	-
Public Issue Expenses	918.06	918.06	-
	18,728.55	7,262.20	11,465.46

21) Accounts of the wholly owned subsidiaries viz., Vijayeswari USA LLC and Vijayeswari UK Limited as on 31.03.2009 have been consolidated in terms of AS 21 "Consolidated Financial Statements". The Financial statements of the subsidiaries used for consolidation are unaudited and certified by the management for consolidation purposes. Audit adjustments up to year ended 31st March 2009 have been given effect to in the consolidated financial statements.

22) The integrated operations of the Company are considered under a single broad segment viz., Textiles effective from this financial year. These operations in the opinion of the management, in the context of AS 17 on "Segment Reporting" issued under the Companies (Accounting Standards) Rules 2006, constitute one single primary segment.

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23) Related party Disclosures for the year ended March31, 2009 as per Accounting Standard 18.

Related party Transactions

Rs. in Lakhs

	Subsidiaries		Key Management Personnel & Relatives		Other Related Parties	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Sale of Goods	2,763.85	3,239.26	-	-	-	-
Receiving of Services/ Job Work charges	-	-	-	-	736.95	834.63
Lease Rent	-	-	66.00	-	110.18	76.87
Fixed Deposit Interest	-	-	-	0.63	-	-
Dividends Paid	-	-	6.52	8.08	55.81	69.75
Managerial Remuneration	-	-	62.01	102.06	-	-
Outstanding Balances	2,995.58	3,807.87	66.00 (Cr)	-	1,588.93	1,665.32

Related Party Relationships

Relationships

Subsidiary Companies

Name of Company / Personnel

Vijayeswari USA LLC

Vijayeswari UK Ltd.

Key Management Personnel

K. Rajagopal, Chairman & Managing Director

A.L. Ramachandra, Managing Director

Jayanthi Ramachandra, Joint Managing Director

Relatives of Key Management
Personnel

R.Mani

R.Gopinath

Other Related Parties-Associates

Lakshmi Apparels & Wovens Limited

Seshraj Apparels Private Limited

Seshraj Enterprises Private Limited

Coimbatore Lakshmi Investments & Finance Co. Limited

Kay Arr Enterprises

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

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24.EMPLOYEE BENEFITS

Defined Benefit Plans

	Gratuity [Funded]	
	31.03.2009	31.03.2008
A. Expense recognised during year ended 31.03.2009		
1. Current Service cost	11,39,364	16,98,000
2. Interest cost	18,98,639	20,87,000
3. Expected return on plan assets	(22,19,853)	1,984,627
4. Actuarial Losses / (Gains) during the year	(10,55,221)	(18,00,373)
5. Total Expense	-	-
B. Actual return on Plan assets		
1. Expected return on plan assets	22,19,853	19,84,627
2. Actuarial (Loss) / Gain on Plan assets	(4,65,337)	(3,53,506)
3. Actual return on plan assets	17,54,516	16,31,121
C. Net Asset/(Liability) recognised in the Balance Sheet		
1. Present value of the obligation as on 31.03.2009	1,98,90,144	2,84,42,000
2. Fair value of plan assets as on 31.3.2009	1,94,33,610	2,77,48,160
3. Funded status surplus/(deficit)	(4,56,534)	(6,93,840)
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(6,93,840)	(6,93,840)
D. Change in Present value of the Obligation during the year ended March 31, 2009		
1. Present value of the obligation as at April 1, 2008	2,84,42,000	2,75,94,000
2. Current service cost	11,39,364	16,98,000
3. Interest cost	18,98,639	20,87,000
4. Benefits paid	1,00,69,301	10,88,677
5. Actuarial (gain) loss on obligation	(15,20,558)	(40,25,677)
6. Present value of obligation as at March 31, 2009	1,98,90,144	2,84,42,000
E. Change in Assets during the year ended March 31, 2009		
1. Fair value of plan assets as at April 1, 2008	2,77,48,160	2,48,07,839
2. Expected return on plan assets	22,19,853	19,84,627
3. Contributions made	-	20,92,321
4. Benefits paid	1,00,69,301	1,088,677
5. Actuarial gain / (loss) on plan assets	(4,65,101)	(3,53,506)
6. Fair value of plan assets as at March 31, 2009	1,94,33,610	2,77,48,160
F. Major categories of plan assets as a percentage of total plan		
Special Deposit Scheme	64,58,276	64,58,275
Deposit with LIC	1,10,50,633	79,70,307
Bank balances and recoverables	19,24,702	1,33,19,578
Total	1,94,33,610	2,77,48,160
G. Actuarial Assumptions		
1. Discount rate	8.00%	8.00%
2. Salary escalation	4.00%	4.00%
3. Expected rate of return on plan assets	8.00%	8.00%
4. Attrition rate	12.00%	12.00%
5. Mortality rate	LIC (1994-96)	LIC (1994-96)

Notes:

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

VIJAYESWARI TEXTILES LIMITED



25) Net deferred tax liability carried over as at 31st March 2009 comprises of the following:

Particulars	31.3.2008	Effect for the year	31.3.2009
Deferred Tax Liability:			
Depreciation	10,06,27,206	3,32,48,503	13,38,75,709
Deferred Product development expenses	2,58,82,766	2,10,458	2,60,93,224
	12,65,09,972	3,34,58,961	15,99,68,933
Deferred Tax Asset			
Unabsorbed depreciation	4,20,43,175	3,66,23,825	7,86,67,000
Carry forward Tax losses	-	4,28,33,058	4,28,33,058
Transitional gratuity liability	2,35,836	-	2,35,836
Others	-	2,09,66,327	2,09,66,327
	4,22,79,011	10,04,23,210	14,27,02,221
Net	8,42,30,961	6,69,64,249	1,72,66,712

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

26) Computation of Net Profits U/S 349 and 350 of the Companies Act ,1956

	Rs.in Lakhs	
	31.03.09	31.03.08
Net Profit/(Loss) before tax as per P & L Account	(1,870.37)	920.22
Add/(Less):		
Book Depreciation	685.20	574.44
Managerial Remuneration	62.01	102.05
Profit on Sale of Assets as per Sec 349	-	-
Loss on sale of Investments as per books	174.35	-
Sitting Fees	3.04	3.52
	924.60	680.01
TOTAL	(945.77)	1,600.23
Add/(Less):		
Depreciation U/S 350	685.20	574.44
Profit on sale of assets/Investments as per books	-	4.87
NET PROFIT/(LOSS)	(1,630.97)	1,020.92
FOR MANAGERIAL REMUNERATION		
Net Profit Commission		
Sri. K. Rajagopal	-	17.86
Sri. A.L. Ramachandra	-	14.04
Smt. Jayanthi Ramachandra	-	14.04
TOTAL	-	45.94

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26 (a) DETAILS OF MANAGERIAL REMUNERATION :

PARTICULARS	31.03.2009 (Rs. in Lakhs)	31.03.2008 (Rs. in Lakhs)
Sri. K. Rajagopal - Chairman & Managing Director		
Salaries and Allowances	22.00	-
Commission	-	-
Contribution to Provident Fund	1.40	-
	<u>23.40</u>	<u>-</u>
Sri. A.L. Ramachandra - Managing Director		
Salaries and Allowances	18.04	-
Commission	-	-
Contribution to Provident Fund	1.26	-
	<u>19.30</u>	<u>-</u>
Smt. Jayanthi Ramachandra - Joint Managing Director		
Salaries and Allowances	18.04	-
Commission	-	-
Contribution to Provident Fund	1.26	-
	<u>19.30</u>	<u>-</u>

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

		31.3.2009	31.3.2008
Assets under Hire Purchase	Minimum lease payments as at end of year	45.88	43.23
	Present value of MLP as at end of year	32.24	29.84
Lease payments not later than 1 year	Minimum lease payments as at end of year	25.65	24.00
	Present value of MLP as at end of year	23.34	20.94
Lease payments later than 1 year and not later than 5 years	Minimum lease payments as at end of year	20.33	19.23
	Present value of MLP as at end of year	9.90	8.90

28) Pre-operative expenses pending capitalization:

	31.3.2009	31.3.2008
Balance brought forward	174.70	228.88
Add: Project preoperative Expenses	99.19	53.11
Interest during construction period	124.13	21.75
	<u>398.02</u>	<u>303.74</u>
Less: Capitalized during the year	287.16	129.04
Balance pending capitalization	<u>110.86</u>	<u>174.70</u>

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- 29) Based on technical opinion the company continues to classify the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items continues to be charged at rates applicable to continuous process plant under Schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted depreciation for the year is lower by Rs.244.83 Lakhs with consequential effect on the loss for the year.
- 30) The company has instituted a plaint against a banker for declaring as illegal and unenforceable, the derivatives contracts by way of forwards / options entered into with them, under which a net foreign exchange loss of Rs. 422.63 lakhs has been incurred upto 31st March 2009. Based on legal advice received the company expects to restore status quo ante in respect of these losses incurred and hence no provision therefore is considered necessary and no provision is made in accounts pending disposal of the plaint. The notional Mark to Market losses for the residual period of contract is not ascertainable.
- 31) Figures have been rounded off to the nearest thousand rupees and expressed in lakhs and figures for the previous year have been regrouped and reclassified wherever necessary to confirm to this year's classification.

VIJAYESWARI TEXTILES LIMITED



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

I Registration Details

Registration No.	:	181-00248	State code	18
Corporate Identification No.	:	L171111Z1953PLC000248		
Balance Sheet Date	:	31.03.2009		

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

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

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

Total Liabilities	:	3528428	Total Assets	:	3528428
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Sources of Funds

Paid-up Capital	:	181692	Reserves & Surplus	:	1097598
Secured Loans	:	2171684	Unsecured Loans	:	60189
Deferred Tax Liability	:	17266			

Application of Funds

Net Fixed Assets	:	1556268	Investment	:	205495
Net Current Assets	:	1689938	Misc.Expenditure	:	76728
Accumulated Losses	:	Nil			

IV Performance of Company(Amount in Rs.Thousands)

Turnover	:	1250176	Total Expenditure	:	1419778
Profit / (Loss) before tax	:	(169602)	Profit / (Loss) after tax	:	(121873)
Earning per share (Face value Rs.10/-):		(6.71)	Dividend Rate (Equity)	:	-

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

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

(Sd.) K. Rajagopal
Chairman & Managing Director

(Sd.) A.L. Ramachandra
Managing Director

As per our Report of even date attached

(Sd.) Jayanthi Ramachandra
Joint Managing Director

(Sd.) N. Balakrishnan
Director

For Subbchar & Srinivasan
Chartered Accountants

Coimbatore
30.06.2009

(Sd.) N. Padma
Chief Financial Officer

(Sd.) S. Suresh
Company Secretary

(Sd.) T.S.V. Rajagopal
Partner
Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies :-

Name of the Subsidiary Company	Financial Year ending of the Subsidiary	Number of Shares held (ordinary)	Extent of holding / Interest (%)	Net Aggregate amount of Subsidiary's Profit / (Loss) not dealt with in the Holding Company's accounts		Net aggregate amount of Subsidiary's Profit / (Loss) dealt with in the Holding Company's accounts		
				For the Current Financial Year	For the Previous Financial Year	For the Current Financial Year	For the Previous Financial Year	Dividend declared for the year
Vijayeswari USA LLC	3/31/2009	19,000	100	(USD 1,099,276.74)	USD 12291.73	NIL	NIL	NIL
Vijayeswari UK Limited	3/31/2009	1,000	100	GBP 132,590.03	GBP 18834.33	NIL	NIL	NIL

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

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

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

Coimbatore
30.06.2009

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

(Sd.) **N. Balakrishnan**
Director

(Sd.) **N. Padma**
Chief Financial Officer

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

VIJAYESWARI TEXTILES LIMITED



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

We have examined the attached Consolidated Balance Sheet of M/s.Vijayeswari Textiles Limited and its subsidiaries as at **31st March, 2009**, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year ended on that date.

These financial statements are the responsibility of M/s.Vijayeswari Textiles Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets **Rs. 2518.42 Lakhs** as at **31st March 2009** and net loss of **Rs. 653.55 Lakhs** for the period then ended. **These financial statements compiled by the management have not been audited and our opinion in so far as it relates to the amounts included in the consolidated accounts is based solely on the financial statements certified by the management.**

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

Without qualifying our report we draw attention to Note No.12 regarding adoption of depreciation rates applicable to continuous process plant in respect of plant and machinery of spinning and processing units and wind mills which is a technical matter. Due to this policy adopted by the company depreciation for the year is lower by Rs. 244.83 Lakhs with consequential effect on the loss for the year.

On the Basis of the information and explanation given to us and on the consideration of the our separate audit reports on the individual audited financial statements of the company and certified financial statements of its aforesaid subsidiaries in our opinion, the consolidated financial statements read together with the Notes on consolidation, **subject to non-provision for foreign exchange losses incurred on account of foreign currency forward exchange contracts / options amounting to Rs. 422.63 lakhs which is not in accordance with Accounting Standard 11, consequent to which loss for the year is lower by that amount,(Refer Note no.11)** give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of M/s.Vijayeswari Textiles Limited and its subsidiaries as at 31st March 2009.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of M/s.Vijayeswari Textiles Limited and its subsidiaries for the year ended on that date.
- (c) In the case of the Consolidated cash flow statement of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For Subbachar & Srinivasan
Chartered Accountants

T.S.V. Rajagopal
Partner,

Place : Coimbatore
Date : 30.6.2009

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2009

	Schedule No.		As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
1. Sources of Funds				
1. Shareholder's Funds				
a. Share Capital	1	1,816.92	1,816.92	
b. Reserves & Surplus	2	<u>10,246.28</u>	<u>12,136.26</u>	13,953.18
2. Loan Funds				
a. Secured Loans	3	21,716.84	14,865.70	
b. Unsecured Loans	4	<u>689.32</u>	<u>697.68</u>	15,563.38
3. Deferred Tax Liability			<u>172.66</u>	842.30
TOTAL			<u>34,642.01</u>	<u>30,358.86</u>
2. Application of Funds				
1. Fixed Assets	5			
Gross Block		13,828.64	12,454.39	
Less : Depreciation		<u>4,521.66</u>	<u>3,832.35</u>	
Net Block		9,306.97	8,622.04	
Capital Work in progress		<u>6,285.11</u>	<u>983.58</u>	
		15,592.08	9,605.62	
Preoperative Expenses Pending Capitalisation		<u>110.86</u>	<u>174.70</u>	9,780.32
2. Investments	6		<u>2,045.21</u>	3,828.78
3. Current Assets, Loans & Advances				
a. Inventories	7	9,540.13	10,162.54	
b. Sundry Debtors	8	2,518.18	4,660.65	
c. Cash and Bank Balances	9	861.83	1,185.61	
d. Loans and Advances	10A	4,891.13	3,353.79	
e. Other Current Assets	10B	<u>1,242.84</u>	<u>713.01</u>	
		<u>19,054.11</u>	<u>20,075.60</u>	
Less : Current Liabilities and provisions				
a. Current Liabilities	11	2,506.14	3,592.71	
b. Provisions	12	<u>422.69</u>	<u>550.04</u>	
		<u>2,928.84</u>	<u>4,142.75</u>	
NET CURRENT ASSETS			16,125.28	15,932.85
4. Miscellaneous Expenditure (To the extent not Written off or adjusted)	13		<u>768.58</u>	<u>816.91</u>
TOTAL			<u>34,642.00</u>	<u>30,358.86</u>
Significant Accounting Policies	22A			
Notes Forming Part of Accounts Statement pursuant to Part IV	22B			

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

(Sd.) K. Rajagopal Chairman & Managing Director	(Sd.) A.L. Ramachandra Managing Director	As per our Report of even date attached
(Sd.) Jayanthi Ramachandra Joint Managing Director	(Sd.) N. Balakrishnan Director	For Subbachar & Srinivasan Chartered Accountants
Coimbatore 30.06.2009	(Sd.) N. Padma Chief Financial Officer	(Sd.) T.S.V. Rajagopal Partner
	(Sd.) S. Suresh Company Secretary	Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03. 2009.

	Schedule No.	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
Income			
Gross Sales	14	13,755.17	14,448.25
Less : Excise Duty		-	-
Net Sales		13,755.17	14,448.25
Other Income	15	454.16	450.27
Increase in Stock	16	(387.42)	1,866.82
TOTAL		13,821.90	16,765.34
Expenditure			
Raw Materials Consumed	17	4,705.67	5,535.00
Processing & Weaving Charges		1,992.31	2,355.20
Salaries, Wages & Bonus	18	1,051.94	932.06
Power & Fuel		944.92	726.72
Stores consumed		1,468.75	1,537.91
Lease rent on Production facilities		178.66	76.88
Repairs and Maintenance	19	234.92	267.00
Administrative, Selling & Other Expenses	20	3,114.95	2,191.52
Depreciation		689.31	574.44
Amortization of Product Development Expenditure		399.00	246.58
		14,780.46	14,443.31
PROFIT BEFORE INTEREST & TAXATION		(958.55)	2,322.03
Interest	21	1,408.72	1,360.88
PROFIT BEFORE EXCEPTIONAL ITEMS & TAXATION		(2,367.28)	
Exceptional Itmes-Loss on sale of Investments	22	(174.35)	-
PROFIT BEFORE TAX		(2,541.62)	961.15
Current Taxation		-	90.00
Fringe Benefit tax	18.00		23.40
Deferred Tax for earlier years		-	491.37
Less: Transfer from General Reserve		-	(491.37)
Deferred Tax credit for the year(Net)	(669.64)		13.05
MAT Credit entitlement (Net of earlier year adjustments)		-	(82.31)
Earlier Years Income Tax Written off		(651.64)	31.88
PROFIT AFTER TAX & EXTRAORDINARY ITEMS		(1,889.98)	885.13
Balance of Profit B/F		340.91	225.85
Profit available for Appropriation		(1,549.07)	1,110.98
APPROPRIATIONS			
Transfer to General Reserve		-	600.00
Final Dividend		-	145.35
Corporate Tax on Dividend		-	24.71
Balance in Profit & Loss Account		(1,549.07)	340.91
		(1,549.07)	1,110.97
Earnings per share (Basic & Diluted) (Face value Rs.10/- per share)		(10.40)	4.87

Significant Accounting Policies 22A
Notes Forming Part of Accounts 22B
Statement pursuant to Part IV

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

(Sd.) K. Rajagopal Chairman & Managing Director	(Sd.) A.L. Ramachandra Managing Director	As per our Report of even date attached
(Sd.) Jayanthi Ramachandra Joint Managing Director	(Sd.) N. Balakrishnan Director	For Subbachar & Srinivasan Chartered Accountants
Coimbatore 30.06.2009	(Sd.) N. Padma Chief Financial Officer	(Sd.) T.S.V. Rajagopal Partner Membership No. 200380
	(Sd.) S. Suresh Company Secretary	

VIJAYESWARI TEXTILES LIMITED



Consolidated Cash Flow Statement for the year ending 31-03-2009

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
A. Cash Flow from Operating Activities :		
Net Profit Before Tax & Extra Ordinary Items	(2,541.62)	961.14
Adjustments for :		
Depreciation	689.31	574.44
Amortisation of Deffered Product		
Development Expenses	399.03	246.58
Loss on sale of Investemtns	174.35	-
Dividend Income	(157.16)	(143.96)
Interest Receipts	(46.63)	(262.02)
Interest Payments	1,408.72	1,360.88
Operating Profit before working Capital changes	(74.01)	2,737.06
Adjustments for :		
Trade and Other Receivables	80.57	(2,341.53)
Inventories	622.41	(1,986.45)
Trade Payables	(1,089.39)	584.45
	<u>(386.40)</u>	<u>(3,743.53)</u>
Cash Generated from Operations	(460.41)	(1,006.47)
Direct Taxes Paid / Provisions Adjusted	(22.30)	(306.52)
Cash flow before Extra Ordinary Items	(482.71)	(1,312.99)
Other Items		
Deffered Product Development Expenditure	(350.69)	(455.93)
Net Cash Flow from Operating Activities	(833.41)	(1,768.92)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(6,512.66)	(3,645.30)
Purchase of Investments	(2,044.80)	(2,784.37)
Sale of Investments	3,654.02	-
Pre - Operative Expenses pending Captialisation	(99.19)	(74.86)
Interest Received	63.67	262.02
Dividend Received	157.16	143.96
Net Cash used in Investing Activities	(4,781.80)	(6,098.55)
C. Cash Flow from Financing Activities :		
Term Loan from Banks	4,762.34	3,084.36
Other Loans from Banks	1,931.87	656.87
Public Issue Expenses	-	(240.53)
Fixed Deposits	(3.84)	(11.17)
Proceeds /Repayment of Other Loans	(14.96)	(21.20)
Dividend Paid	(144.54)	(211.51)
Interest Paid	(1,239.44)	(1,316.71)
Net Cash from Financing activities	5,291.43	1,940.11

VIJAYESWARI TEXTILES LIMITED



Consolidated Cash Flow Statement for the year ending 31-03-2009 (Contd)

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
D. Net Increase in Cash & Cash Equivalents (A+B+C)	(323.78)	(5,927.36)
Cash and Cash Equivalents at the beginning of the year	1,185.61	7,112.96
Cash and Cash Equivalents at the End of the Year	861.83	1,185.61
Net Increase in Cash & Cash Equivalents	(323.78)	(5,927.35)

Note : Previous year's figures have been regrouped and reclassified to confirm to this year's classification.

* Cash & Cash Equivalents includes short term deposits of Rs.65.33 Lakhs (Previous year Rs.616 Lakhs) and Current A/c of Rs.0.08 Laks (Previous Year Rs.81.56 Lakhs)out of public issue proceeds, it also includes unpaid dividend amount of Rs.6.64 Lakhs (Previous Year Rs.6 Lakhs) Which is not available for use by the company

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

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

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

(Sd.) **N. Balakrishnan**
Director

Coimbatore
30.06.2009

(Sd.) **N. Padma**
Chief Financial Officer

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

As per our Report of even date attached

For Subbchar & Srinivasan

Chartered Accountants

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

Partner

Membership No. 200380

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 1 : Share Capital		
Authorised		
2,00,00,000 Equity Shares of Rs.10/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up		
1,81,69,200 Equity Shares of Rs.10/- each fully paid up	1,816.92	1,816.92
SCHEDULE - 2 : Reserves and Surplus		
1 Capital Reserve	42.89	42.89
2 Securities Premium Account		
As per last Balance sheet	7,906.86	8,824.92
Add: Amount received during the year	-	-
	7,906.86	8,824.92
Less: Public Issue Expenses written off	-	918.06
	7,906.86	7,906.86
3 General Reserve		
As per last Balance Sheet	3,845.60	3,741.54
Less : Adjustment consequent to recomputation of defined benefit plan liability as per AS-15 Revised (Net of deferred Tax Asset of Rs. 2.36 lakhs)	-	4.57
	3,845.60	3,736.97
Less: Transferred to Profit and Loss account	-	491.37
	3,845.60	3,245.60
Add : Transferred from Profit and Loss Account	-	600.00
	3,845.60	3,845.60
Less : Debit balance in Profit & Loss Account adjusted per Contra	1,549.07	-
	2,296.53	3,845.60
4 Surplus in Profit & Loss Account	-	340.91
Total 1,2,3&4	10,246.28	12,136.26
SCHEDULE - 3 : Secured Loans		
Working Capital Loans from Banks	9,830.77	7,898.21
Term Loans from Banks	11,620.33	6,857.99
Term Loans from Financial Institutions	5.17	20.13
Interest accrued and due	232.85	63.45
Hire Purchase dues	30.37	29.69
Less: Unmatured Finance Charges	2.65	3.77
TOTAL	21,716.84	14,865.70

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

2. Term Loan From banks and institutions are secured by pari passu first charge on the fixed assets of the Company and pari passu second charge on the current assets of the Company/ exclusive charge on Fixed Term Mutual funds plan of Rs.1306.80 lakhs

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

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 4 : Unsecured Loans		
a. Fixed Deposits - From Shareholders	1.68	1.68
- From Others	<u>10.84</u>	<u>20.15</u>
	12.52	21.83
Less : Unclaimed matured deposits	<u>11.64</u>	<u>17.11</u>
b. Trade Deposits	0.88	4.72
c. Unsecured Loan From Banks	1.01	3.05
Yes bank (Repayable within one year Rs.600 Lakhs, Previous Year Rs.600 Lakhs)	600.00	600.00
d. Others	<u>87.42</u>	<u>89.91</u>
TOTAL	<u>689.32</u>	<u>697.68</u>

Note : Fixed Deposit repayable within a year is Rs.0.88 Lakhs (Previous Year Rs. 4.69 lakhs)
Unclaimed matured deposits worth Rs. 11.64 lakhs (Previous Year Rs. 17.11 lakhs) are not surrendered for repayment

5. FIXED ASSETS

(Rupees in Lakhs)

Details	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions Adjust- ments	Sales/ Transfer Adjust- ments	As on 31.03.2009	As on 01.04.2008	For the Year	With- drawn Adjust- ments	As on 31.03.2009	As on 31.03.2008	As at 31.03.2009
Land	100.15	-	-	100.15	-	-	-	-	100.15	100.15
Leasehold Land	156.93	-	-	156.93	-	-	-	-	156.93	156.93
Building	879.33	7.07	-	886.40	282.10	32.29	-	314.29	597.24	572.02
Plant and Machinery	7,137.85	1,275.60	-	8,413.45	2,904.10	384.56	-	3,288.65	4,233.75	5,124.79
Furniture & Fittings	60.45	6.06	-	66.50	51.46	6.83	-	58.29	8.99	8.21
Office Equipments	136.99	24.06	-	161.07	38.35	14.18	-	52.52	98.64	108.55
Vehicles*	177.11	35.37	-	212.49	99.21	25.87	-	125.07	77.91	87.41
Canteen Vessels	4.34	-	-	4.34	3.56	0.22	-	3.77	0.78	0.57
Computer Equipments	269.37	26.06	-	295.43	186.95	38.89	-	225.84	82.43	69.60
Wind Farm	3,531.88	-	-	3,531.88	266.64	186.48	-	453.12	3,265.24	3,078.76
Sub Total	12,454.40	1,374.22	-	13,828.64	3,832.35	689.31	-	4,521.66	8,622.05	9,306.97
Work in Progress										
Building	698.85	2,015.28	-	2,714.13	-	-	-	-	698.85	2,714.13
Plant and Machinery	284.72	4,529.32	973.07	3,570.97	-	-	-	-	284.72	3,570.97
Sub Total	983.58	6,274.59	973.07	6,285.10	-	-	-	-	983.58	6,285.10
Total	13,437.983	7,648.81	973.07	20,113.74	3,822.35	689.31	-	4,521.66	9,605.62	15,592.07
Previous year	9,663.65	3,919.69	145.37	13,437.98	3,257.90	574.44	-	3,832.35	6,405.75	9,605.61
* Notes :	97.47	35.37	-	132.84	19.30	23.30	-	42.60	78.17	90.24
Previous year	65.33	32.14	-	97.47	2.55	16.75	-	19.30	62.78	78.17

* Includes vehicles Purchased on Hire Purchase

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

	Face value per share in Rs.	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 6 : Investments (At Cost)			
A. Long Term Trade Investments - Quoted			
a. 5,70,795 Equity Shares in Coimbatore Lakshmi Investments & Finance Co. Ltd.	10	100.90	100.90
		<u>100.90</u>	<u>100.90</u>
B. Long Term Investments - Quoted			
3,400 Equity Shares in Andhra Bank	10	0.34	0.34
C. 100 Equity Shares in Vijayeswari Textiles Employees Co-op Stores Ltd			
	10	0.01	0.01
D. Government Securities			
a. National Savings Certificate		0.05	0.05
b. Indira Vikas Patra		0.01	0.01
E. Investment in Mutual Funds-Unquoted			
(Out of IPO Proceeds)	Units	Rs.	
a. Birla Fixe Term plan - T series	2500000	10	-
b. DSP Merrill Lunch Fixed T series	25000	1000	-
c. HDFC FMP 15M Wholesale Plan	2500000	10	-
d. Franklin Templeton Fixed tenure fund	2500000	10	-
e. ICICI Prudential FMP - Series 36 - Growth	5000000	10	-
f. DWS Credit Opportunity fund	2128877	10	-
g. DWS Money Plus	2558808	10	-
h. DWS Money plus Advantage	3012663	10	-
i. Standard Chartered Mutual Fund	2947085	10	-
j. Birla Mid Cap Fund	603719	10	-
k. HSBC Equity Fund	520281	10	-
l. Citibank - Equity linked Debentures	738	100000	738.00
m. Franklin Templeton Floating rate Income Fund - LT SIP	5374766	10.01	538.04
n. Reliance Liquid Plus	26384	1001.14	264.14
o. ICICI Liquid Plus Daily Div Reinvestment	4257878	11.85	504.62
TOTAL			<u>2,045.21</u>
			<u>3,828.78</u>
			<u>2,146.11</u>
			<u>3,929.68</u>
Less:- Provision for Diminution in value of investments			<u>100.90</u>
			<u>100.90</u>
GRAND TOTAL			<u>2,045.21</u>
			<u>3,828.78</u>

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 9 : Cash & Bank Balances		
Cash on Hand	7.72	15.82
Balance with Scheduled Banks		
In Current Accounts	125.51	18.45
In Margin Money Deposit Accounts	227.13	252.98
In Current Account (IPO Proceeds)	0.08	81.56
In Deposit Accounts (IPO Proceeds)	65.33	616.00
In Unpaid Dividend Accounts	6.64	6.00
Balance with other than Scheduled Banks		
Citi Bank	3.31	1.95
Lloyds TSB	426.12	192.85
TOTAL	<u>861.83</u>	<u>1,185.61</u>
SCHEDULE - 10 : Loans and Advances & Other Current Assets (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received*	3,915.36	2,541.75
Deposit with Central Excise, Customs Authorities	203.09	61.66
Income-Tax advance	469.28	446.98
MAT Credit Entitlement	257.31	257.31
Finance Receivables due	146.09	146.09
Total (A)	4,991.13	3,453.79
Less : Provision for Doubtful Receivables	100.00	100.00
Total (A)	<u>4,891.13</u>	<u>3,353.79</u>
Other Current Assets		
Prepaid Expenses	37.00	55.59
Interest accrued on bank deposits	15.99	33.02
Income Receivable	1,189.85	624.40
Total (B)	<u>1,242.84</u>	<u>713.01</u>
Total (A) + (B)	<u>6,133.97</u>	<u>4,060.80</u>
SCHEDULE - 11 : Current Liabilities		
Sundry Creditors-Micro,Small and Medium Enterprises	-	-
-Other Creditors	2,181.82	2,827.30
Unpaid Dividends *	6.63	5.81
Unclaimed Matured Deposits *	11.64	17.11
Outstanding Expenses & Other Liabilities	306.01	742.32
Interest accrued but not due	0.05	0.17
(* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund)		
TOTAL	<u>2,506.14</u>	<u>3,592.71</u>

VIJAYESWARI TEXTILES LIMITED



Schedules to Consolidated Balance Sheet

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 12 : Provisions		
Proposed Dividend	-	145.35
Tax on Dividend	24.71	24.71
Provision for Taxation(Including Wealth tax and FBT)	391.04	373.04
Gratuity Provision	6.94	6.94
	<u>422.69</u>	<u>550.04</u>
SCHEDULE - 13 (A): Miscellaneous Expenditure		
a. Product Development Expenditure		
Opening Balance	815.61	606.26
Add : Incurred during the year	350.69	455.93
	<u>1,166.30</u>	<u>1,062.19</u>
Less : Amortised during the year	399.03	246.58
Closing Balance	<u>767.28</u>	<u>815.61</u>
b. Public Issue Expenses		
Opening Balance	-	677.53
Add : Incurred during the year	-	240.53
	<u>-</u>	<u>918.06</u>
Less: Writtenoff against Securities Premium	-	918.06
Closing Balance	<u>-</u>	<u>-</u>
c. Intangible Assets		
	1.30	1.30
13 (B) Profit & Loss Account		
Opening Balance	(340.91)	-
Add:Loss for the year	1,889.98	-
	<u>1,549.07</u>	<u>-</u>
Less:Adjusted with General Reserve per Contra	1,549.07	-
	<u>-</u>	<u>-</u>
TOTAL	<u>768.58</u>	<u>816.91</u>

VIJAYESWARI TEXTILES LIMITED



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

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 14 : Sales		
Cotton Yarn	288.66	1,953.78
Madeups	12,542.93	11,450.27
Waste	110.77	172.30
Export Incentives	812.81	871.90
TOTAL	<u>13,755.17</u>	<u>14,448.25</u>
SCHEDULE - 15 : Other Income		
Dividend from Investments	157.16	143.96
Foreign Exchange Gain	-	27.27
Interest Receipts	46.63	262.02
Insurance Claim Receipts	2.07	4.56
Profit on sale of Investments	-	4.87
Profit on Realisation of Finance Receivables	21.70	-
Wind Power Generation Income	216.12	-
Miscellaneous Income	10.46	7.60
TOTAL	<u>454.16</u>	<u>450.29</u>
SCHEDULE - 16 : Increase / (Decrease) in Stock		
Finished Goods		
Opening Stock		
Cotton Yarn	181.60	381.35
Cotton and Cloth Waste	14.51	84.30
Work In Progress	4,320.69	3,611.47
Madeups	<u>4,035.44</u>	<u>2,608.30</u>
Closing Stock		
Cotton Yarn	174.72	181.60
Cotton and Cloth Waste	19.58	14.51
Work In Progress	3,933.25	4,320.69
Madeups	<u>4,037.28</u>	<u>4,035.44</u>
Increase /(Decrease) in Stock	<u>(387.42)</u>	<u>1,866.82</u>
SCHEDULE - 17 : Raw Materials Consumed		
Opening Stock		
Opening Stock in Godown	366.60	535.68
Yarn Stock at Weaving Division	<u>810.66</u>	<u>637.04</u>
Cotton Purchases	517.43	1,934.01
Yarn & Cloth Purchases	<u>3,822.82</u>	<u>3,605.53</u>
	<u>5,517.51</u>	<u>6,712.26</u>
Closing Stock		
Closing Stock in Godown	147.64	366.60
Yarn Stock at Weaving Division	<u>664.20</u>	<u>810.66</u>
	<u>4,705.67</u>	<u>5,535.00</u>
TOTAL	<u>4,705.67</u>	<u>5,535.00</u>

VIJAYESWARI TEXTILES LIMITED



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

	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
SCHEDULE - 18 : Salaries, Wages and Bonus		
Salaries, Wages, Bonus	904.15	751.98
Contribution to P.F	77.21	69.15
ESI Contribution	16.11	19.31
Labour Welfare Expenses	54.46	91.63
TOTAL	1,051.94	932.07
SCHEDULE - 19 : Repairs and Maintenance		
Building Repairs	25.22	31.89
Machinery Repairs	89.76	142.33
Electrical Repairs	119.93	92.78
TOTAL	234.92	267.00
SCHEDULE - 20 : Administrative, Selling and Other Expenses		
Managerial Remuneration		
i. Salary & Perquisites(Minimum Remuneration)	62.01	56.12
ii. Commission	-	45.95
Postage, Telephone, Printing and Stationery	106.42	148.11
Travelling Expenses & Maintenance of Vehicles	300.93	364.26
Insurance	68.84	53.47
Rent	82.66	41.13
Taxes & Licence Fees	200.93	11.99
Bank Charges & Subscription	102.41	112.41
Directors' Sitting Fees	3.04	3.52
Auditors' Remuneration	11.89	2.68
Legal & Professional Charges	25.43	83.47
Foreign Exchange Loss	125.18	-
Foreign Exchange Loss on Consolidation	533.48	100.85
Miscellaneous Expenses	265.49	77.09
Donations	6.18	29.35
	1,894.88	1,130.40
Selling Expenses :		
Yarn Sales Expenses	22.44	23.46
Commission & Brokerage	208.58	158.21
Madeups Sales Expenses	989.04	879.47
	1,220.07	1,061.14
TOTAL	3,114.95	2,191.54
SCHEDULE - 21 : Interest		
On Fixed Deposits	0.36	1.97
On Bank Loans and Others	1,407.84	1,351.03
On Financial Institution Loans	0.53	7.88
TOTAL	1,408.72	1,360.88

VIJAYESWARI TEXTILES LIMITED

SCHEDULE - 22A : Significant Accounting Policies



Accounting Policies

I. PRINCIPLES OF CONSOLIDATION

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

II. BASIS OF PREPARATION

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

III. USE OF ESTIMATES

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

assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

IV. FIXED ASSETS

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

V. INVESTMENTS

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

VIJAYESWARI TEXTILES LIMITED



VI. INVENTORIES

Inventories are valued as under:

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

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

VII. REVENUE RECOGNITION

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

VIII. EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

Defined Benefit Plans

Company’s liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the

average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with currency and estimated terms of the defined benefit obligations. The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the related obligations.

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

IX. BORROWING COST

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

X. TAXES ON INCOME

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

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

Deferred tax assets, other than those arising on account of unabsorbed depreciation or carried forward business losses under tax laws, are

VIJAYESWARI TEXTILES LIMITED



recognized and carried forward subject to consideration or prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

XI. FOREIGN CURRENCY TRANSACTIONS

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

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

XII. IMPAIRMENT OF ASSETS

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

XIII. DEFERRED REVENUE EXPENDITURE

- a) New product development expenditure is amortised over a period 3 years commencing from the year following the year of expenditure.
- b) Public Issue Expenses are adjusted against the Securities Premium account.
- c) Pre-operative expenses net of pre-operative income related to fixed assets are accumulated for capitalization on commissioning of assets.

XIV. CASH FLOW STATEMENT:

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

XV. CONTINGENT LIABILITIES:

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

XVI. EARNINGS PER SHARE

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

XVII. EXPENDITURE DURING CONSTRUCTION PERIOD

Pre-operative expenditure incurred on projects / assets during the construction / implementation net of pre-operative income, if any, is capitalized and apportioned to projects / assets on commissioning.

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

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

Name of the company	Country of Incorporation	% of voting power	Reporting date as at
Vijayeswari USA LLC	United States of America	100	31.03.2009
Vijayeswari UK Ltd.	United Kingdom	100	31.03.2009

In the absence of audited financial statements of the subsidiary companies as on 31st March 2009, the financial statements certified by the management have been used for the purposes of consolidation. Audit adjustments up to year ended 31st March 2008 have been given effect to in the consolidated financial statements.

	(Rs. in Lakhs)	
	As on 31.03.2009	As on 31.03.2008
2. Estimated Amount of Contracts remaining to be Executed on Capital Account and not provided for (Net of Advances)	928.33	2904.59
3. Income –Tax Assessments have been completed up to the Assessment Year 2005-2006		
4. Contingent Liability		
i) Letter of Credit	364.04	787.58
ii) Bank Guarantees	44.35	49.35
iii) Disputed Income Tax Demands	57.77	16.00
iv) Disputed Sales tax demands		
5. Managerial Remuneration particulars		
a) Salaries and allowances	62.01	56.12
b) Contribution to PF	3.83	3.62
c) Commission	-	45.94
Total	65.84	105.68
6. In the opinion of the Board of Directors all Current Assets, Loans & Advances have a Value on realization in the ordinary course of business of a sum of at least equal to the amount at which they are stated.		
7. Earnings Per share as per AS 20		

		2009	2008
Net Profit/(Loss) after taxes	(A)	(1,889.98)	885.12
Weighted Average Number of Shares	(B)	1,81,69,240	1,81,69,240
Earnings Per Share (Face value Rs.10 per Share)	(A/B)	(Rs.10.40)	Rs.4.87

VIJAYESWARI TEXTILES LIMITED



8. EMPLOYEE BENEFITS

Defined Benefit Plans

	Gratuity [Funded]	
	31.03.2009	31.03.2008
A. Expense recognised during year ended 31.03.2009		
1. Current Service cost	11,39,364	16,98,000
2. Interest cost	18,98,639	20,87,000
3. Expected return on plan assets	(22,19,853)	19,84,627
4. Actuarial Losses / (Gains) during the year	(10,55,221)	(18,00,373)
5. Total Expense	-	-
B. Actual return on Plan assets		
1. Expected return on plan assets	22,19,853	19,84,627
2. Actuarial (Loss) / Gain on Plan assets	(4,65,337)	(3,53,506)
3. Actual return on plan assets	17,54,516	16,31,121
C. Net Asset/(Liability) recognised in the Balance Sheet		
1. Present value of the obligation as on 31.03.2009	1,98,90,144	2,84,42,000
2. Fair value of plan assets as on 31.3.2009	1,94,33,610	2,77,48,160
3. Funded status surplus/(deficit)	(4,56,534)	(6,93,840)
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(6,93,840)	(6,93,840)
D. Change in Present value of the Obligation during the year ended March 31, 2009		
1. Present value of the obligation as at April 1, 2008	2,84,42,000	2,75,94,000
2. Current service cost	11,39,364	16,98,000
3. Interest cost	18,98,639	20,87,000
4. Benefits paid	1,00,69,301	10,88,677
5. Actuarial (gain) loss on obligation	(1,520,558)	(40,25,677)
6. Present value of obligation as at March 31, 2009	1,98,90,144	2,84,42,000
E. Change in Assets during the year ended March 31, 2009		
1. Fair value of plan assets as at April 1, 2008	2,77,48,160	2,48,07,839
2. Expected return on plan assets	22,19,853	19,84,627
3. Contributions made	-	20,92,321
4. Benefits paid	1,00,69,301	10,88,677
5. Actuarial gain / (loss) on plan assets	(4,65,101)	(3,53,506)
6. Fair value of plan assets as at March 31, 2009	1,94,33,610	2,77,48,160
F. Major categories of plan assets as a percentage of total plan		
Special Deposit Scheme	64,58,276	64,58,275
Deposit with LIC	1,10,50,633	79,70,307
Bank balances and recoverables	19,24,702	1,33,19,578
Total	<u>1,94,33,610</u>	<u>2,77,48,160</u>
G. Actuarial Assumptions		
1. Discount rate	8.00%	8.00%
2. Salary escalation	4.00%	4.00%
3. Expected rate of return on plan assets	8.00%	8.00%
4. Attrition rate	12.00%	12.00%
5. Mortality rate	LIC (1994-96)	LIC (1994-96)

Notes:

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

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- 9) Net deferred tax liability carried over as at 31st March 2009 comprises of the following:

Particulars	31.3.2008	Effect for the year	31.3.2009
Deferred Tax Liability:			
Depreciation	10,06,27,206	3,2,48,503	13,38,75,709
Deferred Product development expenses	2,8,82,766	2,10,458	2,0,93,224
	12,65,09,972	3,34,58,961	15,99,68,933
Deferred Tax Asset			
Unabsorbed depreciation	4,20,43,175	3,66,23,825	7,86,67,000
Carry forward Tax losses	-	4,28,33,058	4,28,33,058
Transitional gratuity liability	2,35,836	-	2,35,836
Others	-	2,09,66,327	2,09,66,327
	4,22,79,011	10,04,23,210	14,27,02,221
Net	8,42,30,961	6,69,64,249	1,72,66,712

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

- 10) Related party Disclosures for the year ended March31, 2009 as per Accounting Standard 18.

Related party Transactions

Rs. in Lakhs

	Subsidiaries		Key Management Personnel & Relatives		Other Related Parties	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Sale of Goods	2,763.85	3,239.26	-	-	-	-
Receiving of Services/ Job Work charges	-	-	-	-	736.95	834.63
Lease Rent	-	-	66.00	-	110.18	76.87
Fixed Deposit Interest	-	-	-	0.63	-	-
Dividends Paid	-	-	6.52	8.08	55.81	69.75
Managerial Remuneration	-	-	62.01	102.06	-	-
Outstanding Balances	2,995.58	3,807.87	66.00 (Cr)	-	1,588.93	1,665.32

Related Party Relationships

Relationships

Key Management Personnel

Name of Company / Personnel

K. Rajagopal, Chairman & Managing Director

A.L. Ramachandra, Managing Director

Jayanthi Ramachandra, Joint Managing Director

Relatives of Key Management Personnel

R.Mani

R.Gopinath

Other Related Parties-Associates

Lakshmi Apparels & Wovens Limited

Seshraj Apparels Private Limited

Seshraj Enterprises Private Limited

Coimbatore Lakshmi Investments & Finance Co. Limited

Kay Arr Enterprises

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

VIJAYESWARI TEXTILES LIMITED



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

		31.3.2009	31.3.2008
Assets under Hire Purchase	Minimum lease payments as at end of year	45.88	43.23
	Present value of MLP as at end of year	32.24	29.84
Lease payments not later than 1 year	Minimum lease payments as at end of year	25.65	24.00
	Present value of MLP as at end of year	23.34	20.94
Lease payments later than 1 year and not later than 5 years	Minimum lease payments as at end of year	20.33	19.23
	Present value of MLP as at end of year	9.90	8.90

12. The company has instituted a plaint against a banker for declaring as illegal and unenforceable, the derivatives contracts by way of forwards / options entered into with them, under which a net foreign exchange loss of Rs. 422.63 lakhs has been incurred upto 31st March 2009. Based on legal advice received the company expects to restore status quo ante in respect of these losses incurred and hence no provision therefor is considered necessary and is made in accounts pending disposal of the plaint. The notional Mark to Market losses for the residual period of contract is not ascertainable.
13. Based on technical opinion the company continues to classify the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items continues to be charged at rates applicable to continuous process plant under Schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted depreciation for the year is lower by Rs.244.83 Lakhs with consequential effect on the loss for the year.
14. Figures have been rounded off to the nearest thousand rupees and expressed in lakhs and figures for the previous year have been regrouped and reclassified wherever necessary to confirm to this year's classification.

VIJAYESWARI TEXTILES LIMITED



Disclosure of information relating to the Subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter no:47/505/2008-CI-III dated 12th August,2008

Rs. in lakhs

S. No	Particulars	Vijayeswari UK Ltd.	31.03.2009 Vijayeswari USA LLC.	Vijayeswari UK Ltd.	31.03.2008 Vijayeswari USA LLC.
a	Share capital	0.80	8.93	0.80	8.93
b	Reserves & Surplus	65.51	(719.25)	126.41	(126.59)
c	Total Assets	1,566.73	951.69	1,291.09	2,172.19
d	Total Liabilities	1,500.42	1,662.01	1,163.88	2,289.86
e	Details of Investments**	-	-	-	-
f	Net Sales and Services including other Income	2,583.29	1,870.19	1,286.56	2,884.89
g	Profit/(Loss) Before Tax	(60.90)	(592.65)	9.33	23.99
h	Provision for Taxation	-	-	-	-
i	Profit/(Loss) After Tax	(60.90)	(592.65)	9.33	23.99
j	Proposed Dividend	-	-	-	-
k	Reporting Currency*	INR	INR	INR	INR

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

The Exchange Rate as at 31st March 2009: 1GBP=72.86 INR (Previous year 79.65 INR)
1USD=50.95 INR (Previous year 40.09 INR)

** Excluding Investments In Subsidiaries

PROXY FORM

VIJAYESWARI TEXTILES LIMITED

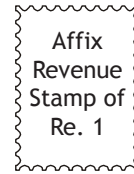
Corporate Office: 10/400, Palghat Road, Kuniamuthur, Coimbatore - 641 008. Tamilnadu

I/We.....
of..... in the district
of being a Member/Members of the above named Company hereby
appoint Shri/Smt. of
..... ofin the district of
..... failing him / her Shri / Smt.
..... in the district of
as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the
Company to be held on Friday the 4th September 2009 at 4.00 P.M and at any adjournment thereof
in favour of / against the resolutions.

Signed this day of2008

Registered Folio No. :

No. of Shares held :



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



VIJAYESWARI TEXTILES LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending :

Full name of the first joint holder :

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

Name of Proxy :

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

I hereby register my presence at the ANNUAL GENERAL MEETING held at 2/185, Puliampatti
(via), Pollachi, Coimbatore District at 4 P.M on Friday the 4th September, 2009

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

Name :

Folio No :

