



**Towels to enlighten  
million dollar smiles...**



**Vanasthali**

*On time, Every time, World wide.*

**... because we know  
your needs**

**Annual Report 2009-2010**



**Vanasthali Textile Industries Ltd.**

[www.viltowels.com](http://www.viltowels.com)

# CONTENT

## Corporate Information

### **Vanasthali Textile Industries Limited**

|   |    |
|---|----|
| Notice  | 1  |
| Directors' Report   | 7  |
| Corporate Governance Report   | 11 |
| Management Discussion   | 19 |
| Auditors' Report  | 23 |
| Balance Sheet   | 27 |
| Profit & Loss Account   | 28 |
| Schedules   | 29 |
| Cash Flow Statement   | 34 |
| Balance Sheet Abstract  | 42 |
| Auditors' Report on Consolidated Accounts   | 43 |
| Consolidated Balance Sheet  | 44 |
| Consolidated Profit & Loss Account  | 45 |
| Consolidated Schedules  | 46 |
| Consolidated Cash Flow Statement  | 51 |
| Statement pursuant to Section 212   | 59 |
| Directors' Report of Subsidiary<br>(V D R Leasing and Credit Company Private Limited) | 60 |
| Auditors' Report of Subsidiary Company  | 62 |
| Balance Sheet of Subsidiary Company   | 63 |
| Profit & Loss Account of Subsidiary Company   | 64 |



## **BOARD OF DIRECTORS**

|                   |                              |
|-------------------|------------------------------|
| Mr. Nikhil Poddar | Chairman & Managing Director |
| Mr. David Soans   | Director                     |
| Mr. Abhinay Rath  | Director                     |
| Mr. B. R. Mahi    | (IDBI Nominee) Director      |

## **COMPANY SECRETARY**

Sachin Kumar Gupta

## **AUDITORS**

M/s Rakesh Raj & Associates  
Chartered Accountants,  
565, Sector-7B,  
Faridabad-121006

## **BANKERS**

Allahabad Bank  
Federal Bank  
Oriental Bank of Commerce  
State Bank of Bikaner & Jaipur  
HDFC Bank Limited  
IDBI Bank Limited  
Syndicate Bank

## **WORKS & REGISTERED OFFICE**

F-3-5, RILCO Industrial Complex, Vigyan Nagar  
Shahjahanpur - 301706. Distt - Alwar (Rajsthan)

## **HEAD OFFICE**

816, Udyog Vihar, Phase-V  
Gurgaon-122015

## **REGISTRAR AND SHARE TRANSFER AGENT**

Beetal Financial & Computer Services (P) Limited  
"Beetal House", 3rd Floor,  
99, Madangir, Behind Local Shopping Centre,  
Near Dada Mansukh Das Mandir,  
New Delhi-110 062

## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Thursday, the 30th September, 2010, at 11:00 A.M. at F-3-5 RICO Industrial Complex, Vigyan Nagar, Shahjahanpur Distt., Alwar, Rajasthan, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2010 and the profit and loss account for the year ended on that date together with the reports of the Board of Directors and Auditors' thereon.
2. To appoint a director in place of Mr. David Soans, who retires by rotation, and being eligible offers himself for re-appointment.
3. To consider and re-appoint statutory auditors of the Company and to fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224(1) of the Companies Act, 1956 M/s. Rakesh Raj & Associates, Chartered Accountants, (Registration No. 005145N) be and is hereby reappointed as the auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, out of pocket, and travelling expenses."

### SPECIAL BUSINESS

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

"RESOLVED THAT in pursuance of Section 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions if any of the Company Act, 1956, (including any modifications, amendments, re-enactments thereon, from time to time) and the enabling provisions of Articles of Association of the Company and subject to the approval from Central Government/Company Law Board, if any, as may be required, Mr. Nikhil Poddar be and is hereby appointed as the Managing Director of the Company for a period of three years with effect from 30.07.09 without any remuneration, subject to retirement by rotation under applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors reserves the power and right to vary /amend the terms of the appointment (subject to Section 268 of The Companies Act, 1956) whenever it deems fit."

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

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310 and other applicable provisions ,if any of the Companies Act, 1956, read with schedule XIII of the said Act or any other modification or re-enactment

thereof and pursuant to recommendation of the Remuneration Committee and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval ,if any, Mr. R. D. Gupta be and is hereby appointed as Whole Time Director of the company for a period of 3(three) years commencing from October 31, 2009, on the following terms and conditions:-

1. Basic Remuneration: - an amount not exceeding Rs.1,36,250 p.m. (i.e. Rs. 16,35,000/-p.a.) as basic salary.
2. Perquisites, allowance, & benefits:- payment of such other perquisites, allowances and /or benefits as detailed below; however the aggregate value of the all such perquisites, allowances & benefits shall not exceed 100 % of the Basic Remuneration.
3. And Payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board/Remuneration committee from time to time within the limits provided under Section 198, 269, Schedule XIII of the act, or otherwise approved by the Central Government.

Perquisites, allowances & benefits:-

Mr. R. D. Gupta will be entitled to the following perquisites, allowance and benefits. The Perquisites, allowance and benefits are broadly classified into three categories:-

#### Part "A"

- (i) Housing:-  
Whole Time Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.
- (ii) Medical & other allowances:-  
Medical & other allowances shall not exceed Rs.15,000/- per annum.
- (iii) Conveyance:-  
Conveyance shall not exceed Rs. 9,600/- per annum.
- (iv) Leave Travel Concession/Allowance:-  
Earned Leave and Leave Travel Concession/ Allowances for self and family not exceeding Rs.1,36,000/- per annum.

#### Part "B"

- (i) Gratuity:-  
Gratuity payable at a rate not exceeding half a month's salary for each completed years of service.

#### Part "C"

- (i) Car:-  
The Company shall provide such chauffeur driven cars to the whole time director as may be desired by him for business of the Company.
- (ii) Special Allowance:-  
Special allowance shall provide Rs. 5,48,000/- per year.  
Any other perquisites, benefits, facilities, allowances and expenses as may be decided by the Board from time to time as per the rules/schemes of the Company as applicable to Board Members.

RESOLVED FURTHER THAT while computing monetary value of the above said remuneration, the following perquisites shall not be included in the computation of the ceiling on remuneration:-

- A. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax Act, 1961.
- B. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- C. Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of whole time director, Mr. R. D. Gupta will be paid the remuneration by way of salary, commission, perquisites, allowances & benefits as specified above as minimum remuneration subject to the limits set out in Schedule XIII of the Companies act, 1956, from time to time unless otherwise approved by the central Government.

RESOLVED FURTHER THAT the appointment may be terminated by either party by giving three months' written notice to other party".

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

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 read with schedule XIII of the said Act or any other modification or re-enactment thereof and pursuant to recommendation of the Remuneration Committee and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval, if any, Mr. B. P. Saxena be and is hereby appointed as Whole Time Director of the company for a period of 3(three) years commencing from November 7, 2009, on the following terms and conditions:-

1. Basic Remuneration: - an amount not exceeding Rs.1,12,500 p.m. (i.e. Rs. 13,50,000/-p.a.) as basic salary.
2. Perquisites, allowance, & benefits:-payment of such other perquisites, allowances and /or benefits as detailed below, however the aggregate value of the all such perquisites, allowances & benefits shall not exceed 100% of the Basic Remuneration.
3. And Payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board/Remuneration committee from time to time within the limits provided under Section 198, 269, Schedule XIII of the act, or otherwise approved by the Central Government.

Perquisites, allowances & benefits:-

The Whole Time Director, Mr. B P Saxena will be entitled to the following perquisites, allowances & benefits. The perquisites, allowances and benefits are broadly classified into three categories:-

#### Part "A"

- (i) Housing:-  
Whole Time Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.
- (ii) Medical & other allowances:-  
Medical & other allowances shall not exceed Rs.15,000/- per annum.
- (iii) Conveyance:-  
Conveyance shall not exceed Rs. 9,600/- per annum.
- (iv) Leave Travel Concession/Allowance:-  
Earned Leave and Leave Travel Concession/ Allowances for self and family not exceeding Rs.1,12,000/- per annum.

#### Part "B"

- (i) Gratuity:-  
Gratuity payable at a rate not exceeding half a month's salary for each completed years of service.

#### Part "C"

- (i) Car:-  
The Company shall provide such chauffeur driven cars to the whole time director as may be desired by him for business of the Company.
- (ii) Special Allowance:-  
Special allowance shall provide Rs. 4,13,000/- per year.

Any other perquisites, benefits, facilities, allowances and expenses as may be decided by the Board from time to time as per the rules/schemes of the Company as applicable to Board Members.

RESOLVED FURTHER THAT while computing monetary value of the above said remuneration, the following perquisites shall not be included in the computation of the ceiling on remuneration:-

- A. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax Act, 1961.
- B. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- C. Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of whole time director, Mr. B. P. Saxena will be paid the remuneration by way of salary, commission, perquisites, allowances & benefits as specified above as minimum remuneration subject to the limits set out in Schedule XIII of the Companies act, 1956, from time to time unless otherwise approved by the central Government.

RESOLVED FURTHER THAT the appointment may be terminated by either party by giving three months' written notice to other party."



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

"RESOLVED THAT Mr. Abhinay Rathi, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By order of the Board  
For **VANASTHALI TEXTILE INDUSTRIES LTD.**

Date : 03.09.2010  
Place : Gurgaon

(Sachin Kumar Gupta)  
COMPANY SECRETARY

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HERewith.**
- The Register of Members and Share Transfer Register of the Company will remain closed from 27th September, 2010, to 30th September, 2010, (both days inclusive).
- The relative Explanatory Statement under Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the special business is annexed hereto.
- A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
- The members are requested to bring their copy of the annual Report to the meeting and the Attendance Slip duly filled-in and signed as per the specimen signature recorded with the Company/Depository Participant for attending the meeting.
- Members holding shares in physical form are requested to notify immediately any change in their address and bank particulars to the Company or its Share Transfer Agents. In case the shares are held in dematerialized form, this information should be furnished directly, without any delay, to their respective Depository Participants.
- Members, who hold shares in dematerialized Form, are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- The statement regarding General Information shall form part of the Notice.

#### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACTS, 1956.

##### ITEM NO. 4

The Members of the Company at their Meeting held on 30th July, 2010, appointed Mr. Nikhil Poddar as Director of the Company and the Board of Directors at their Meeting held on 30th July, 2010, appointed Mr. Nikhil Poddar as Managing Director of the Company w.e.f. July 30, 2009, for a period of three (3) years at nil remuneration subject to the approval of Members and Central Government, if required.

Mr. Nikhil Poddar, a US based NRI, was born in Delhi. He did his schooling from Delhi and then shifted to US from where he completed his Computer Engineering. He started his own business in USA in the year 1990, by the name and style of NIKI International INC., (NIKI) an importers and wholesalers of Home Textiles in USA. He is also the promoter of M/s. Millennium Holdings Ltd., a Mauritius based Company.

Mr. Nikhil Poddar is not disqualified from being appointed as Managing Director under Section 274(1)(g) of the Companies Act, 1956.

It is proposed to seek Members' approval for the appointment of Mr. Nikhil Poddar as Managing Director in terms of applicable provisions of Companies Act, 1956. The Board recommends the resolution as set out in item no. 4 for your approval by way of passing Special Resolution.

Except Mr. Nikhil Poddar, no director of the company is, in any way, concerned or interested in this resolution.

##### Item No. 5

The Board of Directors of the Company at their Meeting held on 31st October, 2009, appointed Mr. R. D. Gupta as Whole Time Director of the Company for a period of three (3) years effective from 31st October, 2009 subject to the approval of Members and Central Government.

Mr. Rameshwar Dayal Gupta, is a qualified textile engineer from IIT, Delhi, 1970 and has got requisite knowledge, experience and skills required to ensure the Company's success and improvement of its competitive position and limiting the Company's liabilities and protecting the interest of its stakeholders including shareholders, employees, financial institutions etc. His appointment is in the best interest of the Company. Mr. R. D. Gupta has got the rich experience of over 39 years in managing textile industry in India and abroad. The level of remuneration offered is most appropriate keeping in view the norms in the industry.

Mr. R D Gupta is not disqualified from being appointed as Whole Time Director of the Company under Section 274(1)(g) of the Companies Act, 1956.

It is proposed to seek Members' approval for the appointment of Mr. R. D. Gupta as Whole Time Director in terms of applicable provisions of Companies Act, 1956. The Company has already made an application to the Central Government for the appointment of Mr. R. D. Gupta as Whole Time Director. The Board recommends the resolution as set out in item no. 5 for your approval by way of passing Special Resolution.

The brief particulars of the remuneration payable to Mr. R. D. Gupta are as under:





**Vanasthali**

**VANASTHALI TEXTILE INDUSTRIES LIMITED**

| Salary<br>(in Rs./-) | Perquisites and<br>Allowances (in Rs.) | Commission, bonus<br>and performance<br>linked incentive (in Rs.) | Other<br>including<br>retails (in Rs./-) | Total CTC<br>(in Rs./-) |
|----------------------|--|---|--|-------------------------|
| 16,35,000            | 18,86,356                              | 0.00  | 78,644                                   | 36,00,000               |

Except Mr. R D Gupta, no other Director of the company is, in any way, concerned or interested in this resolution.

**Item No. 6**

The Board of Directors at their meeting held on 31st October, 2009 appointed Mr. B. P. Saxena as Whole Time Director of the Company for a period of three (3) years effective from 7th November, 2009, subject to the approval of Members and Central Government.

Mr. Brahm Prakash Saxena, is a qualified textile engineer from Punjab University, 1972 and has also received professional trainings related to textile industry with various foreign and domestic companies and has got requisite knowledge, experience and skills required to ensure the Company's success and improvement of its competitive position and limiting the Company's liability and protecting the interest of its stakeholders including shareholders, employees, financial institutions. His appointment is in the best interest of the Company. Mr. B. P. Saxena has got the rich experience of over 37 years in managing textile industry in India and abroad. The level of remuneration offered is most appropriate keeping in view the norms in the industry.

Mr. B. P. Saxena is not disqualified from being appointed as Whole Time Director of the Company under Section 274(1)(g) of the Companies Act, 1956.

It is proposed to seek Members' approval for the appointment of Mr. B. P. Saxena as Whole Time Director in terms of applicable provisions of Companies Act, 1956. The Company has already made an application to the Central Government for the appointment of Mr. B. P. Saxena as Whole Time Director. The Board recommends the resolution as set out in item no. 6 for your approval by way of passing Special Resolution.

The brief particulars of the remuneration payable to Mr. B. P. Saxena are as under:

| Salary<br>(in Rs./-) | Perquisites and<br>Allowances (in Rs.) | Commission, bonus<br>and performance<br>linked incentive (in Rs.) | Other<br>including<br>retails (in Rs./-) | Total CTC<br>(in Rs./-) |
|----------------------|--|---|--|-------------------------|
| 13,50,000            | 15,85,065                              | 0.00  | 64,935                                   | 30,00,000               |

Except Mr. B. P. Saxena, no other Director of the company is, in any way, concerned or interested in this resolution.

**Item No. 7**

The Board of Directors of the Company, under Section 260 of the Companies Act, 1956 and as per the terms of Articles of Association of the Company, appointed Mr. Abhinay Rath as an Additional Director of the Company w.e.f. August 12, 2010.

Mr. Abhinay Rath is Bachelor of Textiles from Kanpur University and possessing vast rich experience of over 16 years in the field of Production and Marketing.

Mr. Abhinay Rath is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956.

In terms of Section 260 of the Companies Act, 1956, Mr. Abhinay Rath holds office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Abhinay Rath for the office of Director of the Company under Section 257 of the Companies Act, 1956.

It is proposed to seek Members' approval for the appointment of Mr. Abhinay Rath as Director of the Company liable to retire by rotation.

By order of the Board  
For **VANASTHALI TEXTILE INDUSTRIES LTD.**

Date : 03.09.2010  
Place : Gurgaon

**(Sachin Kumar Gupta)**  
**COMPANY SECRETARY**

**I. GENERAL INFORMATION**

1. Nature of Industry : Textile
2. Date of expected date of commencement of commercial production: The Company is going concern.
3. In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus : N.A.
4. Financial performance based on given indicators:

**Current and projected financial performance**

(Rs. in Lacs)

| Year    | Income after adjusting extraordinary income | Expenditure | Net Profit/(Loss) |
|---------|---|-------------|-------------------|
| 2009-10 | 9632.01                                     | 9633.76     | (1.75)            |
| 2010-11 | 11558.41                                    | 11078.83    | 479.59            |
| 2011-12 | 13870.09                                    | 13294.59    | 575.50            |

5. Export performance and net foreign exchange collaborations:

(Rs. in Crores)

| Year    | Current and projected export performance |
|---------|--|
| 2009-10 | 46.68                                    |
| 2010-11 | 56.016                                   |
| 2011-12 | 67.22                                    |

The Company has no foreign exchange collaborations.

6. Foreign investments or collaborators, if any :  
M/s. Millennium Holds 55.81% of the Company as on 31st March, 2010.

**II. INFORMATION ABOUT MR. R D GUPTA**

1. Background details : As mentioned in the explanatory statement of the Notice to AGM.
2. Past Remuneration : For the year 2008-09, Mr. R D Gupta received Rs. 26,20,000/-.
3. Recognition or awards: --
4. Job profile and his suitability: As mentioned in the explanatory statement of the Notice to AGM.
5. Remuneration proposed: As mentioned in the Notice to AGM.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): N.A.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any,:

As mentioned in Corporate Governance Report which forms parts of the Annual Report.

**III. INFORMATION ABOUT MR. B. P. SAXENA**

1. Background details : As mentioned in the explanatory statement of the Notice to AGM.
2. Past Remuneration : For the year 2008-09, Mr. B. P. Saxena received Rs. 13,20,000/-.
3. Recognition or awards: --
4. Job profile and his suitability: As mentioned in the explanatory statement of the Notice to AGM.
5. Remuneration proposed: As mentioned in the Notice to AGM.





6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): N.A.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.:

As mentioned in Corporate Governance Report which forms parts of the Annual Report.

#### IV. OTHER INFORMATION:

Reasons of loss or inadequate profits:

The Company is export oriented company and it suffered very badly due to global melt down, lower production, and lower sales realization.

Steps taken or proposed to be taken for improvement:

Corporate Debt Restructuring with Banks, Intense marketing and selling all over the world and strive to increase production capacity.

#### Expected increase in productivity and profits in measurable terms

Current and projected production

| Year                | 2009-10 | 2010-11 | 2011-12 |
|---------------------|---------|---------|---------|
| Production ( M. T.) | 1543.75 | 1852.5  | 2223    |

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report along with the Audited statement of Accounts for the financial year ended 31st March, 2010.

**FINANCIAL RESULTS**

Your Company's financial performance during the financial year 2009-2010 is summarized below: -

(Rs. in lacs)

| Particulars  | For the Year Ended 31.3.10 | For the Year Ended 31.3.09 |
|--|----------------------------|----------------------------|
| Sales (Gross)  | 8699.60                    | 5043.44                    |
| Profit/(Loss) before depreciation, Interest & Tax (PBIT) | 497.88                     | (624.41)                   |
| Less: Interest   | 656.24                     | 819.56                     |
| Depreciation   | 726.76                     | 814.41                     |
| Profit/(Loss) before Tax (PBT) from Ordinary Activities  | (885.12)                   | (2258.39)                  |
| Extraordinary Income                                     | 883.37                     | --                         |
| Net Profit/(Loss) before Tax (PBT)                       | (1.75)                     | (2258.39)                  |
| Provision for Tax :                                      |                            |                            |
| Current-   | --                         | 7.00                       |
| Previous Year-   | --                         | (1.52)                     |
| Deferred-  | --                         | (368.24)                   |
| Profit/(Loss) after Tax                                  | (1.75)                     | (1895.62)                  |
| Add: Profit for the earlier years                        | (1,968.93)                 | (96.40)                    |
| Profit/(Loss) available for appropriations               | (1,970.68)                 | (1992.02)                  |
| Less: Prior Period Expenses                              | --                         | --                         |
| Less: Depreciation for Prior Period                      | --                         | --                         |
| Proposed Dividend  | --                         | --                         |
| Add: Transfer from General Reserve                       | --                         | 23.09                      |
| Balance carried to Balance Sheet                         | (1,970.68)                 | (1968.93)                  |

**OPERATIONS**

The year under review was a transformational year for the Company. During the year, consequent to change in management, the Company has joined hands with M/s. Niki International Inc., an importers and wholesalers of Home textiles in USA, due to which the Company has been able to better market and sell its products all over the world.

As of result of above, the Company has got better realization of its products resulting in a net loss of Rs. 1.75 Lacs as against Rs. 1895.62 Lacs in the previous year

despite of, falling demand and prices in the international market, global meltdown, and increase in the price of yarn (the Company's major raw material). The turnover of the Company during the year stands at Rs. 8699.60 Lacs as against Rs. 5043.44 Lacs in the previous which is increased by 72.49% approximately.

**DIVIDEND**

Your directors are unable to recommend any dividend for the year ended 31st March, 2010.

**FUTURE PROSPECTS**

The long-term outlook for terry towel is encouraging. The Company continued its emphasis on technology upgradation, modernization, product and market development. Its quality is well established and accepted in the international market.

Consequent upon Change in Management, the prospects of the company will be good as the new management having rich experience in marketing of the products which is the biggest challenge as of now due to global meltdown resulting in shrinking of markets all over the world.

The Company is focusing on Value added products such as embroidered terry towels, micro-cotton towels, tufted towels etc.

**SUBSIDIARY OF THE COMPANY**

The Company has one wholly owned subsidiary Company called V D R Leasing and Credit Company Private Limited. In compliance with the applicable provisions with the Companies Act, 1956, and Listing Agreement, a copy of Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report etc. of our subsidiary company along with Consolidated Audited Statements of Accounts is attached with the balance sheet of a holding Company.

**FIXED DEPOSITS**

During the year under review, your company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereto.

**INDUSTRIAL RELATIONS**

Cordial and harmonious industrial relations prevailed throughout the year, which contributed towards good performance in all areas of the business of the Company.

**INSURANCE**

The properties and insurable interest of the company, like building, plant & machinery, stocks, etc. are properly insured.

**DIRECTORS**

During the year under review, the Board of Directors appointed at their meeting, Mr. Nikhil Poddar on 30th July, 2010 as Managing Director, Mr. R. D. Gupta as Whole Time Director on 31st October, 2009, Mr. B. P. Saxena as Whole Time Director on 7th November, 2009,