



VTX Industries Limited

58th Annual Report 2011 - 12

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



BOARD OF DIRECTORS

Sri. A.L. Ramachandra

Chairman & Managing Director

Smt. Jayanthi Ramachandra

Managing Director

Sri. V. Dharmaraj

Sri. K. Selvaraj

Sri. S. Shreenivasa Rao

Sri. Mohan Rao

Sri. J. Balamurugan

Company Secretary

Sri. Jaison Thomas

Auditors

M/s. Suri & Co.,

Chartered Accountants, Coimbatore

Internal Auditor

Smt. Sasirekha Vengatesh

Chartered Accountant, Coimbatore

Cost Auditors

M/s. P. Mohan Kumar & Co.,

Cost Accountants, Coimbatore

Bankers

Andhra Bank

Oriental Bank of Commerce

Indian Overseas Bank

UCO Bank

United Bank of India

Registered Office & Spinning Division at

2/185, Puliampatti (Via), Pollachi,

Coimbatore District - 642 002

Weaving Division at

Arakulam, Palladam.

Processing Division at

SIPCOT, Industrial Complex, Perundurai

Madeups Divisions at

Pilchinampalayam, Coimbatore and

Palladam Hi-Tech Weaving Park, Palladam

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. Ltd.

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup West Mumbai - 400 078.

Branch Office

Link Intime India Pvt. Ltd.

"Surya" 35, May Flower Avenue

(Behind Senthil Nagar)

Sowripalayam Road, Coimbatore - 641 028.

E-mail : coimbatore@linkintime.co.in

CONTENTS

Board of Directors	1
Notice to Shareholders	2
Directors' Report	7
Management Discussion & Analysis Report	13
Corporate Governance Report	15
Auditors' Report	24
Balance Sheet	27
Statement of Profit & Loss	28
Cash Flow Statement	29
Significant Accounting Policies - Standalone	31
Notes forming part of the Financial Statements	34
Auditors' Report on Consolidated Accounts	50
Consolidated Balance Sheet	51
Consolidated Statement of Profit & Loss	52
Consolidated Cash Flow Statement	53
Significant Accounting policies - Consolidated	55
Notes on Consolidated Financial Statements	55

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTICE OF THE ANNUAL GENERAL MEETING

To

The Members,

Notice is hereby given that the 58th Annual General Meeting of the shareholders of the Company will be held at 4 P.M. on Wednesday, the 22nd day of August 2012 at Registered Office, 2/185, Puliampatti (via), Pollachi, Coimbatore District-642 002, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Statement of Profit & Loss for the financial year ended 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri. K. Selvaraj who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Sri. Mohan Rao who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with and subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Sri. A.L. Ramachandra be and is hereby re-appointed as Chairman & Managing Director of the Company for a period of 3 years effective 01.08.2012, on the following terms & conditions as recommended by the Remuneration Committee and approved by the Board of Directors;

- I. Salary ₹ 2,00,000/- per month
- II. Commission 1.5% of the Net Profit of the company subject to the overall ceiling laid down in Section 198, and 309 of the Companies Act, 1956.
- III. Perquisites In addition to salary and commission, Sri. A.L. Ramachandra, Chairman & Managing Director shall also be entitled to perquisites which shall not exceed a sum of ₹ 2,00,000/- per month.
- IV. Contribution to Provident Fund, Super Annuation Fund or Annuity fund, Leave encashment, provision of car with driver, telephone at residence not to be included in the computation of the ceiling on the perquisites.
- V. Gratuity payable shall not exceed half a month's salary for each completed year of service or at the rate as may be modified from time to time.
- VI. In case of loss or inadequacy of profits in any Financial Year, the above Salary & Perquisites be treated as the minimum remuneration payable to the Chairman & Managing Director, since the same is within the limits prescribed under Part II of Schedule XIII under category B of the Companies Act, 1956.
- VII. No sitting fees will be paid for attending Board Meetings as per Section 309(2) of the Companies Act, 1956.”

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Considering the substantial and significant contributions made by Sri. A.L. Ramachandra, Chairman & Managing Director towards the growth of the company and keeping in mind the requirement of the constant directions for effectively handling the current scenario of the business, the Board of Directors felt that the re-appointment of Sri. A.L. Ramachandra for a further period of 3 years on the same terms and conditions of existing appointment would be just and fair.

The re-appointment of Sri. A.L. Ramachandra with proposed remuneration are in compliance with Schedule XIII of the Companies Act, 1956, and the same has been recommended by the Remuneration Committee and approved by the Board of Directors at its meeting held on 29th May 2012, subject to the approval of the members at ensuing Annual General Meeting.

Your Directors recommend the resolution as set out in Item No. 5 of the notice, for the approval of the Members.

None of the Directors other than Sri. A.L. Ramachandra, Chairman & Managing Director and Smt. Jayanthi Ramachandra, Managing Director, are interested or concerned to the said resolution.

Disclosure of Directors interest in the Contract as per Sec. 302 of the Companies Act, 1956

Abstract of the terms of the contract for the re-appointment of Sri. A.L. Ramachandra as Chairman & Managing Director of the Company is set out in Item No. 5 of the Notice. None of the Directors of the Company is concerned or interested in the said contract except Sri. A.L. Ramachandra, Chairman & Managing Director and Smt. Jayanthi Ramachandra, Managing Director of the Company.

Disclosure as per Schedule XIII of the Companies Act, 1956

I. General Information

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

(₹ in Lakhs)

Particulars	2011-12	2010-11
Sales and other income	19,136.84	16,686.14
Profit / (Loss) Before Tax	(3,368.91)	845.10
Profit / (Loss) After Tax	(2,623.08)	713.94
Paid up Equity Capital	1,816.92	1,816.92
Reserves and Surplus	9,196.48	11,819.55
Basic Earning Per Share	(14.44)	3.93

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



- | | |
|---|--|
| 5) Export performance and the net foreign exchange collaborations | - Earnings in foreign exchange (FOB Value) for the year ended 31.03.2012 – ₹ 16,965.79 lakhs |
| 6) Foreign investments or collaborators, if any | - NIL |

II. Information about the appointee:

1) Background details –

Sri. A.L. Ramachandra, Chairman & Managing Director holds a Masters Degree in Microbiology from the California State University, USA and is having over 23 years of wide experience in the textile sector, both in the field of manufacturing and marketing. He holds Managing Directorship in M/s. Lakshmi Apparels and Wovens Ltd. and Directorships in the Companies including M/s. Seshraj Apparels P Ltd., M/s. Palladam Hi-Tech Weaving Park and M/s. The Cotton Textile Export Promotion Council.

2) Past remuneration -

(i) Salary of ₹ 2,00,000/- per month, (ii) commission of 1.5% of Net Profit and (iii) Perquisites not exceeding a sum of ₹ 2,00,000/- per month.

3) Job profile and suitability -

Sri. A.L. Ramachandra who was appointed as Director of the Company in 1996, is having broad experience in the textile sector and has played a key role in the transition process of converting the Company from a specialized fine count cotton-spinning unit to a producer of finished product ready for retail.

His skills of product innovation brought together using special blends of Indian cotton to acclaim in Home Textile trade at retail level in UK and USA. As a man of futuristic thinking, he steered the company successfully into Made-ups manufacturing and Home Textiles.

4) Remuneration proposed –

Details of proposed remuneration are set out in the AGM notice. No revision of remuneration is proposed for the re-appointment.

5) Comparative remuneration with respect to industry, size of the company, profile of the position and person –

Taking into consideration the size of the Company, Industry standard, profile of the appointee and responsibility shouldered on him, the remuneration proposed is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.

6) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any –

Besides the remuneration being received, Sri. A.L. Ramachandra does not have any pecuniary relationship with the Company. He and Smt. Jayanthi Ramachandra, Managing Director are related to each other.

III. Other information

1) Reasons of loss or inadequate profits –

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



During the year under review, the loss was mainly incurred on account of sales of redundant export stocks in the domestic market at discounted price.

2) Steps taken or proposed to be taken for improvement –

The Company could secure good domestic as well as International orders in hand, execution of which would lead to attain higher turnover and profitability in the years to come. The Company has also taken effective steps to control the cost of production.

3) Expected increase in productivity and profits in measurable terms –

Company plans substantial increase in productivity and growth in profitability for the coming years.

IV. Disclosures

The information required to be disclosed to the members of the company as per Part II of Schedule XIII of the Companies Act, 1956, are disclosed in this report. The Company has not defaulted in repayment of any of its debts or debentures and public deposits.

Notes:

1. *A member who is entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less 48 hours before the meeting.*
2. The Register of members of the Company and the Share Transfer Books will remain closed from 11.08.2012 to 22.08.2012 (both days inclusive).
3. As per provisions of the Companies Act, the dividends remaining unpaid for a period of 7 years have to be transferred to Investor Education & Protection Fund established by the Central Government. The Company has already transferred the unclaimed dividends upto the year 2003-04 to Investor Education & Protection Fund and the dividends pertaining to the year 2004-05, which are remaining unclaimed shall be transferred to the said fund in October 2012.
4. The Members who have not yet encashed the dividend warrants for the financial year 2004-05 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 Investor Education & Protection Fund, Members will lose their claim on these dividends.*
5. Members holding shares in physical form are requested to notify if any change in their address/bank account to the company's Registrar & Share Transfer Agent and the Members holding shares in electronic form are requested to intimate the changes, if any, to their respective depository participants only.
6. In order to participate in the "Green Initiative" launched by Ministry of Corporate Affairs in 2011, which encouraging paperless compliance, your Company decided to serve all communications / documents including notices calling AGM, Audited Financial Statements, Directors report and Auditors report which to be served on the shareholders by the company under the Companies Act, 1956, through Electronic mode. Thus, Members are requested to support this Green Initiative by updating their e-mail addresses with respective Depository Participants, in case of electronic shareholding; or registering their e-mail addresses with Company's Share Transfer Agent, in case of physical shareholding.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Details of the Directors seeking appointment / re-appointment, to be furnished as per Clause 49 of the Listing Agreement.

Name	: Sri. K. Selvaraj
Age	: 78 years
Qualification	: Licentiate in Textile Manufacture (LTM) Expertise
Expertise	: Retired Regional Vice President of The Lakshmi Mills Company Limited, Coimbatore
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	: M/s. Ravilla Precision Engineering Pvt. Ltd. M/s. Lakshmi Technology and Engineering Ind. Ltd.
Name	: Sri. Mohan Rao
Age	: 59 years
Qualifications	: B. Tech., (Textile Technology) from IIT, Delhi.
Expertise	: 37 years of multifaceted consulting and operational experience in the Textile Industry
Equity Holding	: Nil
Relationship	: He is not related to any other Director on the Board of the Company.
Date of Appointment	: 10.05.2012
Other Directorships	: Nil
Name	: Sri. A.L. Ramachandra
Age	: 52 years
Qualification	: Masters Degree in Microbiology from the California State University, USA
Expertise	: 23 years wide experience in the textile sector, both in the field of manufacturing and marketing
Equity Holding	: 9400 Shares
Relationship	: He and Smt. Jayanthi Ramachandra, Managing Director are related to each other.
Date of Appointment	: 26.06.1996
Other Directorships	: M/s. Lakshmi Apparels and Wovens Ltd. M/s. Vijayeswari Exports Ltd. M/s. Seshraj Apparels P Ltd. M/s. Vijayeswari U.K. Limited M/s. Palladam Hi-Tech Weaving Park M/s. The Cotton Textile Export Promotion Council M/s. Lakshmi Functional Textiles P Ltd. M/s. L.A.W Textile Park P Ltd.

By the Order of the Board
For VTX Industries Limited

A.L. Ramachandra
Chairman & Managing Director

Date : 29.05.2012
Place : Coimbatore

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



DIRECTORS' REPORT TO SHAREHOLDERS

To

The Members,

Your directors have pleasure in presenting the 58th Annual Report and the Audited Accounts for the financial year ended March 31, 2012.

Financial Results:

Particulars	(₹ in lakhs)			
	2011 - 12		2010- 11	
Profit before Interest, Depreciation and Tax (before extraordinary item)	4185.21		4296.04	
Extraordinary item	(2,233.81)		-	
Profit before Interest, Depreciation and Tax (after extraordinary item)	1,951.40		4296.04	
Less: Interest	3,480.02		2,034.26	
Depreciation	1,840.29	5,320.31	1,416.68	3,450.94
		(3,368.91)		845.10
Tax expense:				
a) Current tax expense for current year			168.43	
b) Less : MAT credit			(152.12)	
c) Current tax expense relating to prior years	0.09		16.31	
d) Net current tax expense				
e) Deferred tax	(745.92)	(745.83)	114.85	131.16
Profit / (Loss) for the year		(2,623.08)		713.94
Add: brought from previous year		587.24		-
Dividend		-		109.02
Corporate Tax on dividend		-		17.68
Balance carried to Balance Sheet		(2,035.84)		587.24

Dividend

Considering the loss incurred during the year under review and the requirement of funds for future growth of the Company, the Board of Directors is not in a position to recommend any dividend for the year 2011-12.

Review of Operations

During the financial year under review, the turnover of the company has increased to ₹ 18900 Lakhs from ₹ 16497 Lakhs in the corresponding previous financial year, registering a growth rate of 14.56%. The company has posted a net loss of ₹ 2623.08 Lakhs for the financial year ended 31st March, 2012, which was mainly incurred on account of sales of redundant export stocks in the domestic

market at discounted price. Your Company has been catering the international markets for the made-ups and the final products manufactured for international markets were never disposed in the domestic market as those products were based on the specific order and approved design of the customers. The rejection of the approved design, excess production against the order etc. were kept in the stocks and the same was not converted to cash awaiting better realization price. During the year, these stocks were disposed in the domestic market at price lower than international rate for bringing the cash flow.

Your Company has taken various cost effective methods resulting in better economies of production and purchases throughout the financial year.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Your company has continued to broad base the existing customer relationships in US and UK markets and these relationships spread over many long years showcase our ability in customer satisfaction and reliability. The Company emphasizes to create a network of buying houses, major retail outlets and commission agents and also develops the brand building exercise both internationally and domestically. The Indian economy showed a remarkable resilience in the aftermath of global economic slowdown in previous years. Your Company could secure good orders from international as well as domestic markets.

In the external scenario, the textile market witnessed unprecedented increase in cotton prices which had cascading effect on the entire supply chain, resulting instability in the price of the final products of the Company. The cost of production was high due to lower utilisation, increase in the interest rate of the term loan and working capital facilities availed from the Banks. Your Company was unable to run spinning and weaving units in its full capacity due to frequent power cuts. In order to execute the orders in time, some portion of the yarn and fabric were outsourced during the year.

During the year under review, the design division of the Company was hived off by incorporating a new entity viz. M/s. VTX Design Services Pvt. Ltd. for providing exclusive design services to parent and other textile companies. This entity shall develop new creative designs & patterns which meet the latest trends of the customers worldwide.

Mile Stones

Your Company has achieved another milestone by winning the "Five Star Supplier Award" awarded by Macy's Merchandising Group for 13th consecutive year, in recognition of its continued outstanding service to Macy's Merchandising Group. Your Company is the only Company achieves this mammoth feat in the entire Asian region.

Future

The growth and future of Indian textile industry depends upon various factors such as availability of raw material at reasonable rate, uninterrupted power supply, availability of manpower at competitive cost, foreign exchange fluctuation etc. However, the level of exports in textiles from developing countries is increasing even if in the presence of high tariffs and quantitative restrictions by economically developed countries. The Company has planned to enter into the domestic market to increase the utilisation of the various multi-location plants.

The future of your Company's performance looks very promising since the project expansion programme of the company successfully completed during last year and with increased production capacity, the company is in a position to meet its international as well as domestic orders in time.

Your Company progressively entered into hospitality segment comprising hotels and hospitals both in India and abroad. The responses and enquires received in various domestic textile fairs participated by Company, from hospital and hospitality customers, are positive and gives a boost to increase its foothold in the domestic market. Your company enters into new international markets like South Africa, Brazil, Argentina, Australia, Japan, France etc. and it is expected to make consistent growth of the business in the coming years.

Internal Control System and their adequacy

The Company has an adequate system of internal controls commensurate with its size and nature of business to ensure adequate protection for the Company's resources, provision of accurate and speedy financial reports and compliance with the company's policies, procedures and legal obligations. The audit Committee meets periodically with the Management, Internal Auditors and Statutory Auditors to review the internal audit and internal control systems.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Subsidiaries

Your company has two subsidiaries viz. Vijayeswari UK Ltd and Vijayeswari USA LLC. The accounts of the subsidiaries are consolidated with the accounts of Company in accordance with Accounting Standard AS-21 on consolidated financial statements and Listing Agreement prescribed by Securities Exchange Board of India. The Consolidated accounts duly audited by the statutory auditors form part of the Annual Report.

Dematerialization

Out of the 181,69,240 shares, 172,55,053 equity shares stands dematerialized as on 31st March, 2012. M/s. Link Intime India Private Limited, Mumbai, having its branch office at Coimbatore has been retained as the Registrar and Transfer Agents of the Company for all shares both in electronic and physical form.

Listing of Shares

The shares of your Company have been listed in M/s. Bombay Stock Exchange Limited, Mumbai and M/s. Madras Stock Exchange Limited, Chennai.

Directors

Keeping in mind the changing scenario of the business being done by our Company and the changes in the Board of Directors of the Company during the financial year under review, the Board felt the significance to broad base the Board of Directors of the company by inducting more Directors with professional skills and expertise in order to bring diversified proficiency and focused independence to the Board, which would help to shape the strategies for forthcoming growth of the Company. Accordingly, the Board of Directors appointed 3 new Directors to the Board of the Company, a brief profile of them is given under.

New Directors:

The Board of Directors appointed Sri. S. Shreenivasa Rao, Sri. Mohan Rao and Sri. J. Balamurugan as new Directors of the Company to fill the causal vacancies in the Board of Directors.

Sri. S. Shreenivasa Rao is a Post Graduate in Indl. Engg. & Management from NITIE, Mumbai with B. Tech (Elect.) Graduation from IIT, Delhi. He is having over 38 years vast industrial experience and had served in senior management positions for big Groups viz. Forbes Group Co. (part of TATAs) and TVS, for a period of around 22 years. At present, he is running own Textile business at Hyderabad.

Sri. Mohan Rao is a B. Tech (Textile Technology) Graduate of IIT Delhi with 37 years of multifaceted consulting and operational experience. He had served as President-Group Operations for M/s. Himatsingka Seide Ltd., Bangalore where he joined as General Manager in 1988, for a period of 20 years. He had also served as General Manager-Management Services for M/s. Gherzi Textile Organisation, Bangalore, a premier consulting organization to the textile industry. Presently, he is engaged as a Management Consultant to the Corporates.

Sri. J. Balamurugan is a Bachelor of Engineering (Electronics & Communication) from Regional Engineering College, Trichy and has done Management program for Entrepreneurial Firms ('MPEF') from IIM Bangalore. He is an Entrepreneur and having managing experience in the businesses of Cotton Yarn Spinning, Sheet Metal products, IT infrastructure, On-line services and aftermarket automotive enhancements. He was past Chairman of Confederation of Indian Industry, Coimbatore Zone.

Outgoing Directors:

During the year under review, Sri. N. Balakrishnan, Sri. Vijay Raghunath and Sri. Durai Ramaswamy who were Directors of the Company, vacated their offices of the Directors due to personal and health reasons. Capt. K.V. Narayanan vacated his office of the Director effective 10.05.2012 due to health reasons. All these Directors contributed immensely for the growth of the company and the Board places on record its appreciation for the valuable services rendered by them and for the wholehearted support & advice given to the company during their tenure in the Company.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Directors retire by rotation:

Sri. K. Selvaraj and Sri. Mohan Rao, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Fixed Deposits

In terms of the provisions of Sec. 58A, the company has not accepted any deposits from the public during the financial year under review. There was no refund claim of the Fixed Deposits during the year under review and the unclaimed Fixed Deposits as on 31.03.2012 was ₹ 11.27 lakhs.

Auditors

The term of Auditors M/s. Suri & Co., Chartered Accountants, Coimbatore, expires at the end of the ensuing Annual General Meeting and they are eligible for re-appointment. The Audit Committee has recommended their re-appointment. The requisite certificate from Auditors, pursuant to Section 224(1B) of the Companies Act, 1956, has been received by the Company.

Cost Auditors

The Board of Directors has appointed M/s. P. Mohan Kumar & Co., Cost Accountants, Coimbatore as Cost Auditors of the Company for the financial year 2011-12. The Cost Auditing for the said financial year is under process and the Cost Audit report along with Auditor's observations and suggestions, and Annexure shall be filed to the Central Government before its due date i.e. within 180 days from the close of the Company's financial year to which the report relates.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors do hereby confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b. the Directors had selected suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had 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. the Directors had prepared the Annual Accounts on a going concern basis.

The particulars 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 the annexure to this report.

In terms of Section 217 (2A) of the Companies Act, 1956 read with Rule 1A of Companies (Particulars of Employees) Amendment Rules, 2011, the Company has no employee drawing salary exceeding ₹ 60 lakhs per annum or ₹ 5 lakhs per month during the year under review.

Corporate Governance

Your company has complied with Corporate Governance norms as stipulated under clause 49 of Listing Agreement entered into with Stock Exchanges. A detailed report on Corporate Governance forms part of this report. A certificate from statutory Auditors confirming the compliance of governance is attached to corporate governance report.

Management Discussion and Analysis Report

A review of Textile industry, its opportunities and threats, future outlook of the company etc. are covered under the Management Discussion and Analysis Report, which is attached to this report.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Human Resource Management / Industrial Relations

Your company had always been committed to maintain healthy, cordial and harmonious industrial relations at all levels. The work environment of the company is constantly being upgraded. The labor relations continued to be cordial throughout the year and industrial relations were excellent and harmonious.

Exemption U/s. 212(8) of the Companies Act, 1956.

In pursuance of the General Circular vide No.2/2011 dated 08.02.2011, issued by the Ministry of Corporate Affairs, New Delhi, read with Section 212(8) of the Companies Act, 1956, your company is exempted from attaching the Balance Sheet and Profit & Loss Account of the Subsidiaries viz. Vijayeswari UK Ltd and Vijayeswari USA LLC along with the report of Board of Directors and report of Auditors' thereon, with the company's accounts for the year ended 31st March, 2012. Accordingly, the Audited accounts and reports of Directors and Auditors of the said subsidiary companies are not attached to the Balance Sheet of the Company. However, the accounts of the subsidiaries are consolidated with the accounts

of Company in accordance with Accounting Standard 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' forms part of the annual report.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary companies and any shareholders can inspect the same during the business hours of any working day.

Acknowledgement

Your Directors place on record their appreciation of co-operation and support extended by shareholders, customers, bankers and all governmental and statutory agencies. Your Directors also thank the employees for their valuable contribution during the year and look forward to their continued support in the years to come.

Date : 29.05.2012
Place : Coimbatore

By the Order of the Board
For VTX Industries Limited
A.L. Ramachandra
Chairman & Managing Director

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



FORM A

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

A. Power and Fuel Consumption

	2011-12	2010-11
1. ELECTRICITY		
a) Purchased		
Units	1,33,38,600	1,79,72,663
Total Amount (in ₹)	7,31,55,178	10,06,95,651
Rate per unit (in ₹)	5.48	5.60
b) Own Generation		
i) Through Diesel Generator		
Units	10,33,145	27,92,620
Units per Litre of Diesel Oil	2.83	2.81
Cost per Unit (in ₹)	15.34	13.68
ii) Through Steam Turbine/Generator/Wind Mill		
Units (Windmill energy produced)	66,51,876	86,79,773
Units per litre of Fuel Oil/Gas	-	-
Cost per unit	-	-
2. COAL		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average rate	-	-
3. FURNACE OIL		
Quantity (K. Litres)	-	-
Total Amount (in ₹)	-	-
Average rate (in ₹)	-	-
4. OTHERS/INTERNAL GENERATION		
Quantity	-	-
Total Cost	-	-
Rate per unit	-	-

B. Consumption per unit of production

Units consumed/product (with details)

Electricity/Furnace oil/Coal/others 6.50 7.70

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 are furnished in Note No. 30 forming part of the Financial Statements.

By the Order of the Board
For VTX Industries Limited

A.L. Ramachandra
Chairman & Managing Director

Date : 29.05.2012
Place : Coimbatore

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments

Textile Industry

In the fiscal year 2011-12, the Indian textile industry has shown tremendous resilience and tried to overcome the adverse circumstances prevailing in most of 2011 to the best of its abilities and marched ahead to become one of the largest suppliers of the textile goods in the world. The year 2011-12 began with the removal of restrictions on exports of cotton and cotton yarn. However, the temporary suspension of yarn exports that prevailed during the period January to March 2011 took its toll in the form of a sharp decline in exports during first six months of the fiscal year under review.

The Textile Industry in general was upbeat on the measures announced in the Union Budget 2012-13. The exemption of Customs duty on automatic shuttleless looms will certainly give a boost to the modernization efforts of the textile industry in the weaving sector and the increase in the abatement rate for branded garments will have positive impact on the textile industry and will help India to emerge as a vibrant hub for fabric production in south Asia.

The western countries are now setting up their manufacturing units in India which single handedly opens up a wide array of possibilities for all the stakeholders within the textile industry. Experts believe that the golden era of Chinese textile and apparel exports is over and the production base of global textiles is gradually shifting from China to India, Pakistan and other low cost destinations.

The Indian Textile Industry is likely to grow by 16% this year and could reach US \$115 Billion by 2012 end, according to the reports. The Indian Textile and Clothing Industry is one of the most important industries to the Indian economy in terms of output, foreign exchange earnings and providing employment. This industry contributes 4 % to the country's GDP, about 14% to the total industrial production and around 17% of India's foreign exchange earnings. It

provides direct employment to over 35 million people and is the second largest provider of employment after agriculture.

Opportunities

- ❖ The Company is equipped with efficient quality control department with latest quality control and testing equipments, most of which are imported from Switzerland and efficient & trained personnel. This helps the company to ensure internationally recognized high quality products.
- ❖ As the Company could successfully complete the project expansion programme in the last fiscal year, it plans to augment the production which would lead to achieve the increased turnover and profitability. The optimum utilization of the installed capacities helps the company to ensure timely delivery of the international orders.
- ❖ The company is actively engaging in promotional activities including attending textile fairs in India and abroad and also doing sales campaigns in domestic market so as to establish identity and recognition for its products. The company could secure good international orders and enquires from customers, when participated in the International textile fairs.
- ❖ The Company develops the brand building activities for its products in the domestic market as well as international market and it realizes the potential in establishing a unique brand identity for its products which serves the Company in competing globally as well as domestically.

Threats and Challenges to the Industry

The cotton industry is presently facing challenges like slow demand and a loss in margins, but a recovery is expected on account of falling cotton prices, though this could be negated by further volatility in input costs or forex movements. The margin pressure would persist for the cotton industry, which is driven by rising power & wage costs and higher interest rates.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Indian textile industry is under pressure to maintain high growth rates and consolidate its position in the World markets. There is a need to broad base industry's product portfolio and enhance its presence in the newer and emerging markets which are expected to show a better economic growth as compared to the markets of developed countries.

The Industry will have higher input tax burden on account of increase in excise duty and service tax by 2%, as announced at the Union Budget 2012-13.

Threats to the Company

Due to increase in competition globally as well as domestically, there arises need to follow the austere measures in the operational side and the shift of focus would be more on striving for continuous improvement in quality aspects of the products. This would help the company to strengthen its competitiveness in the global arena particularly against the big players in the market. The Company is slowly shifting its focus to newer international markets.

The fluctuation in forex market poses a threat to the Company due to its large dependence on US and EU customers and the availability of raw material at a reasonable price is also one of the concerns for the Company. In order to safeguard from forex fluctuation, the company depends upon the Forward Cover. Sudden spurt in yarn prices, non availability of raw material at reasonable prices and unfavorable government policies affecting the procurement of raw material, are also considered as possible future threats to the Company.

Personnel

VTX continued its effort to strengthen the human resource system, realizing the fact that human resource is the key factor of future growth strategy. The Company focuses to upgrade skills of human resources and boost their motivational levels so as to achieve organisation excellence and to enhance their contributions to meet company's goals. The HR department is entrusted to training and motivating of the employees of the company. The relationship with the employees remained cordial throughout the year.

Internal Control System

The company has a proper and appropriate Internal Control System to ensure proper utilization of funds, safeguarding of assets against unauthorized use or disposition, true and fair reporting and compliance with all regulatory laws and company policies. Internal auditors regularly check the adequacy and effectiveness of internal control system and compliances of various procedures and policies. The recommendations made by the internal auditors in respect of operational and financial management is used to formulate management policies and risk management procedures.

Cautionary Statement

Statements in this report, especially those relating to Management Discussion and Analysis giving details of company's objectives, projections 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.

By the Order of the Board
For VTX Industries Limited

A.L. Ramachandra
Chairman & Managing Directors

Date : 29.05.2012
Place : Coimbatore

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Corporate Governance policy adopted by the company is aimed to attain the highest levels of transparency, accountability and integrity. Your company believes in principles of good corporate governance which provides sustained growth and long term benefits for all stake holders. By these practices, company ensures that all parties associated with the company obtain requisite information on time, which helps them to make informed decision.

2. Board of Directors

The present Board of Directors of the Company consists of seven Directors of which two Directors viz. Chairman & Managing Director and Managing Director are Executive Directors. The remaining five Directors are Non-Executive Independent Directors, who bring independent judgement in the Board's deliberations and decisions. The composition of the Board of Directors is in accordance with provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges. The Board of Directors, overviews the performance of the Company, approves and reviews policies/strategies and evaluates management performance.

The composition of the Board of Directors and attendance of Directors at the Board Meetings held during the year under review and at the last Annual General Meeting, and also 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. A.L. Ramachandra	Chairman & Managing Director/ Promoter	4	Yes	2	-
Smt. Jayanthi Ramachandra	Managing Director/ Promoter	4	Yes	2	-
Sri. V. Dharmaraj	Non-Executive Independent	3	Yes	-	-
Sri. K. Selvaraj	Non-Executive Independent	1	Yes	1	-
Sri. P. Vijay Raghunath *	Non-Executive Independent	2	No	2	1/1
Sri. N. Balakrishnan *	Non-Executive Independent	2	No	1	1/1
Sri. Durai Ramaswamy *	Non-Executive Independent	1	No	-	-
Capt. K.V. Narayanan **	Non-Executive Independent	3	No	1	1/-

Note:

* During the year under review, Sri. N. Balakrishnan, Sri. Vijay Raghunath and Sri. Durai Ramaswamy who were Directors of the Company, vacated their offices of the Directors due to personal and health reasons.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



** Capt. K.V. Narayanan, Director of the Company, participated the Board Meeting held on 04.02.2012 through Video Conferencing.

Excludes the Directorship in Private Companies and Foreign Companies.

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

Capt. K.V. Narayanan vacated his office of the Director effective 10.05.2012 due to health reasons. The Board of Directors appointed Sri. S. Shreenivasa Rao and Sri. Mohan Rao as new Directors of the Company effective 10.05.2012 and Sri. J. Balamurugan was appointed as new Director effective 29.05.2012, to fill the causal vacancies in the Board. A brief profile of the new Directors is given in the Directors' report forming part of the Annual Report.

During the financial year under review, four Board Meetings were held. The date on which Meetings were held are given below:

Dates of Meeting	28.05.2011	13.08.2011	04.11.2011	04.02.2012
No. of Directors present	6	6	4	4

3. Audit Committee

The present Audit Committee of the company comprises 3 Non-Executive Independent Directors. The role, power and functions of the Audit Committee are in strict adherence of 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 the Committee are as required by SEBI under Clause 49 of the Listing Agreement.

The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. The committee is authorized 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 Audit Committee met 4 times on 28.05.2011, 13.08.2011, 04.11.2011 and 04.02.2012 during the year under review. The composition of the Audit Committee and details of Members' attendance at the Meetings held during the year under review 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	2
Sri. Durai Ramaswamy	Non Executive - Independent	1
Capt. K.V. Narayanan	Non Executive - Independent	2

During the year under review, Sri. N. Balakrishnan and Sri. Durai Ramaswamy who were the members of the Committee, vacated their offices effective 04.11.2011 and 04.02.2012 respectively. Capt. K.V. Narayanan who was appointed as Committee Member, vacated his office effective 10.05.2012. The Board of Directors appointed Sri. S. Shreenivasa Rao and Sri. Mohan Rao as new Members of the Committee effective 10.05.2012 and 29.05.2012 respectively.

The representatives of the Statutory and Internal Auditors of the Company had also attended the meetings. The Minutes of the Audit Committee meetings were placed before the Board Meetings where the same was discussed and taken note thereof. The Audit Committee considered and reviewed the financial reports for the year 2011-12 before it was placed at the Board Meeting.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



4. Remuneration Committee

The Remuneration Committee presently comprises 3 Non-Executive Directors viz. Sri. V. Dharmaraj, Sri. Mohan Rao and Sri. J. Balamurugan. Sri. P. Vijay Raghunath, who was the member of the Committee, vacated the office effective 04.02.2012. During the year under review, no meeting of the Remuneration Committee was held.

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.

Details of remuneration paid to the Directors for the year ended 31st March, 2012.

a) Executive Directors

Name	Position	Total Remuneration (₹. in lakhs)	Service Contract
Sri. A.L. Ramachandra	Chairman & Managing Director	48.00	5 years from 01.07.2007
Smt. Jayanthi Ramachandra	Managing Director	48.00	3 years from 12.09.2010

Remuneration include salary & Company's contribution to Provident Fund.

b) Non Executive Directors

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

Name of the Director	Sitting Fees (in ₹)
Sri. V. Dharmaraj	48,000
Sri. K. Selvaraj	8,000
Capt. K.V. Narayanan	40,000
Sri. P. Vijay Raghunath	16,000
Sri. N. Balakrishnan	32,000
Sri. Durai Ramaswamy	16,000

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors.

5. Shareholding of Directors

Details of shares of the Company held by Directors of the Company as on 31st March, 2012 are given below:

Name of the Director	No. of Shares	Percentage
Sri. A.L. Ramachandra	9400	0.05
Smt. Jayanthi Ramachandra	18920	0.10
Sri. V. Dharmaraj	129220	0.71

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



6. Shareholders / Investors Grievance Committee

The Shareholders / Investor Grievance Committee had met 4 times during the year 2011-12. The function of the Committee is mainly to review and redress shareholders and investors query, grievance and 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 the Shareholders / Investors Grievance Committee and the attendance of the Members at the meetings are given below:

Name of the Member	Status	No. of Meeting attended
Sri. V. Dharmaraj (Chairman)	Non Executive - Independent	4
Sri. A.L. Ramachandra	Chairman & Managing Director	4
Smt. Jayanthi Ramachandra	Managing Director	4

During this period under review, the Company had received 6 queries and 1 complaint from the shareholders which were attended to and resolved satisfactorily. There were no pending complaints and share transfers as on 31st March 2012. The Minutes of the Share Transfer and Investors Grievance Committee were noted by the Board at the subsequent Board Meetings.

Mr. Jaison Thomas, Company Secretary is the Compliance Officer of the Company. In terms of the clause 47(f) of the Listing Agreement, your Company has an exclusive E-mail ID viz. investors@vtx.co.in for registering the investor complaints/grievances, if any.

7. General Body Meetings

a) Annual General Meeting

The details of the Annual General Meetings held during last 3 years are given below:

Year	Venue	Date	Time
2010 - 11	Regd. Office, 2/185, Puliampatti, Pollachi	05.08.2011	4.30 P.M.
2009 - 10	Regd. Office, 2/185, Puliampatti, Pollachi	31.07.2010	4.00 P.M.
2008 - 09	Regd. Office, 2/185, Puliampatti, Pollachi	04.09.2009	4.00 P.M.

No Extra Ordinary General Meeting was held during last three years. There was no resolution passed through postal ballot during the financial year under review.

b) Special resolutions passed at last three AGMs

Special Resolutions for the following matters were passed at above referred AGMs by the shareholders with requisite majority:

Year	Details of special resolutions passed
2010 - 11	1) Revision of the remuneration payable to Sri. A.L. Ramachandra, Chairman & Managing Director. 2) Re-appointment of Smt. Jayanthi Ramachandra, Managing Director, with revision of the remuneration.
2009 - 10	(1) Re-appointment of Sri. K. Rajagopal as Chairman and Managing Director for a period of one year with effect from 26 th October 2009. (2) Approval on variation in the utilization of Public Issue proceeds as per Section 61 of the Companies Act, 1956.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



b) Special resolutions passed at last three AGMs (Contd.)

Year	Details of special resolutions passed
	(3) Change of Company's name as per Sec. 21 of the Companies Act, 1956.
	(4) Re-appointment of Sri. K. Rajagopal as Chairman and Managing Director for a period of three year with effect from 26 th October 2010.
2008 - 09	No special resolution was passed.

8. Disclosures

- a) 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. 37 forming part of the Financial Statements.
- b) The Disclosure under Clause 5A of the Listing Agreement read with SEBI Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April 2009, is given under:

Particulars	No. of Shareholders	Total No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as on 01.04.2011	34	3750
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 from suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2012	34	3750

The Company has opened a separate unclaimed shares demat account with M/s. Coimbatore Capital Ltd, Coimbatore solely for the above specific purpose and the voting rights of unclaimed shares as on 31.03.2012 shall remain frozen till the rightful owners of such shares claim these shares.

- c) During the year, there were no penalties strictures 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.
- d) The Company does not have any Whistle Blower Policy. However, the employees are not denied the direct access to the Managing Director. Besides, the Managing Director is reachable via e-mail and telephone.
- e) The Board of Directors has laid down a CODE OF CONDUCT which ensures prevention of dealing in company's shares by persons having access to unpublished price sensitive information. All Board Members and Senior Management personnel have affirmed their compliance with the Code of Conduct for the year under review. The Chairman & Managing Director's declaration to this effect forms part of this report.
- f) 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.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



9. Means of Communications

The quarterly, half-yearly and yearly financial results of the Company are being sent to the Stock Exchanges immediately after the approval of the Board. The financial results are normally published in the news papers viz. Business Line/Business Standard and Malai Malar and displayed on the Company's website www.vtx.co.in. All data relating to quarterly Financial results, Shareholding pattern, Corporate announcement etc. are also available at the website 'www.corpfilings.co.in' being jointly maintained by BSE & NSE.

10. General Shareholders Information

a) Annual General Meeting :

Day, Date, Time & Venue : Wednesday, 22.08.2012 at 4.00 P.M. at 2/185, Puliampatti (via), Pollachi, Coimbatore - 642 002 (Registered Office of the Company)

b) Financial Reporting :

(Tentative & subject to change)

Financial year - April to March
(i) First Quarter Results - second week of Aug. 2012
(ii) Half-yearly Results - last week of October 2012
(iii) Third Quarter Results - last week of January 2013
(iv) Annual Audited Results - last week of May 2013

c) Date of Book Closure :

11.08.2012 to 22.08.2012 (both days inclusive)

d) Dividend :

Dividend for 2011-12 : Nil

e) Listing on Stock Exchange :

Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001.
Madras Stock Exchange Ltd. "Exchange Building"
Post Box No. 813, 11, Second Line Beach Chennai - 600 001

Type of security :

Equity - Scrip Code: 532824

International Security

Identification No. (ISIN) :

INE119G01025

Corporate Identity Number :

L171111TZ1953PLC000248

f) Stocks Price Data

The high and low prices of the Company's Stock during each month in the last financial year, quoted on Bombay Stock Exchange Limited are given below:

Month	Apr'11	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan'12	Feb	Mar
High Price	21.85	21.70	20.80	18.35	17.80	15.00	14.90	16.50	14.70	18.40	19.00	18.40
Low Price	16.30	15.00	14.50	15.90	12.00	12.16	12.00	12.15	11.75	12.11	15.00	12.10
No. of Shares	109132	106967	64850	107757	89362	25669	39576	115869	24578	35685	41979	48125

No. of Shareholders as on 31.03.2012 : 4676

Details of past Share Issues:

Original Issue	: 1954 - 55	Rights Issue	: 2003 - 04
Bonus Issue	: 1981 - 82	Bonus Issue	: 2006 - 07
Bonus Issue	: 1991 - 92	Public Issue	: 2006 - 07

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



g) Registrar & Share Transfer Agents :

M/s. Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills compound, Bhandup (West), Mumbai 400 078, having its branch office at Coimbatore is the Registrar and Transfer Agents of the Company. Share Transfers, Dematerialization of shares and all other investor related activities are attended and processed at the office of the Registrar & Transfer Agent. Share holders/ Investors/Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the Registrar at the following address:

Link Intime India Pvt Ltd.

"Surya"35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road,
Coimbatore – 641 028 Phone : 0422-2314792, 2315792. Fax : 0422 - 2314792.
E-mail : coimbatore@linkintime.co.in

h) Share Transfer System :

At the meetings of the Shareholders/Investors Grievance Committee of the Board, proposals for Share Transfer are being placed and the same are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. Under the same system, the shareholder can approach a Depository Participant ('DP') with physical share certificates for dematerialization. The DP will generate a Demat request which will be sent to the Registrar and Transfer Agent along with share certificates. On receipt of the same, the Registrar and Transfer Agent will Demat the shares. As at 31st March 2012 there was no Equity Shares pending for transfer and also there was no Demat request pending as on that date.

The shareholding pattern and distribution of shareholdings as on 31st March 2012 are given below:

i) Shareholding pattern as on 31st March 2012

Classification	No. of Shares	%
Promoters Group	8667194	47.70
Banks/Financial Institutions	1501150	8.26
Private Corporate Bodies	3728606	20.52
Non Resident Indians	182326	0.99
Indian Public	4089964	22.53
Total	18169240	100.00

ii) Distribution of Shareholdings as on 31st March 2012

Slab (No. of Shares)	No. of Shareholders	No. of Shares	% of shares
1 to 500	3564	591396	3.25
501 to 1000	502	413862	2.27
1001 to 2000	288	456924	2.52
2001 to 3000	95	240829	1.33
3001 to 4000	52	190831	1.05
4001 to 5000	35	164729	0.91
5001 to 10000	60	432332	2.38
Above 10000	80	15678337	85.66
Total	4676	18169240	100.00

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



i) Dematerialisation of Shares

The shares of the company are dematerialized with National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL') and as on 31st March, 2012, 94.97% of the total equity capital is held in the Demat form with NSDL and CDSL. Equity shares of the company are in the compulsory demat mode and trading in equity shares of the company is permitted only in dematerialized form.

There are no outstanding Warrants or any Convertible instruments. The company has not issued GDR/ADR.

j) 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.

k) Plant Locations :

Spinning Division	Weaving Division	Processing Division	Madeups Divisions
Puliampatti (via), Pollachi, Coimbatore	Arakkulam, Palladam	SIPCOT, Industrial Complex, Perundurai	1. Kuniamuthur, Coimbatore 2. Pilchinampalayam, Coimbatore 3. Palladam Hi-Tech Weaving Park

l) Address for correspondence

The shareholders may address their communications/suggestions/queries to:

Corporate Office	Registrar and Transfer Agent
The Company Secretary 10/400 Palghat Road, Kuniamuthur, Coimbatore – 641 008. Ph: 0422 4333444, Fax: 0422 2251538 Email: investors@vtx.co.in	Link Intime India Pvt Ltd (Branch Office) "Surya" 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 Ph: 0422 2314792/2315792 Fax: 0422 2314792 Email: coimbatore@linkintime.co.in

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

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CODE OF CONDUCT - DECLARATION UNDER CLAUSE 49(I)(D)

To
The Members of VTX Industries Ltd.,
In pursuance of the Clause 49 (I)(D) of the Listing Agreement entered into with the Stock Exchanges, all Directors, Senior Management & Employees of the Company have affirmed to the compliance with the CODE OF CONDUCT laid down by the Company, as on 31st March 2012.

Place : Coimbatore
Date : 29.05.2012

For VTX Industries Ltd.
A L Ramachandra
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

To
The Members of VTX Industries Limited,
Puliampatti (Via), Pollachi,
Coimbatore District.

We have examined the compliance of conditions of Corporate Governance by VTX INDUSTRIES LIMITED for the year ended on 31.03.2012 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 has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said

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

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.

Place : Coimbatore
Date : 29.05.2012

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S
K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



AUDITORS' REPORT TO THE SHAREHOLDERS OF VTX INDUSTRIES LIMITED, COIMBATORE

We have audited the attached Balance Sheet of VTX INDUSTRIES LIMITED, COIMBATORE as at 31st March, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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 the 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 the Companies' (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act 1956, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

As required by the Section 227(3) of the Companies Act 1956, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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.
3. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

4. In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report, comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012, 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.39 regarding adoption of depreciation rates applicable to continuous process plant in respect of plant & machinery of Spinning and Processing units and wind mills which is a technical matter. Due to this policy adopted by the company, the depreciation for the year is lowered by ₹ 478.19 Lakhs (PY ₹ 371.70 Lakhs) with consequential effect on the loss for the year.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
- ii) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner

Place : Coimbatore

Date : 29.05.2012

Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



ANNEXURE TO THE AUDITORS' REPORT

1. (a) The Company is in the process of updating its fixed assets register.
 - (b) The Fixed Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and nature of business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt with in books of account.
 - (c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
2. (a) According to information and explanations furnished to us, the inventories are physically have been verified by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company has maintained proper records of inventory, and no material discrepancies were noticed on such physical verification of inventories and other discrepancies noticed have been appropriately dealt with.
3. The Company has neither taken nor granted any loans, secured or unsecured, to or from parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations furnished to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. (a) The transactions that need to be entered into the register required to be maintained in pursuance of Section 301 of the Act have been so entered.
 - (b) According to the information and explanations furnished to us these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956. The company has complied with the directives issued by Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from public.
7. The Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the central government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Investor Education and protection Fund, 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 following cases which are outstanding as on 31st March, 2012 for a period of

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



more than 6 Months from the date they became payable.:

S. No.	Nature of Dues	Amount ₹ in Lakhs
1.	Provident Fund	85.50
2.	Employees State Insurance	7.58
3.	Wealth Tax	0.96
4.	Income Tax	91.51
5.	Dividend Distribution Tax	17.68
6.	Tax Deducted at Source	53.98

b. There are disputed dues of Tax which have not been deposited and the amounts involved, the forum where disputes are pending as under:

Name of the Statute	Nature of the dues	Amount of demand/ (Paid) (₹ in lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	30.54 (30.54)	1999-00	Madras High Court
Income Tax Act, 1961	Income tax	27.30 (27.30)	2004-05	CIT (Appeal)

10. The company has accumulated losses at the end of the financial year, but it has not exceeded the fifty percent of its networth. The company has incurred cash losses during the financial year covered by the audit and has not incurred cash losses in the immediately preceding financial year.

11. In our opinion and according to information and explanation given to us, the company has not defaulted in repayment of its dues to financial institutions, banks and debenture holders except the term loan installments due from the quarter ended 30.09.2011 to 31.03.2012 of ₹ 1700.42 Lakhs (₹ 863.94 Lakhs towards principal and ₹ 836.48 Lakhs towards interest).

12. The company has not granted any loans/ advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company not being a Chit fund, Nidhi or mutual benefit Society, the requirements of clause (xiii) of paragraph 4 of the Order is not applicable to the company.

14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause (xiv) of paragraph 4 of the Order is not applicable to the company.

15. According to the information and explanation 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 explanation given to us the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.

17. According to the information and explanation given to us and on an overall examination of the Balance sheet of the company, we are of the opinion that there are no funds raised on short term basis have been used for long term purposes.

18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued any debentures during the year.

20. The Company has not raised any money by way of public issues during the year.

21. According to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the year.

For Suri & Co.

Chartered Accountants
Firm Regn. No: 004283S

K Hariharan

Partner

Place : Coimbatore

Date : 29.05.2012

Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	1,816.92	1,816.92
Reserves and surplus	2	9,196.48	11,819.55
2 Non-current liabilities			
Long-term borrowings	3	10,780.17	12,980.65
Deferred Tax Liabilities (Net)	4	-	382.30
Long-term provisions	5	240.57	168.06
3 Current liabilities			
Short-term borrowings	6	12,697.51	11,552.23
Trade payables	7	1,976.44	1,544.40
Other current liabilities	8	4,808.67	3,302.65
Short-term provisions	5	-	126.70
TOTAL		41,516.76	43,693.46
II. ASSETS			
1 Non-current assets			
Fixed assets	9		
i) Tangible assets		20,727.70	21,512.57
ii) Intangible assets		304.82	620.18
iii) Capital work-in-progress		-	-
iv) Intangible assets under development		-	-
Non-current investments	10	6.53	1.21
Deferred tax assets (net)	4	363.61	-
Long-term loans and advances	11	991.58	965.53
Other non-current assets	12	151.11	337.72
		22,545.35	23,437.21
2 Current assets			
Inventories	13	12,524.24	11,850.28
Trade receivables	14	4,832.25	4,873.46
Cash and cash equivalents	15	16.31	190.53
Short-term loans and advances	11	311.55	2,125.53
Other current assets	12	1,287.06	1,216.45
		18,971.41	20,256.25
TOTAL		41,516.76	43,693.46

Significant Accounting Policies

Notes on Financial Statements 1 to 43

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(₹ in Lakhs)

	Notes	As at 31.03.2012	As at 31.03.2011
INCOME			
Revenue from operations (gross)	16	18,900.72	16,497.41
Other income	17	236.12	188.73
Total Revenue		19,136.84	16,686.14
EXPENDITURE			
Cost of materials consumed	18	10,483.63	5,739.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(4,786.73)	(2,527.90)
Employee benefits expense	20	2,081.85	1,903.13
Other expenses	21	7,172.87	7,275.66
Depreciation and Amortisation	22	1,840.29	1,416.68
Finance Cost	23	3,480.02	2,034.26
Total Expenditure		20,271.94	15,841.04
Profit / (Loss) before exceptional and extraordinary items		(1,135.10)	845.10
Exceptional Items		-	-
Profit/ (Loss) before extraordinary items & tax		(1,135.10)	845.10
Extraordinary item	24	(2,233.81)	-
Profit / (Loss) before tax		(3,368.91)	845.10
Tax expense:			
a) Current tax expense for current year		-	168.43
b) (Less): MAT credit (where applicable)		-	(152.12)
c) Current tax expense relating to prior years		0.09	-
d) Net current tax expense		0.09	16.31
e) Deferred tax		(745.92)	114.85
Profit / (Loss) for the year		(2,623.08)	713.94
Earnings per share (of ₹ 10/- each):	25		
Earning per share before extraordinary item			
Basic and Diluted		(2.14)	3.93
Earning per share after extraordinary item			
Basic and Diluted		(14.44)	3.93
Significant Accounting Policies			
Notes on Financial Statements	1 to 43		

For and on behalf of the Board of Directors of VTX Industries Ltd.

As per our Report of even date

A.L. Ramachandra
Chairman & Managing Director

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S
K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
A. Cash Flow From Operating Activities :-		
Net profit/(Loss) before Tax	(3,368.90)	845.10
Adjustments for :		
Depreciation and Amortisation	1,840.29	1,416.68
Profit on Sale of Investments	-	(72.80)
Loss on sale of Assets	-	26.41
Interest Receipts	(30.34)	(26.86)
Extraordinary Items	2,233.81	-
Finance cost	3,480.02	1,951.69
Exceptional Items	-	-
	<u>7,523.78</u>	<u>3,295.12</u>
Operating Profit before Working Capital Changes	4,154.87	4,140.22
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	2,053.20	1,631.70
(Increase) in Inventories	(673.98)	(2,470.65)
Increase/(Decrease) in Trade Payables	651.32	(637.42)
	<u>2030.55</u>	<u>(1,476.37)</u>
Cash Generated from Operations	6185.42	2,663.85
Direct Taxes Paid	-	(90.22)
	<u>6,185.42</u>	<u>2,573.64</u>
Cash Flow before Extra Ordinary Items	6,185.42	2,573.64
Extraordinary Items	(2,233.81)	-
Net Cash from Operating Activities (A)	3,951.61	2,573.64
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(739.99)	(2,213.59)
Sale of Fixed Assets	-	110.04
Purchase of Investments	(5.32)	-
Sale of Investments	-	810.80
Interest Received	30.34	14.36
	<u>(714.97)</u>	<u>(1,278.39)</u>
Net Cash used in Investing Activities (B)	(714.97)	(1,278.39)
C. Cash Flow From Financing Activities :		
Loan from Banks (net)	(653.43)	614.59
Fixed Deposits repaid	-	(0.77)
Dividend Paid	(108.19)	(105.61)
Finance cost	(2,649.24)	(2,140.76)
	<u>(3,410.87)</u>	<u>(1,632.55)</u>
Net Cash from Financing Activities (C)	(3,410.87)	(1,632.55)

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012 (Contd.)

(₹ in Lakhs)

	As at 31.03.2012	As at 31.03.2011
Net increase in Cash & Cash Equivalents (A + B + C)	(174.22)	(337.30)
Cash & Cash Equivalents as at the beginning of the year	190.53	527.83
Cash & Cash Equivalents as at the end of the year	16.31	190.53
Components of Cash and Cash Equivalents		
Cash on Hand	9.71	13.90
With banks - on Current Account	6.60	176.63
Total Cash and Cash Equivalent (Note 15)	16.31	190.53

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles, and the provisions of the Companies Act, 1956 as adopted consistently the Company.

II. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted principles requires estimates and assumptions to be made which would affect the assets, liabilities, revenues and expenses during the reporting period. Such estimates are revised ongoing basis as a result of new information, or subsequent development. Differences between the actual results and estimates are recognized in the period in which the results are known /materialized.

III. FIXED ASSETS

A. Tangible Assets:

Fixed assets are stated at original cost net of Tax/duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment. Cost includes preoperative expenses (net of income accrued) and all expenses related to acquisition and installation of the concerned assets and those incurred upto the date of commercial production.

B. Intangible Assets:

Expenditure incurred in respect of acquisition and development of designs, patents and other intangibles up to the date of commercialization are recognized as intangible assets if it is identifiable, capable of being controlled and from which future economic benefits are expected to flow to the enterprise. Intangible assets are stated at cost net of

tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

IV. IMPAIRMENT OF ASSETS

As at each Balance sheet date, the carrying amount of assets is tested for impairment so as to determine

- (i) The extent of recognition of impairment loss, if any, required or
- (ii) The reversal, if any, required of impairment loss recognized in previous periods.

Where the carrying amount of an asset exceeds its recoverable amount; such excess is recognized as impairment loss and charged to the Statement of Profit and Loss.

V. BORROWING COSTS

- (i) Borrowing costs that are attributable to the manufacture, acquisition or construction of qualifying assets, are included as part of the cost of such assets. Other borrowing costs are recognized as expense in the period in they are incurred.
- (ii) A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

VI. DEPRECIATION AND AMORTIZATION

- 1) 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.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



- c) On all other assets (Including plant and machinery acquired on or before 1.4.1993) on WDV basis at Schedule XIV rates.
- 2) Depreciation on additions and deletions of the fixed assets are charged pro-rata basis.
- 3) Amortization on intangible assets is charged equally over the estimated useful life of the asset, not exceeding three years, commencing from the year of commercialization. The useful life is estimated based on the evaluation of future economic benefits expected to flow from such assets.

VII. INVESTMENTS

- (i) Current investments are carried at lower of cost and fair value. Unquoted investments are carried at cost.
- (ii) Long term investments are carried at cost. However provisions for diminution to recognize a decline, other temporary in the value of investments is made.

VIII. INVENTORIES

Inventories are valued at lower of cost or net realizable value.

Finished Goods – Yarn, Madeups and Waste at weighted average cost or net realizable value whichever is lower.

Raw Materials, Stock in Process, Stores and spares and canteen stock at weighted average cost.

IX. REVENUE RECOGNITION

The Company recognizes income and expenditure on accrual basis and recorded in the financial statements to the period to which they relate. 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.

X. FOREIGNCURRENCY TRANSACTIONS

- (i) All Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- (ii) Foreign currency monetary assets and liabilities at reporting date are realigned to the exchange rate prevailing at the said date and difference on realignment is recognized in the Statement of Profit & Loss.
- (iii) Exchange difference arising on the date of settlement is recognized as income or expense in the period in which they arise.
- (iv) Premium / discount in respect of Forward Contracts are amortized as expense / income over the period of contract.
- (v) Non-monetary foreign currency items are carried at Cost.

XI. EMPLOYEE BENEFITS

- (a) Short-term employee benefits are recognized as an expense at the nominal values in the profit and loss account of the year in which the related service is rendered.
- (b) Post employment and other long-term benefits, which are defined benefit plans are recognized as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognized based on the present value of the obligation determined on actuarial basis. The liability is assessed using Projected Unit Credit (PUC) actuarial method. Actuarial gains & losses are charged to the profit and loss account.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



- (c) Payments to defined contribution schemes are charged as expense as and when incurred.
- (d) There is no scheme for encashment of unavailed leave on retirement since the unavailed earned leave is settled annually and accounted on payment.

XII. TAXES ON INCOME

- (i) Taxes on income are accrued in the same period as the revenue and expenses to which they relate.
- (ii) Current Tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.
- (iii) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iv) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realized.

XIII. PRIOR PERIOD ITEMS

Expenses/Income which arise in the current period as a result of errors or omissions of one or more periods are included in the determination of net profit or loss for the current period and are disclosed by way of Notes to the Accounts.

XIV. EXTRAORDINARY ITEMS

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the company and, therefore, are not expected to recur frequently or regularly and are disclosed by way of Notes to the Accounts.

XV. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

- (i) Provision is recognized in respect of present obligations requiring settlement by outflow of resources and of which a reliable estimate on the amount of obligation could be made.
- (ii) Contingent liability is not recognized and disclosed unless the possibility of outflow of resources embodying economic benefit is remote. Possibility obligation that arises from past events and the existence of which is subject to occurrence or non occurrence of uncertain future event/s is disclosed.
- (iii) Contingent assets are neither recognized nor disclosed in the financial statements.

XVI. GOVERNMENT GRANTS:

The company recognizes Government grants only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received. Grants relating to fixed assets are shown as deduction from the gross value of the assets. Grants related to revenue is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The capital grants towards promoters contribution is recognized as capital reserve.

XVII. LEASE

Lease payments on assets taken on lease are recognized as an expense on a straight line basis over the lease term.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Note - 1 : Share Capital

Particulars	No. of Shares	As at 31.03.2012	No. of Shares	As at 31.03.2011
Authorised				
Equity Share of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
Issued				
Equity Share of ₹ 10/- each	18,169,240	1,816.92	18,169,240	1,816.92
Subscribed and fully Paid up				
Equity Share of ₹ 10/- each fully paid	18,169,240	1,816.92	18,169,240	1,816.92
Subscribed but not fully Paid up				
Equity Shares of ₹ 10/- each not fully paid up	-	-	-	-
Total	18,169,240	1,816.92	18,169,240	1,816.92

a) Reconciliation of shares outstanding at the beginning and the end of the reporting period

(₹ in Lakhs)

Particulars	Equity Shares			
	No. of Shares	As at 31.03.2012	No. of Shares	As at 31.03.2011
Shares outstanding at the beginning of the year	18,169,240	1,816.92	18,169,240	1,816.92
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	18,169,240	1,816.92	18,169,240	1,816.92

The terms/ rights attached to Equity Shares:

The company has only one class of Equity Shares having par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

During the year ended 31st March, 2012, the amount of per share dividend recognised as distributions to equity shareholders was Nil (31st March, 2011 : ₹ 0.60)

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- b) Aggregate number of bonus shares issued, for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Equity shares:	
Fully paid up pursuant to contract(s) without payment being made in cash	NIL
Fully paid up by way of bonus shares by capitalization of securities premium	NIL
Shares bought back	NIL

- c) Details of Shareholders holding more than 5% shares in the company

Name of Shareholder	Equity Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Seshraj Enterprises Private Ltd	7,846,674	43.19	7,846,074	43.18
IDBI Capital Market Services Ltd	2,992,850	16.47	2,992,850	16.47

Note - 2 : Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
a. Capital Reserves		
Opening Balance	42.89	42.89
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	42.89	42.89
b. Securities Premium Account		
Opening Balance	7,906.86	7,906.86
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Closing Balance	7,906.86	7,906.86
c. General Reserve		
Opening Balance	3,282.56	3,282.56
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,282.56	3,282.56
d. Surplus		
Balance as per last financial statements	587.24	-
Profit for the year	(2,623.08)	713.94
Less: Appropriations		
Proposed final equity dividend	-	109.02
Tax on proposed equity dividend	-	17.68
Closing Balance	(2,035.83)	587.24
Total	9,196.48	11,819.55

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Note - 3 : Long Term Borrowings

Particulars	Non Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Term loans				
1. Indian Rupee Term Loan from Banks (Secured)				
Term loan from Consortium of Banks	10,578.86	12,932.27	3,892.30	2,742.02
Vehicle loans	34.38	48.38	23.50	24.56
2. From Financial Institutions(Secured)				
TIIC Term Loan	103.07	-	47.70	-
From Financial Institutions(Unsecured)				
Religare Finevest Ltd	63.86	-	35.63	-
	10,780.17	12,980.65	3,999.13	2,766.58
The above amount includes				
Secured borrowings	10,716.31	12,980.65	3,963.50	2,766.58
Unsecured borrowings	63.86	-	35.63	-
Amount disclosed under the head other current liabilities	-	-	(3,999.13)	(2,766.58)
Total	10,780.17	12,980.65	-	-

- (i) Term loan of ₹17,500 Lakhs was obtained from a consortium of banks during the FY 2007-08. The amount is repayable in 32 quarterly equal instalments commencing from January 2010 to December 2017. The loan is secured by first charge on entire fixed assets of the company on paripassu basis. The period of default is 6 months for principal and amount is ₹ 863.94 Lakhs (PY 6 months ₹ 690.05 Lakhs) and in case of interest the period of default is 9 months and the amount is ₹ 830.78 Lakhs.
- (ii) The vehicle loan from bank consists of six loans.
Out of this six loans, four loans of ₹ 28.10 Lakhs were obtained during FY 2010-11. The amount is repayable in 60 monthly instalments commencing from October 2010 to October 2015. The loans are secured by the respective vehicles purchased.
One loan of ₹ 25 Lakhs was obtained during FY 2010-11. The amount is repayable in 60 monthly instalments commencing from September 2010 to August 2015. The loans is secured by the respective vehicle purchased.
The balance one loan of ₹ 25 Lakhs was obtained during FY 2010-11. The amount is repayable in 48 monthly instalments commencing from March 2011 to February 2015. The loans are secured by the respective vehicles purchased.
- (iii) The term loan of ₹ 170 Lakhs is obtained from TIIC during the FY 2011-12. The loan is repayable in 48 monthly installments commencing from April 2012 to March 2016. The loan is secured by First Charge by way of Hypothecation of over all the movables , machinery , stores , tools & accessories etc , lying at SF No 49/1,50/1, 51/1A , Valparai Main Road, Pilichinnampalayam Village, Samathur Post, Pollachi Taluk, Coimbatore District and Mortgage over all the piece and parcel of land measuring 1.70 acres at SF No 19/4, and land measuring 1.58 acres at SF No 19/5 , situated at Kolarpatty Village , Pollachi Taluk, Coimbatore District , totally measuring 3.28 acres.
- (iv) The term loan of Rs.106.31 Lakhs was obtained from Religare Finvest Ltd during the FY 2011-12. The loan is repayable in 46 monthly installments commencing from January 2012 to October 2015.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note - 4 : Deferred Tax Asset/Liability - (Net)

(₹ in Lakhs)

Particulars	As at	As at
	31-03-2012	31-03-2011
Deferred tax liability		
Fixed Assets	2,614.76	2,413.30
Gross deferred tax liability	2,614.76	2,413.30
Deferred tax asset		
Unabsorbed Depreciation & carried forward losses	2,905.08	1,916.88
Disallowances under Income Tax Act 1961	73.29	114.12
Gross deferred tax Asset	2,978.37	2,031.00
Net deferred tax Asset	363.61	-
Net deferred tax Liability	-	382.30

Note - 5 : Provisions

(₹ in Lakhs)

Particulars	Long Term		Short Term	
	As at	As at	As at	As at
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
(a) Provision for employee benefits				
Provision for gratuity	240.57	168.06	-	-
(b) Others (Specify nature)				
Proposed equity dividend	-	-	-	109.02
Provision for tax on proposed equity dividend	-	-	-	17.68
	-	-	-	126.70
Total	240.57	168.06	-	126.70

Note - : 6 Short term borrowings

(₹ in Lakhs)

Particulars	As at	As at
	31-03-2012	31-03-2011
(a) Working capital limit from banks (Secured)		
Working Capital Limits from Banks	12,347.51	11,552.23
From Financial Institutions (unsecured)		
Working capital loan	350.00	-
Total	12,697.51	11,552.23
The above amount includes		
Secured Borrowings	12,347.51	11,552.23
Unsecured Borrowings	350.00	-
Total	12,697.51	11,552.23

- (i) Working capital limits from consortium of banks of ₹14,896 Lakhs is secured by entire stock of raw material, work in progress, finished goods, margin money and receivables on pari passu basis and also second charge on fixed assets of the company. These facilities are subject to renewal on early basis.
- (ii) The Short term loan of ₹ 500 Lakhs was obtained from SE investments Ltd (classified as working capital loan from financial institution). The loan is repayable in 24 monthly instalments. The loan is guaranteed by Mr.A.L.Ramachandra,Smt.Jayanthi Ramachandra and Seshraj Enterprises P Ltd.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Note - 7 : Trade Payables

Particulars	Current	
	As at 31.03.2012	As at 31.03.2011
Trade Payables (Refer Note No. 35 for details of dues to micro and small enterprises)	1,976.44	1,544.40
Total	1,976.44	1,544.40

Note - 8 : Other current Liabilities

(a) Current maturities of long-term borrowings	3,999.13	2,766.58
(b) Unpaid dividends	6.57	6.04
(c) Unpaid matured deposits and interest accrued thereon*	11.27	11.27
(d) Other payables :		
Salaries & Wages Payable	229.12	84.65
PF & ESI Payable	82.03	5.45
Interest free deposits from customers	1.01	1.01
TDS Payable	160.95	98.97
Other expenses payable	318.59	328.68
Total	4,808.67	3,302.65

* The deposits from shareholders and public have matured and no Interest is payable on them. Unclaimed matured deposits worth ₹ 11.27 lakhs (from shareholders ₹ 1.35 lakhs and public ₹ 9.92 lakhs) (31st March, 2011 ₹ 11.27 lakhs).

There are no amounts due and outstanding to be credited to Investors Education and Protection Fund.

Note - 9 : FIXED ASSETS

(₹ in Lakhs)

Details	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ (Disposal)	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Opening Balance as at 01.04.2011	For the Year	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Balance As at 31.03.2011	Balance As at 31.03.2012
a) Tangible Assets										
Own Assets:										
Land	590.93	-	-	590.93	-	-	-	-	590.93	590.93
Buildings	5,010.87	270.40	-	5,281.26	477.97	177.59	-	655.55	4,532.90	4,625.71
Plant and Equipment	17,304.58	412.16	-	17,716.74	3,912.40	1,078.97	-	4,991.37	13,392.18	12,725.37
Furniture and Fixtures	80.13	16.34	-	96.47	43.28	7.83	-	51.11	36.86	45.36
Vehicles	323.15	0.30	-	323.45	158.61	41.98	-	200.59	164.54	122.86
Office equipment	175.23	15.41	-	190.63	83.55	18.88	-	102.43	91.67	88.20
Canteen										
Vessels	24.90	0.25	-	25.15	16.84	1.31	-	18.14	8.06	7.00
Computer Equipment	315.51	6.97	-	322.49	277.61	16.70	-	294.31	37.90	28.17
Wind Farm	3,332.97	-	-	3,332.97	705.31	175.98	-	881.29	2,627.66	2,451.68
Sub Total	27,158.28	721.82	-	27,880.10	5,675.57	1,519.23	-	7,194.80	21,482.71	20,685.30

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note - 9 : FIXED ASSETS (Contd.)

Details	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ (Disposal)	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Opening Balance as at 01.04.2011	For the Year	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Balance As at 31.03.2011	Balance As at 31.03.2012
Leased Assets:										
Land*	32.14	-	(14.39)	17.75	2.27	(0.83)	-	1.44	29.87	16.31
Building	-	32.63	-	32.63	-	6.53	-	6.53	-	26.10
Sub Total	32.14	32.63	(14.39)	50.38	2.27	5.70	-	7.97	29.87	42.41
Total - A	27,190.41	754.45	(14.39)	27,930.47	5,677.84	1,524.93	-	7,202.77	21,512.57	20,727.70
b) Intangible Assets										
Designs	946.07	-	-	946.07	325.89	315.36	-	641.25	620.18	304.82
Total-B	946.07	-	-	946.07	325.89	315.36	-	641.25	620.18	304.82
Total-A+B	28,136.48	754.45	(14.39)	28,876.54	6,003.73	1,840.29	-	7,844.02	22,132.75	21,032.53
Previous Year	24,575.73	10,815.08	(7,254.33)	28,136.48	4,737.19	1,416.67	(150.13)	6,003.73		22,132.75
c) Capital Work In Progress	-	-	-	-	-	-	-	-	-	-
d) Intangible assets under Development	-	-	-	-	-	-	-	-	-	-

* Refundable deposit of ₹ 14.39 Lakhs and the depreciation effect thereon of ₹ (0.83) Lakhs is reduced from the block and appropriately dealt with.

NOTE - 10 : Non - Current Investments

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
A. Trade Investments (Valued at cost unless stated otherwise)		
i) Unquoted Equity Instruments		
(a) Investment in Subsidiaries		
1. 19,000 (31.03.2011: 19,000) Equity Shares of USD 1 each fully paid up in Vijayeswari USA LLC (At cost less provision for other than temporary diminution in value ₹ 8,93,000 (31.03.2011 - ₹ 8,93,000/-))	-	-
2. 1,000 (31.03.2011: 1,000) Equity shares of GBP 1 each fully paid up in Vijayeswari UK Ltd.	0.80	0.80
(b) Investments in Associates		
2,600 (31.03.2011: NIL) Equity shares of ₹ 10 each fully paid in LAW Textile Park P Ltd.	0.26	-

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 10 : Non - Current Investments (Contd.)

(₹ in Lakhs)

Particulars	As at	As at
	31.03.2012	31.03.2011
(c) Others		
50,600 (31.03.2011: NIL) Equity Shares of ₹ 10 each fully paid in Palladam Hi-Tech Weaving Park	5.06	-
Total (A)	6.12	0.80
B. Non Trade Investments		
a) Investment in Equity instruments (Quoted)		
1. 3,400 (31.03.2011:3,400) Equity shares of ₹10 each fully paid up in Andhra Bank	0.34	0.34
2. 5,70,795 (31.03.2011: 5,70,795) Equity shares of ₹ 10 each in Coimbatore Lakshmi Investments & Finance Co Ltd (At cost less provision for other than temporary diminution in value ₹ 1,00,90,000 (31.03.2011 - ₹ 1,00,90,000/-))	-	-
b) Investment in Equity instruments (Unquoted)	-	-
100 (31.03.2011: 100) Equity shares of ₹ 10 each fully paid in Vijayeswari Textiles Employees Co-op Stores Ltd)	0.01	0.01
c) Investments in Government or Trust securities (Unquoted)		
(i) National Saving Certificate	0.05	0.05
(ii) Indra Vikas Patra	0.01	0.01
Total (B)	0.41	0.41
Grand Total (A + B)	6.53	1.21
Aggregate amount of quoted investments (Market value of ₹ 4.05 Lakhs (Previous Year ₹ 5.13 Lakhs)	0.34	0.34
Aggregate amount of unquoted investments	6.19	0.87
Aggregate provision for diminution in value of investments	109.83	109.83

NOTE - 11 : Long Term Loans and Advances

(₹ in Lakhs)

Particulars	Non current		Current	
	As at	As at	As at	As at
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
a. Capital Advances				
Unsecured, considered good	-	-	77.44	389.34
	-	-	77.44	389.34
b. Security Deposits				
Unsecured, considered good	201.15	123.46	103.75	11.55
	201.15	123.46	103.75	11.55
c. Advances recoverable in cash or in kind				
Unsecured, considered good	19.60	11.00	62.34	1,630.53
	19.60	11.00	62.34	1,630.53

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
d. Other loans and advances				
Advance Income-tax (Net of provision for Taxation)	538.54	513.96	-	-
Prepaid Expenses	-	-	68.02	94.11
Balances with statutory/government authorities	232.29	317.11	-	-
	770.83	831.07	68.02	94.11
Total	991.58	965.53	311.55	2,125.53

NOTE - 12 : Other Assets

(₹ in Lakhs)

Non Current bank balances	151.11	337.72	-	-
Subsidy Receivable	-	-	1,287.06	1,216.45
Total	151.11	337.72	1,287.06	1,216.45

NOTE - 13 : Inventories (Valued lower of cost and net realizable value)

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
a. Raw Materials and Components	387.51	1,503.13
b. Work-in-progress	7,010.96	8,478.42
c. Finished goods	4,324.92	1,680.19
d. Stores and spares	800.79	187.77
e. Fuel	0.06	0.77
Total	12,524.24	11,850.28

NOTE - 14 : Trade receivables

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
a. Unsecured Considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment				
	-	-	1,388.92	1,298.50
Less: Provision for doubtful debts	-	-	100.00	100.00
	-	-	1,288.92	1,198.50
b. Other receivables				
Unsecured, considered good	-	-	3,543.33	3,674.96
	-	-	3,543.33	3,674.96
Total (a+b)	-	-	4,832.25	4,873.46

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 15 : Cash and Cash equivalents

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
a. Balances with banks				
On current accounts	-	-	6.60	176.63
b. Cash on hand	-	-	9.71	13.90
	-	-	16.31	190.53
Margin money deposit	151.11	337.72	-	-
	151.11	337.72	-	-
Amount disclosed under non-current assets	151.11	337.72	-	-
Total	-	-	16.31	190.53

i) Margin money deposits with a carrying amount of ₹ 151.11 Lakhs (PY ₹ 337.72 Lakhs) are to secure the working capital facilities.

NOTE - 16 : Revenue from operations

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Sale of products		
Finished Goods	17,638.93	15,510.24
Other operating revenues		
Waste Sales	382.85	342.08
Scrape Sales	17.25	-
Wind Mill Power Generation	81.64	55.33
Export Incentives	780.05	589.76
	18,900.72	16,497.41
Less: Excise duty	-	-
Revenue from operations(Gross)	18,900.72	16,497.41
Details of products sold		
Finished goods		
Yarn	207.78	1,735.56
Cotton	352.66	-
Madeups	16,828.98	11,633.07
Fabric	45.84	1,807.60
Others	203.67	334.01
Total	17,638.93	15,510.24

NOTE - 17 : Other Income

Interest income on		
Bank deposits	11.70	14.49
Others	18.64	12.37
Net gain on sale of long term investments	-	72.80
Foreign Exchange Fluctuation Gain	204.43	-
Other non-operating income	1.35	89.07
Total	236.12	188.73

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 18 : Cost of Raw materials consumed

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Opening stock	1,503.13	1,119.01
Add: Purchases	9,368.01	6,123.32
	10,871.14	7,242.33
Less: Closing stock	387.51	1,503.13
Cost of material consumed	10,483.63	5,739.20
Details of raw materials consumed :		
Yarn	2,610.93	1,767.06
Cotton	805.56	2,201.01
Fabric	7,067.13	1,771.14
Total	10,483.63	5,739.20
Details of Inventory :		
Raw materials		
Yarn	-	716.63
Cotton	387.51	786.49
Total	387.51	1,503.13

NOTE - 19 : Increase/(Decrease) in inventories

Increase or decrease in:		
Work-in-progress	(1,460.63)	(4,325.59)
Finished Goods	(3,326.10)	1,797.69
Net (increase) / decrease	(4,786.73)	(2,527.90)
Inventories at the end of the year :		
Work-in-progress	7,010.96	8,478.42
Finished goods	4,324.92	1,680.19
Total	11,335.88	10,158.61
Inventories at the beginning of the year :		
Work-in-progress *	5,550.33	4,152.83
Finished Goods **	998.83	3,477.87
Total	6,549.16	7,630.70

*[₹ 5,550.33 Lakhs = ₹ 8,478.42 Lakhs less ₹ 2,928.09 Lakhs considered in extraordinary item]

**[₹ 998.83 Lakhs = ₹ 1,680.19 Lakhs less ₹ 681.36 Lakhs considered in extraordinary item]

Details of Inventory :		
Work in progress		
Cotton	112.71	492.10
Grey	2,227.00	6,873.16
Cloth	4,671.25	1,113.17
Total	7,010.96	8,478.42
Finished goods :		
Madeups	4,290.64	1,666.93
Wastes	34.28	13.26
Total	4,324.92	1,680.19

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 20 : Employee benefit expense

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Salaries and wages and bonus	1,773.57	1,542.04
Contributions to provident and other funds	101.63	102.52
Gratuity expense	72.50	131.16
Staff welfare expenses	134.15	127.41
Total	2,081.85	1,903.13

NOTE - 21 : Other expenses

Consumption of stores and spare parts	1,163.17	1,919.33
Rates & Taxes	139.43	37.98
Power and fuel	1,153.55	1,502.50
Rent	191.01	142.26
Repairs and maintenance		
Building	22.48	29.02
Plant and Machinery	230.03	152.51
Others	99.90	146.51
Insurance	54.00	57.06
Selling Expenses	423.11	34.40
Consultancy Charges	99.89	93.84
Travelling and conveyance	291.00	275.74
Freight and forwarding	1,060.33	745.60
Conversion charges	1,812.66	1,775.15
Product Development Expenditure	38.25	-
Prior Period Item		
Rent	50.50	-
Miscellaneous expenses	343.58	363.75
Total	7,172.87	7,275.66
Payment to Auditors		
As Auditor :		
Audit fees	4.41	3.31
Tax audit fees	0.80	0.47
In other capacity:		
Other services	4.52	1.90
Total	9.73	5.68

NOTE - 22 : Depreciation and amortization expense

Depreciation of Tangible assets	1,524.93	1,057.94
Amortization of intangible assets	315.36	358.74
Total	1,840.29	1,416.68

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 23 : Finance costs

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Interest	3,359.28	1,951.68
Bank charges	120.74	82.58
Total	3,480.02	2,034.26

NOTE - 24 : Extraordinary Item*

Sale of Madeups & Gray Fabrics	1,375.64	-
Cost thereon	3,609.45	-
Total	(2,233.81)	-

*Represents loss incurred on account of sales of redundant export stock in the domestic market at discounted price.

NOTE - 25 : Earnings per share(EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation		
Profit / (loss) for the year after extraordinary item for the calculation of basic and diluted EPS	(2,623.08)	713.94
Add: Extraordinary item	(2,233.81)	-
Profit / (loss) for the year before extraordinary item for the calculation of basic and diluted EPS	(389.27)	713.94
Weighted average number of equity shares in calculating Basic & Diluted EPS: Weighted average No. of Equity Shares	18,169,240	18,169,240
26) Value of Imports on CIF Basis		
i) Raw Materials	89.34	745.61
ii) Spares	305.28	30.50
iii) Capital Goods	227.94	-
27) Expenditure in Foreign Currency		
Expenditure in foreign currency on account of Travelling, Commission, Consulting and professional charges	33.40	95.90

28) Value of Raw Materials, Spare Parts and Components Consumed

	2011 -12		2010 -11	
	₹ in Lakhs	% of consumption	₹ in Lakhs	% of consumption
Raw Materials				
Imported	298.16	2.84	349.59	6.09
Indigenously Obtained	10,185.47	97.16	5,389.61	93.91
	10,483.63	100.00	5,739.20	100.00
Stores and Spare Parts				
Imported	302.88	26.04	41.25	2.15
Indigenously Obtained	860.29	73.96	1,878.08	97.85
	1,163.17	100.00	1,919.33	100.00

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
29) Amount remitted on Foreign Currency on account of Dividends	NIL	NIL
30) Earnings in Foreign Exchange		
FOB Value of Exports	16,965.79	11,385.01
31) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	NIL	NIL
32) Income Tax Assessment have been provisionally completed upto the Assessment year 2010 - 11		
33) Contingent Liability	31-03-2012	31-03-2011
i) Bank Guarantees	48.35	48.35
ii) Disputed Income tax Demands (Paid out of the above ₹ 57.84 Lakhs (Previous year ₹ 127.85 lakhs)	57.84	294.52
34) The integrated operations of the Company are considered under a single broad segment viz., Textiles. These operations in the opinion of the management, in the context of AS 17 on "Segment Reporting" issued under the Companies (Accounting Standards) Rules 2006, constitute one single primary segment.		
35) The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of the information available with the company. There are no overdues to parties on account of principal amount and /or interest and accordingly no additional disclosures have been made.		
36) 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 at least equal to the amount at which they are stated and hence no provision is considered necessary in respect thereof.		
37) Related party Disclosures for the year ended March 31, 2012		
Related Party Relationships	Name of Company / Personnel	
Subsidiary Companies	Vijayeswari USA LLC Vijayeswari UK Ltd.	
Associate Companies	LAW Textile Park Pvt. Ltd.	
Key Management Personnel	Sri. A.L. Ramachandra, Chairman & Managing Director Smt. Jayanthi Ramachandra, Managing Director	
Relatives of Key Management Personnel	Smt. R.Mani	
Entities in which Key Management Personnel have significant influence	Lakshmi Apparels & Wovens Limited Seshraj Apparels Private Limited Seshraj Enterprises Private Limited Coimbatore Lakshmi Investments & Finance Co. Limited Kay Arr Enterprises	

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Related party Transactions	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Others
Sale of Products	805.72 <i>1929.57</i>	-	-	-	47.28 <i>1,992.64</i>
Conversion Charges	-	-	-	-	214.55
Purchase of Fixed Asset	-	-	-	-	-
Purchases & Services Received	-	-	-	-	946.43
Lease Rent	<i>4.97</i>	-	12.00 <i>12.00</i>	42.24 <i>54.24</i>	100.49 <i>7.17</i>
Dividends Paid	-	-	-	-	51.69 <i>43.07</i>
Managerial Remuneration	-	-	96.00 <i>93.68*</i>	-	-
Financial Guarantee given for loan taken by the company	-	-	500.00	-	500.00
Outstanding Balances	-	-	-	-	-
Receivables / (payables)	3,026.81 <i>3,054.62</i>	-	(119.74) <i>(169.02)</i>	-	1,718.73 <i>1,121.50</i>

Note : Figures in italics represents Previous Year amount.

* Includes remuneration paid to Sri. K. Rajagopal, Chairman and Managing Director upto 16.01.2011

38) As per the Accounting Standard - 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:

a) Defined Contribution Plan

(₹ In Lakhs)

	2011-12	2010-11	2009-10
Contribution to defined contribution plan recognised as expense for the year is as under:			
Employers Contribution to Provident Fund	86.28	85.29	51.72

b) Defined Benefit Plan

The Company operates a defined benefit plan for payment of post employment benefits in the form of gratuity.

The benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act 1972. The terms of the benefits are common for all the employees of the Company.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Disclosure Report under AS 15 (Revised in 2005)

Defined Benefit Plans

(₹ in Lakhs)

Particulars	31.03.2012	31.03.2011	31.03.2010
A. Expense recognised during the year			
1. Current Service cost	33.99	20.04	13.24
2. Interest cost	22.45	14.30	14.43
3. Expected return on plan assets	(7.38)	(10.48)	(13.01)
4. Actuarial Losses / (Gains) during the year	22.36	107.29	15.31
5. Total Expense	71.41	131.16	29.96
B. Actual return on Plan assets			
1. Expected return on plan assets	35.54	10.48	13.01
2. Actuarial (Loss) / Gain on Plan assets	(13.18)	(0.03)	2.14
3. Actual return on plan assets	22.36	10.44	15.15
C. Net Asset/(Liability) recognised in the Balance Sheet			
1. Present value of the obligation at the end of the year	322.00	292.06	186.22
2. Fair value of plan assets at the end of the year	81.43	122.91	151.69
3. Funded status surplus/(deficit)	(240.57)	(169.16)	(34.53)
4. Unrecognised past service cost	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(240.57)	(169.16)	(34.53)
D. Change in Present value of the Obligation during the year			
1. Present value of the obligation at the beginning of the year	292.06	186.22	198.90
2. Current service cost	33.99	20.04	13.24
3. Interest cost	22.45	14.30	14.43
4. Benefits paid	(62.05)	(35.76)	(57.80)
5. Actuarial (gain) loss on obligation	35.54	107.26	17.45
6. Present value of obligation at the end of the year	322.00	292.06	186.22
E. Change in Assets during the year			
1. Fair value of plan assets at the beginning of the year	122.91	151.69	194.34
2. Expected return on plan assets	7.38	10.48	13.01
3. Contributions made	-	-	-
4. Benefits paid	(62.05)	(35.76)	(57.80)
5. Actuarial gain / (loss) on plan assets	13.18	(3.50)	2.14
6. Fair value of plan assets at the end of the year	81.43	122.91	151.69
F. Actuarial Assumptions			
1. Discount rate	8.60%	8.00%	8.00%
2. Expected rate of return on plan assets	8.00%	8.00%	8.00%
3. Salary escalation	6.00%	5.00%	4.00%
4. Attrition rate	12.00%	12.00%	12.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 39) Based on technical opinion the company classifies the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items is charged at rates applicable to continuous process plant under Schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted, depreciation for the year is lower by ₹ 478.19 Lakhs (Previous Year ₹ 371.70 Lakhs) with consequential effect on the profits for the year.
- 40) Impairment Loss recognised in the Profit and Loss Account – NIL (PY- NIL).
- 41) Figures have been rounded off to the nearest Lakhs.
- 42) Till the year ended 31st March, 2011, the company was using pre - revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Financial Statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.
- 43) The Ministry of Corporate Affairs, Government of India, vide circular No.2 and 3 dated 08.02.2011 and 21.02.2011 respectively has granted a general exemption from compliance with Sec. 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the general circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director

Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors,
VTX Industries Ltd,
Coimbatore.

We have examined the attached Consolidated Balance Sheet of VTX Industries Limited and its subsidiaries and associate as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the consolidated 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 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 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 of ₹ 1057.12 Lakhs as at 31st March 2012 and net loss of ₹ 447.19 Lakhs for the period then ended. These financial statements compiled by the management have not been audited and our opinion in so far as it relates to the amounts included in the consolidated accounts is based solely on these unaudited financial statements certified by the management. Adjustments arising out of audit upto financial year ended 31.03.2011 have been given effect in the consolidated financial statements [Refer Note No. 27] and adjustments that may arise on completion of audit for the financial year 2011-12 are not material in the opinion of the company.

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" and Accounting Standard (AS) 23, "Accounting for Investments in Associates", as notified by the Companies (Accounting Standard) Rules 2006 and on the basis of the separate audited / certified financial statements of VTX Industries Limited and its subsidiaries included in the Consolidated Financial Statements.

Without qualifying our report we draw attention to Note No. 35 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 ₹ 478.19 lakhs (Previous year ₹ 371.70 Lakhs) with consequential effect on the profit 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 its associate and unaudited certified financial statements of its aforesaid subsidiaries in our opinion, the consolidated financial statements read together with the Notes to Consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company, its associate and its subsidiaries as at 31st March 2012.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the company, its associate 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, its associate and its subsidiaries for the year ended on that date.

For Suri & Co.
Chartered Accountants
Firm Reg. No.0042835

K. Hariharan
Partner

Place : Coimbatore

Date : 29.05.2012

Membership No. 019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	1,816.92	1,816.92
Reserves and surplus	2	7,159.77	10,230.03
2 Non-current liabilities			
Long-term borrowings	3	10,780.17	12,980.66
Deferred Tax Liabilities (Net)	4	-	382.30
Long-term provisions	5	240.57	168.06
3 Current liabilities			
Short-term borrowings	6	12,697.51	11,552.23
Trade payables	7	2,171.32	1,975.56
Other current liabilities	8	4,880.75	3,307.70
Short-term provisions	5	-	126.70
TOTAL		39,747.01	42,540.16
II. ASSETS			
1 Non-current assets			
Fixed assets	9		
i) Tangible assets		20,852.49	21,637.36
ii) Intangible assets		304.82	620.18
iii) Capital work-in-progress		-	-
iv) Intangible assets under development		-	-
Non-current investments	10	5.72	0.41
Deferred tax assets (net)	4	363.61	-
Long-term loans and advances	11	991.58	971.62
Other non-current assets	12	151.11	418.74
		22,669.33	23,648.31
2 Current assets			
Inventories	13	13,059.46	12,327.44
Trade receivables	14	2,332.52	3,019.82
Cash and cash equivalents	15	87.09	202.61
Short-term loans and advances	11	311.55	2,125.53
Other current assets	12	1,287.06	1,216.45
		17,077.68	18,891.85
TOTAL		39,747.01	42,540.16

Significant Accounting Policies

Notes on Financial Statements 1 to 38

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

Coimbatore
29.05.2012

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

Particulars	Notes	As at	As at
		31.03.2012	31.03.2011
		₹ in Lakhs	₹ in Lakhs
INCOME			
Revenue from operations (gross)	16	19,019.70	16,514.40
Other income	17	247.76	188.73
Total Revenue		19,267.46	16,703.13
EXPENDITURE			
Cost of materials consumed	18	10,483.63	5,739.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(4,844.79)	(2,548.68)
Employee benefits expense	20	2,099.26	1,903.13
Other expenses	21	7,784.20	7,695.16
Depreciation and Amortisation	22	1,840.29	1,417.67
Finance Cost	23	3,487.11	2,035.56
Total Expenditure		20,849.71	16,242.05
Profit / (Loss) before exceptional and extraordinary items		(1,582.25)	461.08
Exceptional Items		-	-
Profit/ (Loss) before extraordinary items & tax		(1,582.25)	461.08
Extraordinary item	24	(2,233.81)	-
Profit / (Loss) before tax		(3,816.06)	461.08
Tax expense:			
a) Current tax expense for current year		-	168.43
b) (Less): MAT credit (where applicable)		-	(152.12)
c) Current tax expense relating to prior years		0.09	-
d) Net current tax expense		0.09	16.31
e) Deferred tax		(745.92)	114.85
Profit / (Loss) for the year		(3,070.23)	329.93
Share of loss from Associate		(0.01)	-
(Loss) / Profit for the year		(3,070.24)	329.93
Earnings per share (of Rs.10/- each):	25		
Earning per share before extraordinary item			
Basic and Diluted		(4.60)	1.82
Earning per share after extraordinary item			
Basic and Diluted		(16.90)	1.82
Significant Accounting Policies			
Notes on Financial Statements	1 to 38		

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

Particulars	As at	
	31.03.2012 ₹ in Lakhs	31.03.2011 ₹ in Lakhs
A. Cash Flow From Operating Activities :-		
Net Profit/(Loss) before Tax	(3,816.05)	461.08
Adjustments for :		
Depreciation and Amortisation	1,840.29	1,417.67
Loss on sale of Assets	-	26.41
Profit on Sale of Investments	-	(72.80)
Interest Receipts	(30.34)	(26.86)
Share of loss from associate	(0.01)	-
Finance cost	3,487.11	2,035.56
Extraordinary Items	2,233.81	-
Operating Profit before Working Capital Changes	3,714.80	3,841.07
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	2,786.51	411.08
(Increase) in Inventories	(732.04)	(2,537.11)
Increase/(Decrease) in Trade Payables	482.08	(575.63)
Cash Generated from Operations	6,251.35	1,139.41
Direct Taxes Paid	-	(90.22)
Cash Flow before Extra Ordinary Items	6,251.35	1,049.19
Extraordinary Items	(2,233.81)	-
Net Cash from Operating Activities (A)	4,017.55	1,049.19
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(740.15)	(2,214.30)
Sale of Fixed Assets	-	110.04
Purchase of Investments	(5.31)	-
Sale of Investments	-	810.80
Interest Received	30.34	14.36
Net Cash used in Investing Activities (B)	(715.12)	(1,279.10)
C. Cash Flow From Financing Activities :		
Loan from Banks (net)	(653.43)	236.19
Dividend Paid	(108.19)	(105.61)
Finance cost	(2,656.33)	(2,140.76)
Net Cash from Financing Activities (C)	(3,417.95)	(2,010.19)

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012 (Contd.)

	As at 31.03.2012 ₹ in Lakhs	As at 31.03.2011 ₹ in Lakhs
Net increase in Cash & Cash Equivalents (A + B + C)	(115.52)	(2,240.09)
Cash & Cash Equivalents as at the beginning of the year	202.61	2,442.70
Cash & Cash Equivalents as at the end of the year	87.09	202.61
Components of Cash and Cash Equivalents		
Cash On Hand	80.49	25.98
With banks - on Current Account	6.60	176.63
Total Cash and Cash Equivalent (Note 15)	87.09	202.61

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director
Jaison Thomas
Company Secretary

As per our Report of even date

For Suri & Co.
Chartered Accountants
Firm Regn. No: 004283S

K Hariharan
Partner
Membership No:019773

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION

The Consolidated financial statements relates to VTX Industries Limited, its associate and subsidiaries. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary Companies are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating the intra – group balances and intra – group transactions in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements”.

In case of foreign subsidiaries, being integral foreign operations, revenue items are consolidated at average rate prevailing during the year. In respect of all assets and liabilities being monetary items are converted at rates prevailing at the end of the year. In case of inventories are converted at average rate and the other assets and liabilities are converted at transaction rate. Any exchange difference arising on consolidation is recognized in the statement of profit and loss.

The investment in associate company has been accounted under the equity method as per (AS 23) – “Accounting for Investments in Associates in Consolidated Financial Statements”.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared in the same manner as the company’s separate financial statements.

B. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on “Accounting for Investments”.

C. Other Significant Accounting Policies

These are set out “Significant Accounting Policies” as given in the Company’s separate financial statements.

Notes on consolidated Financial Statements for the year ended 31.03.2012

Note - 1 : Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at 31.03.2012	No. of Shares	As at 31.03.2011
Authorised				
Equity Share of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
Issued				
Equity Share of ₹ 10/- each	18,169,240	1,816.92	18,169,240	1,816.92
Subscribed and fully Paid up				
Equity Share of ₹ 10/- each fully paid	18,169,240	1,816.92	18,169,240	1,816.92
Subscribed but not fully Paid up				
Equity Shares of ₹ 10/- each not fully paid up	-	-	-	-
Total	18,169,240	1,816.92	18,169,240	1,816.92

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

a) Reconciliation of shares outstanding at the beginning and the end of the reporting period

(₹ in Lakhs)

Particulars	Equity Shares			
	No. of Shares	As at 31.03.2012	No. of Shares	As at 31.03.2011
Shares outstanding at the beginning of the year	18,169,240	1,816.92	18,169,240	1,816.92
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	18,169,240	1,816.92	18,169,240	1,816.92

The terms/ rights attached to Equity Shares:

The company has only one class of Equity Shares having par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

During the year ended 31st March, 2012, the amount of per share dividend recognised as distributions to equity shareholders was Nil (31st March, 2011 : ₹ 0.60)

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

b) Aggregate number of bonus shares issued, for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Equity shares:	
Fully paid up pursuant to contract(s) without payment being made in cash	NIL
Fully paid up by way of bonus shares by capitalization of securities premium	NIL
Shares bought back	NIL

c) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder	Equity Shares			
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Seshraj Enterprises Private Ltd	7,846,674	43.19	7,846,074	43.18
IDBI Capital Market Services Ltd	2,992,850	16.47	2,992,850	16.47

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

Note - 2 : Reserves and Surplus

(₹ in Lakhs)

Particulars	As at	As at
	31.03.2012	31.03.2011
a. Capital Reserves		
Opening Balance	42.89	42.89
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	42.89	42.89
b. Securities Premium Account		
Opening Balance	7,906.86	7,906.86
Add : Securities premium credited on Share issue from Stock options outstanding	-	-
Less : Premium Utilised for various reasons	-	-
Closing Balance	7,906.86	7,906.86
c. General Reserve		
Opening Balance	3,282.56	3,282.56
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,282.56	3,282.56
d. Surplus		
Balance as per last financial statements	(1002.30)	(1,205.50)
Profit for the year	(3,070.24)	329.92
Less: Appropriations		
Proposed final equity dividend	-	109.02
Tax on proposed equity dividend	-	17.68
Closing Balance	(4,072.54)	(1,002.28)
Total	7,159.77	10,230.03

Note - 3 : Long Term Borrowings

(₹ in Lakhs)

Particulars	Non Current Portion		Current Maturities	
	As at	As at	As at	As at
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Term loans				
Indian Rupee Term Loan from Banks (Secured)				
1. Term loan from Consortium of Banks	10,578.86	12,932.28	3,892.30	2,742.02
2. Vehicle loans	34.38	48.38	23.50	24.56
From Financial Institutions (Secured)				
TIIC Term Loan	103.07	-	47.70	-
From Financial Institutions (Unsecured)				
Religare Finevest Ltd	63.86	-	35.63	-
	10,780.17	12,980.66	3,999.13	2,766.58
The above amount includes				
Secured borrowings	10,716.31	12,980.66	3,963.50	2,766.58
Unsecured borrowings	63.86	-	35.63	-
Amount disclosed under the head other current liabilities	-	-	(3,999.13)	(2,766.58)
Total	10,780.17	12,980.66	-	-

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

(i) Term loan of ₹ 17,500 Lakhs was obtained from a consortium of banks during the FY 2007-08. The amount is repayable in 32 quarterly equal instalments commencing from January 2010 to December 2017. The loan is secured by first charge on entire fixed assets of the company on paripassu basis. The period of default is 6 months for principal and amount is ₹ 863.94 Lakhs (PY 6 months ₹ 690.05 Lakhs) and in case of interest the period of default is 9 months and the amount is ₹ 830.78 Lakhs.

(ii) The vehicle loan from bank consists of six loans.

Out of this six loans, four loans of ₹ 28.10 Lakhs were obtained during FY 2010-11. The amount is repayable in 60 monthly instalments commencing from October 2010 to October 2015. The loans are secured by the respective vehicles purchased.

One loan of ₹ 25 Lakhs was obtained during FY 2010-11. The amount is repayable in 60 monthly instalments commencing from September 2010 to August 2015. The loans is secured by the respective vehicle purchased.

The balance one loan of Rs.25 Lakhs was obtained during FY 2010-11. The amount is repayable in 48 monthly instalments commencing from March 2011 to February 2015. The loans are secured by the respective vehicles purchased.

(iii) The term loan of ₹ 170 Lakhs is obtained from TIIC during the FY 2011-12. The loan is repayable in 48 monthly installments commencing from April 2012 to March 2016. The loan is secured by First Charge by way of Hypothecation of over all the movables, machinery, stores, tools & accessories etc, lying at SF No 49/1,50/1, 51/1A, Valparai Main Road, Pilichinnampalayam Village, Samathur Post, Pollachi Taluk, Coimbatore District and Mortgage over all the piece and parcel of land measuring 1.70 acres at SF No 19/4, and land measuring 1.58 acres at SF No 19/5, situated at Kolarpatty Village, Pollachi Taluk, Coimbatore District, totally measuring 3.28 acres.

(iv) The term loan of ₹ 106.31 Lakhs was obtained from Religare Finvest Ltd during the FY 2011-12. The loan is repayable in 46 monthly installments commencing from January 2012 to October 2015.

Note - 4 : Deferred Tax Asset/Liability - (Net)

(₹ in Lakhs)

Particulars	As at	As at
	31-03-2012	31-03-2011
Deferred tax liability		
Fixed Assets	2,614.76	2,413.30
Gross deferred tax liability	2,614.76	2,413.30
Deferred tax asset		
Unabsorbed Depreciation & carried forward losses	2,905.08	1,916.88
Disallowances under Income Tax Act 1961	73.29	114.12
Gross deferred tax Asset	2,978.37	2,031.00
Net deferred tax Asset	363.61	-
Net deferred tax Liability	-	382.30

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

Note - 5 : Provisions

(₹ in Lakhs)

Particulars	Long Term		Short Term	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(a) Provision for employee benefits				
Provision for gratuity	240.57	168.06	-	-
	240.57	168.06	-	-
(b) Others (Specify nature)				
Proposed equity dividend	-	-	-	109.02
Provision for tax on proposed equity dividend	-	-	-	17.68
	-	-	-	126.70
Total	240.57	168.06	-	126.70

Note - 6 : Short term borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
(a) Working capital limit from banks (Secured)		
Working Capital Limits from Banks	12,347.51	11,552.23
From Financial Institutions (unsecured)		
Working capital loan	350.00	-
Total	12,697.51	11,552.23
The above amount includes		
Secured Borrowings	12,347.51	11,552.23
Unsecured Borrowings	350.00	-
Total	12,697.51	11,552.23

- (i) Working capital limits from consortium of banks of ₹ 14,896 Lakhs is secured by entire stock of raw material, work in progress, finished goods and receivables on pari passu basis and also second charge on fixed assets of the company. These facilities are subject to renewal on early basis.
- (ii) The Short term loan of ₹ 500 Lakhs was obtained from SE investments Ltd (classified as working capital loan from financial institution). The loan is repayable in 24 monthly instalments. The loan is guaranteed by Mr.A.L.Ramachandra,Smt.Jayanthi Ramachandra and Seshraj Enterprises P Ltd.

Note - 7 : Trade Payables

(₹ in Lakhs)

Particulars	Current	
	As at 31.03.2012	As at 31.03.2011
Trade Payables	2,171.32	1,975.56
Total	2,171.32	1,975.56

Note - 8 : Other current Liabilities

(a) Current maturities of long-term borrowings	3,999.13	2,766.58
(b) Unpaid dividends	6.57	6.04
(c) Unpaid matured deposits and interest accrued thereon*	11.27	11.27
(d) Other payables :		
Salaries & Wages Payable	229.12	84.65
PF & ESI Payable	82.03	5.45
Interest free deposits from customers	1.01	1.01
TDS Payable	160.95	98.97
Other expenses payable	390.67	333.73
Total	4,880.75	3,307.70

* The deposits from shareholders and public have matured and no Interest is payable on them. Unclaimed matured deposits worth ₹ 11.27 lakhs (from shareholders ₹ 1.35 lakhs and public ₹ 9.92 lakhs) (31st March, 2011 ₹ 11.27 lakhs).

There are no amounts due and outstanding to be credited to Investors Education and Protection Fund.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

Note - 9 : FIXED ASSETS

₹ in Lakhs

Details	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ (Disposal)	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Opening Balance as at 01.04.2011	For the Year	Deduction/ Adjustments	Closing Balance As at 31.03.2012	Balance As at 31.03.2011	Balance As at 31.03.2012
a) Tangible Assets										
Own Assets:										
Land	715.72	-	-	715.72	-	-	-	-	715.72	715.72
Buildings	5,010.87	270.40	-	5,281.26	477.97	177.59	-	655.55	4,532.90	4,625.71
Plant and Equipment	17,304.58	412.16	-	17,716.74	3,912.40	1,078.97	-	4,991.37	13,392.18	12,725.37
Furniture and Fixtures	80.13	16.34	-	96.47	43.28	7.83	-	51.11	36.86	45.36
Vehicles	323.15	0.30	-	323.45	158.61	41.98	-	200.59	164.54	122.86
Office equipment	175.23	15.41	-	190.63	83.55	18.88	-	102.43	91.67	88.20
Canteen										
Vessels	24.90	0.25	-	25.15	16.84	1.31	-	18.14	8.06	7.00
Computer Equipment	315.51	6.97	-	322.49	277.61	16.70	-	294.31	37.90	28.17
Wind Farm	3,332.97	-	-	3,332.97	705.31	175.98	-	881.29	2,627.66	2,451.68
Sub Total - I	27,283.06	721.82	-	28,004.88	5,675.57	1,519.23	-	7,194.80	21,607.49	20,810.08
Leased Assets:										
Land*	32.14	-	(14.39)	17.75	2.27	(0.83)	-	1.44	29.87	16.31
Building	-	32.63	-	32.63	-	6.53	-	6.53	-	26.10
Sub Total - II	32.14	32.63	(14.39)	50.38	2.27	5.70	-	7.97	29.87	42.41
Total-A (I+II)	27,315.20	754.45	(14.39)	28,055.26	5,677.84	1,524.93	-	7,202.77	21,637.36	20,852.49
b) Intangible Assets										
Designs	946.07	-	-	946.07	325.89	315.36	-	641.25	620.18	304.82
Total-B	946.07	-	-	946.07	325.89	315.36	-	641.25	620.18	304.82
Total-A+B	28,261.27	754.45	(14.39)	29,001.33	6,003.73	1,840.29	-	7,844.01	22,257.54	21,157.31
Previous Year	24,699.81	10,815.79	(7,254.33)	28,261.27	4,736.19	1,417.67	(150.13)	6,003.73		22,257.54
c) Capital Work In Progress	-	-	-	-	-	-	-	-	-	-
d) Intangible assets under Development	-	-	-	-	-	-	-	-	-	-

* Refundable deposit of ₹ 14.39 Lakhs and the depreciation effect thereon of ₹ (0.83) Lakhs is reduced from the block and appropriately dealt with.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

NOTE - 10 : Non - Current Investments

(₹ in Lakhs)

Particulars	As at	As at
	31.03.2012	31.03.2011
A. Trade Investments (Valued at cost unless stated otherwise)		
i) Unquoted Equity Instruments		
(a) Investment in Associates		
2,600 (31.03.2011: Nil) Equity shares of ₹ 10 each fully paid up in LAW Textile Park P Ltd	0.26	-
Less : Post acquisition loss	0.01	-
	0.25	-
(b) Others		
50,600 (31.03.2011: NIL) Equity shares of ₹ 10 each fully paid in Palldam Hi-Tech Weaving Park	5.06	-
Total (A)	5.31	-
B. Non Trade Investments		
(a) Investment in Equity instruments (Quoted)		
1. 3,400 (31.03.2011:3,400) Equity shares of ₹ 10 each fully paid up in Andhra Bank	0.34	0.34
2. 5,70,795 (31.03.2011: 5,70,795) Equity shares of ₹ 10 each in Coimbatore Lakshmi Investments & Finance Co Ltd (At cost less provision for other than temporary diminution in value ₹ 1,00,90,000 (31.03.2011 - ₹ 1,00,90,000/-))	-	-
b) Investment in Equity instruments (Unquoted)		
100 (31.03.2011: 100) Equity shares of ₹ 10 each fully paid in Vijayeswari Textiles Employees Co-op Stores Ltd)	0.01	0.01
c) Investments in Government or Trust securities (Unquoted)		
(i) National Saving Certificate	0.05	0.05
(ii) Indra Vikas Patra	0.01	0.01
Total (B)	0.41	0.41
Grand Total (A + B)	5.72	0.41
Aggregate amount of quoted investments (Market value of ₹ 4.05 Lakhs (Previous Year ₹ 5.13 Lakhs)	0.34	0.34
Aggregate amount of unquoted investments	5.38	0.07
Aggregate provision for diminution in value of investments	100.90	100.90

NOTE - 11 : Long term Loans and Advances

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
a. Capital Advances				
Unsecured, considered good	-	-	77.44	389.34
	-	-	77.44	389.34
b. Security Deposits				
Unsecured, considered good	207.76	129.55	103.75	11.55
	207.76	129.55	103.75	11.55

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
c. Advances recoverable in cash of kind				
Unsecured, considered good	19.60	11.00	62.34	1,630.53
	19.60	11.00	62.34	1,630.53
d. Other loans and advances				
Advance Income-tax (Net of provision for Taxation)	531.93	513.96	-	-
Prepaid expenses	-	-	68.02	94.11
Balances with statutory/government authorities	232.29	317.11	-	-
	764.22	831.07	68.02	94.11
Total	991.58	971.62	311.55	2,125.53

NOTE - 12 : Other Assets

Non Current bank balances	151.11	337.72	-	-
Subsidy Receivable	-	81.03	1,287.06	1,216.45
Total	151.11	418.74	1,287.06	1,216.45

NOTE - 13 Inventories (Valued lower of cost or net realizable value)

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
a. Raw Materials and components Goods-in-Transit	387.51	1,503.13
b. Work-in-progress	7,010.96	8,478.42
c. Finished goods	4,860.14	2,157.35
d. Stores and spares	800.79	187.77
e. Fuel	0.06	0.77
Total	13,059.46	12,327.44

NOTE - 14 : Trade receivables

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
a. Unsecured Considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment				
	-	-	1,643.71	2,062.59
Less: Provision for doubtful debts	-	-	100.00	100.00
	-	-	1,543.71	1,962.59
b. Other receivables				
Unsecured, considered good	-	-	788.81	1,057.23
	-	-	788.81	1,057.23
Total (a+b)	-	-	2,332.52	3,019.82

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

NOTE - 15 : Cash and Cash equivalents

(₹ in Lakhs)

Particulars	Non current		Current	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
a. Balances with banks				
On current accounts	-	-	6.60	176.63
b. Cash on hand	-	-	80.49	25.98
	-	-	87.09	202.61
Margin money deposit	151.11	337.72	-	-
	151.11	337.72	-	-
Amount disclosed under non-current assets	151.11	337.72	-	-
Total	-	-	87.09	202.61

- i) Margin money deposits with a carrying amount of ₹ 151.11 Lakhs (PY ₹ 337.72 Lakhs) are to secure the working capital facilities.

NOTE - 16 : Revenue from operations

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Sale of products		
Finished Goods	17,757.91	15,527.23
Other operating revenues		
Waste Sales	382.85	342.08
Scrape Sales	17.25	-
Wind Mill Power Generation	81.64	55.33
Export Incentives	780.05	589.76
Revenue from operations(Gross)	19,019.70	16,514.40
Less : Exercise duty	-	-
Revenue from operations(Net)	19,019.70	16,514.40
Details of products sold		
Finished goods		
Yarn	207.78	1,735.56
Cotton	352.66	-
Madeups	16,947.96	11,650.06
Fabric	45.84	1,807.60
Others	203.67	334.01
Total	17,757.91	15,527.23

NOTE - 17 : Other Income

Interest income on		
Bank deposits	11.70	14.49
Others	18.64	12.37
Net gain on sale of long term investments	-	72.80
Foreign Exchange Fluctuation Gain	204.43	-
Other non-operating income	12.99	89.07
Total	247.76	188.73

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

NOTE - 18 : Cost of Raw materials consumed

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Opening stock	1,503.13	1,119.01
Add: Purchases	9,368.01	6,123.32
	10,871.14	7,242.33
Less: Closing stock	387.51	1,503.13
Cost of materials consumed	10,483.63	5,739.20
Details of raw materials consumed:		
Yarn	2,610.93	1,767.06
Cotton	805.56	2,201.01
Fabric	7,067.13	1,771.14
Total	10,483.63	5,739.20
Details of Inventory:		
Raw materials		
Yarn	-	716.63
Cotton	387.51	786.49
Total	387.51	1,503.13

NOTE - 19 : Increase/(Decrease) in inventories

Increase or decrease in:		
Work-in-progress	(1,460.63)	(4,325.59)
Finished Goods	(3,384.16)	1,776.91
Net (increase) / decrease	(4,844.79)	(2,548.68)
Inventories at the end of the year:		
Work-in-progress	7,010.96	8,478.42
Finished goods	4,860.14	2,157.35
Total	11,871.10	10,635.77
Inventories at the beginning of the year:		
Work-in-progress *	5,550.33	4,152.83
Finished Goods **	1,475.99	3,934.25
Total	7,026.32	8,087.08

*[Rs.5,550.33 Lakhs = Rs.8,478.42 Lakhs less Rs.2,928.09 Lakhs considered in extraordinary item]

**[Rs.1,475.99 Lakhs = Rs.2,157.35 Lakhs less Rs.681.36 Lakhs considered in extraordinary item]

Details of Inventory:		
Work in progress		
Cotton	112.71	492.10
Grey	2,227.00	6,873.16
Cloth	4,671.25	1,113.17
Total	7,010.96	8,478.42
Finished goods		
Madeups	4,290.64	1,666.93
Wastes	34.28	13.26
Total	4,324.92	1,680.19

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the yearended 31.03.2012

NOTE - 20 : Employee benefit expense

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Salaries and wages and bonus	1,790.98	1,542.04
Contributions to provident and other funds	101.63	102.52
Gratuity expense	72.50	131.16
Staff welfare expenses	134.15	127.41
Total	2,099.26	1,903.13

NOTE - 21 : Other expenses

Consumption of stores and spare parts	1,163.17	1,919.33
Rates & Taxes	139.43	37.98
Power and fuel	1,153.55	1,502.50
Rent	213.55	172.85
Repairs and maintenance		
Building	22.48	29.02
Plant and Machinery	230.03	152.51
Others	99.90	146.51
Insurance	55.78	58.41
Selling Expenses	427.48	256.18
Consultancy Charges	275.66	121.20
Travelling and conveyance	291.47	275.74
Freight and forwarding	1,060.33	745.60
Conversion charges	1,812.66	1,775.15
Product Development Expenditure	38.25	-
Prior Period Item		
Rent	50.50	-
Miscellaneous expenses	749.98	502.17
Total	7,784.20	7,695.16
Payment to Auditors		
As Auditor :		
Audit fees	4.41	3.31
Tax audit fees	0.80	0.47
In other capacity:		
Other services	4.52	1.90
Total	9.73	5.68

NOTE - 22 : Depreciation and amortization expense

Depreciation of Tangible assets	1,524.93	1,058.93
Amortization of intangible assets	315.36	358.74
Total	1,840.29	1,417.67

NOTE - 23 : Finance costs

Interest	3,359.28	1,951.68
Bank charges	127.83	83.88
Total	3,487.11	2,035.56

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

NOTE - 24 : Extraordinary Item **

(₹ in Lakhs)

Particulars	As at 31-03-2012	As at 31-03-2011
Sale of Madeups & Gray Fabrics	1,375.64	-
Cost thereon	3,609.45	-
Total	(2,233.81)	-

*Represents loss incurred on account of sales of redundant export stock in the domestic market at discounted price.

NOTE - 25 : Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation		
Profit / (Loss) for the year after extraordinary item for the calculation of basic and diluted EPS	(3,070.24)	329.93
Add: Extraordinary item	(2,233.81)	-
Profit / (Loss) for the year before extraordinary item for the calculation of basic and diluted EPS	(836.43)	329.93
Weighted average number of equity shares in calculating Basic & Diluted EPS:		
Weighted average No. of Equity Shares	18,169,240	18,169,240

26) The associate company considered in the consolidated financial statements and their reporting dates are as under:

Name of the Company	Country of in corporation	% of voting power	Reporting date as at
LAW Textile Park P Ltd	India	26	31.03.2012

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

Name of the Company	Country of in corporation	% of voting power	Reporting date as at
Vijayeswari USA LLC	United States of States	100	31.03.2012
Vijayeswari UK Ltd	United Kingdom	100	31.03.2012

In the absence of audited financial statements of the subsidiary companies as on 31st March 2012, the unaudited financial statements certified by the management have been used for the purposes of consolidation. Net prior year audit adjustments up to year ended 31st March 2011 have been given effect to in the consolidated financial statements. Balances in accounts with subsidiaries are subject to reconciliation. The audit adjustments that may arise on completion of audit / reconciliation of the subsidiaries for the financial year 2011-12 are not likely to be material.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the yearended 31.03.2012 (₹ in Lakhs)

	As at 31-03-2012	As at 31-03-2011
28) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	NIL	NIL
29) Income Tax Assessment have been completed upto the Assessment year 2010-11.		
30. Contingent Liability		
i) Bank Guarantees	48.35	48.35
ii) Disputed Income tax Demands (Paid out of the above ₹ 87.84 Lakhs (Previous year ₹ 127.85 lakhs)	87.84	294.52
31) The integrated operations of the Company are considered under a single broad segment viz., Textiles. These operations in the opinion of the management, in the context of AS 17 on "Segment Reporting" issued under the Companies (Accounting Standards) Rules 2006, constitute one single primary segment.		
32) 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 at least equal to the amount at which they are stated and hence no provision is considered necessary in respect thereof.		

33) Related party Disclosures for the year ended March 31, 2012

Related Party Relationships	Name of Company / Personnel
Key Management Personnel	Sri. A.L. Ramachandra, Chairman & Managing Director Smt. Jayanthi Ramachandra, Managing Director
Relatives of Key Management Personnel	Smt. R.Mani
Entities in which Key Management Personnel have significant influence	Lakshmi Apparels & Wovens Limited Seshraj Apparels Private Limited Seshraj Enterprises Private Limited Coimbatore Lakshmi Investments & Finance Co. Limited Kay Arr Enterprises

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the yearended 31.03.2012

(₹ in Lakhs)

Related party Transactions	Key Management Personnel	Relatives of Key Management Personnel	Others
Sale of Products	-	-	47.28
	-	-	1,992.64
Conversion Charges	-	-	214.55
	-	-	-
Purchase of Fixed Asset	-	-	-
	-	-	43.70
Purchases & Services Received	-	-	946.43
	-	-	1,878.56
Lease Rent	12.00	42.24	100.49
	12.00	54.24	7.17
Dividends Paid	-	-	51.69
	-	-	43.07
Managerial Remuneration	96.00	-	-
	93.68*	-	-
Financial Guarantee given for loan taken by the company	500.00	-	500.00
	-	-	-
Outstanding Balances			
Receivables / (payables)	-	(119.74)	1,718.73
	-	(169.02)	1,121.50

Note : Figures in italics represents Previous Year amount.

* Includes remuneration paid to Sri. K. Rajagopal, Chairman and Managing Director upto 16.01.2011

34) As per the Accounting Standard - 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:

a) Defined Contribution Plan

(₹ in Lakhs)

	2011-12	2010-11	2009-10
Contribution to defined contribution plan recognised as expense for the year is as under:			
Employers Contribution to Provident Fund	86.28	85.29	51.72

b) Defined Benefit Plan

The Company operates a defined benefit plan for payment of post employment benefits in the form of gratuity.

The benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act 1972. The terms of the benefits are common for all the employees of the Company.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

Disclosure Report under AS 15 (Revised in 2005)

Defined Benefit Plans

(₹ In Lakhs)

	31.03.2012	31.03.2011	31.03.2010
A. Expense recognised during the year			
1. Current Service cost	33.99	20.04	13.24
2. Interest cost	22.45	14.30	14.43
3. Expected return on plan assets	(7.38)	(10.48)	(13.01)
4. Actuarial Losses / (Gains) during the year	22.36	107.29	15.31
5. Total Expense	71.41	131.16	29.96
B. Actual return on Plan assets			
1. Expected return on plan assets	35.54	10.48	13.01
2. Actuarial (Loss) / Gain on Plan assets	(13.18)	(0.03)	2.14
3. Actual return on plan assets	22.36	10.44	15.15
C. Net Asset/(Liability) recognised in the Balance Sheet			
1. Present value of the obligation at the end of the year	322.00	292.06	186.22
2. Fair value of plan assets at the end of the year	81.43	122.91	151.69
3. Funded status surplus/(deficit)	(240.57)	(169.16)	(34.53)
4. Unrecognised past service cost	-	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	(240.57)	(169.16)	(34.53)
D. Change in Present value of the Obligation during the year			
1. Present value of the obligation at the beginning of the year	292.06	186.22	198.90
2. Current service cost	33.99	20.04	13.24
3. Interest cost	22.45	14.30	14.43
4. Benefits paid	(62.05)	(35.76)	(57.80)
5. Actuarial (gain) loss on obligation	35.54	107.26	17.45
6. Present value of obligation at the end of the year	322.00	292.06	186.22
E. Change in Assets during the year			
1. Fair value of plan assets at the beginning of the year	122.91	151.69	194.34
2. Expected return on plan assets	7.38	10.48	13.01
3. Contributions made	-	-	-
4. Benefits paid	(62.05)	(35.76)	(57.80)
5. Actuarial gain / (loss) on plan assets	13.18	(3.50)	2.14
6. Fair value of plan assets at the end of the year	81.43	122.91	151.69
F. Actuarial Assumptions			
1. Discount rate	8.60%	8.00%	8.00%
2. Expected rate of return on plan assets	8.00%	8.00%	8.00%
3. Salary escalation	6.00%	5.00%	4.00%
4. Attrition rate	12.00%	12.00%	12.00%
5. Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

35) Based on technical opinion the company classifies the plant and machinery of spinning and processing divisions and wind mills as continuous process plant and accordingly depreciation on these items is charged at rates applicable to continuous process plant under Schedule XIV to the Companies Act, 1956. Due to this technical opinion adopted, depreciation for the year is lower by ₹ 478.19 Lakhs (Previous Year ₹ 371.70 Lakhs) with consequential effect on the profits for the year.

VTX INDUSTRIES LIMITED

(Formerly Vijayeswari Textiles Limited)



Notes on consolidated Financial Statements for the year ended 31.03.2012

36) Impairment Loss recognised in the Statement of Profit and Loss – NIL (PY- NIL).

37) Figures have been rounded off to the nearest Lakhs.

38) Till the year ended 31st March 2011, the company was using pre - revised Schedule VI to the Companies Act, 1956 , for preparation and presentation of its Financial Statements. During the year ended 31st March 2012 , the revised Schedule VI notified under the Companies Act, 1956 , has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

Disclosures of information relating to the subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide general circular No. 02/2011 dt 08.02.2011:

(₹ in Lakhs)

Sl. No	Particulars	31.03.2012		31.03.2011	
		Vijayeswari UK Ltd.	Vijayeswari USA LLC	Vijayeswari UK Ltd.	Vijayeswari USA LLC
a	Share Capital	0.80	8.93	0.80	8.93
b	Reserves & Surplus	(457.45)	(1579.29)	(356.82)	(1232.73)
c	Total Assets	365.99	691.13	725.62	658.61
d	Total Liabilities	822.65	2261.49	1081.64	1882.40
e	Details of Investments	-	-	-	-
f	Net Sales and Services including other Income	967.69	113.37	1768.04	14.91
g	Profit/(Loss) Before Tax	(100.63)	(346.56)	(131.84)	(252.20)
h	Provision for Taxation	-	-	-	-
i	Profit/(Loss) After Tax	(100.63)	(346.56)	(131.84)	(252.20)
j	Proposed Dividend	-	-	-	-
k	Reporting Currency	INR	INR	INR	INR

- Note : 1) The financial statements of foreign subsidiaries are converted into Indian rupee on the basis of appropriate exchange rate.
2) The accounts of the subsidiary companies and related detailed information will be made available to the share holders seeking such information.

For and on behalf of the Board of Directors of VTX Industries Ltd.

A.L. Ramachandra
Chairman & Managing Director

Jayanthi Ramachandra
Managing Director
Coimbatore
29.05.2012

V. Dharmaraj
Director

Jaison Thomas
Company Secretary

As per our Report of even date
For Suri & Co.
Chartered Accountants
Firm Regn. No: 0042835
K Hariharan
Partner
Membership No:019773

PROXY FORM

VTX INDUSTRIES LIMITED

Corporate Office: 10/400, Palghat Road, Kuniyamuthur, 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 Wednesday the 22nd August 2012 at 4.00 P.M. and at any adjournment
thereof in favour of / against the resolutions.

Signed this day of2012

Registered Folio No. :

No. of Shares held :



Notes : The instrument appointing proxy should be deposited at the Registered Office of the Company not latter than 48 hours before the commencement of the meeting.



VTX INDUSTRIES 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 4.00 P.M. on Wednesday the 22nd August 2012

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

Name :

Folio No :



Book-Post



VTX Industries Limited
10/400, Palghat Road
Kuniamuthur
Coimbatore - 641 008
tel : 0422 4333444
fax : 0422 2251538
email : longstaple@vtx.co.in
web : www.vtx.co.in