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***ANNUAL
REPORT
2010-2011***



Vanasthali Textile Industries Ltd.
www.viltowels.com



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BOARD OF DIRECTORS

Mr. Nikhil Poddar
Mr. David Soans
Mr. Abhinay Rathi
Mr. B. R. Mahi

Chairman & Managing Director
Director
Director
(IDBI Nominee) Director

COMPANY SECRETARY

Amit Kumar Gupta

AUDITORS

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

BANKERS

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

WORKS & REGISTERED OFFICE

F-3-5, RIICO Industrial Complex, Vigyan Nagar
Shahjahanpur – 301706. Distt – Alwar (Rajasthan)

HEAD OFFICE

Plot no. A-32, 1st Floor, Satya Towers-1, Amberhai Village, Sector-19,
Dwarka, New Delhi 110075.

REGISTRAR AND SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Limited
"Beetal House" , 3rd Floor,
99, madangir, Behind Local Shopping Center,
Near Dada Mansukh Das Mandir,
New Delhi- 110062

NOTICE

NOTICE is hereby given that the **Twentieth Annual General Meeting** (AGM) of the members of Vanasthali Textile Industries Limited will be held on Thursday, 29th September, 2011 at 11:30 am IST at F-3-5 RIICO Industrial Complex, Vigyan Nagar, Shahjahanpur Distt, Alwar, Rajasthan, 301706, India, to transact the following business:

ORDINARY BUSINESS

Item no. 1 – Adoption of Accounts

To receive, consider and adopt the Audited Balance Sheet of the company as on March 31, 2011, the Profit and Loss account for the year ended on that date and the Report of the Directors' and the Auditors' thereon.

Item no. 2 – Re-appointment of Mr. Abhinay Rathi

To appoint a director in place of Mr. Abhinay Rathi, who retires by rotation and being eligible offers himself for the appointment.

Item no. 3 – To consider and re-appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

To re-appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

"RESOLVED THAT pursuant to the provisions of Section 224(1) and other applicable provisions, if any, of the Companies Act, 1956, M/s Rakesh Raj & Associates, Chartered Accountant (Registration No.005145N) is be and hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of 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 expenses".

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

Date: 24th, August 2011
Place: New Delhi

Sd/-
(Amit Kumar Gupta)
Company Secretary

NOTES:

1. 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.

2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
5. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company
6. The Register of Members and Share Transfer Books will remain closed from Tuesday 25th September, 2011 to Thursday 29th September, 2011 (both days inclusive).
7. 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.
8. 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.
9. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents, Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Center, Near Dada Mansukh, Das Mandir, New Delhi-110062
10. 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
11. 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
12. Vanasthali is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your depository participant to enable us to send you the quarterly reports via email.
13. The statement regarding General Information shall form part of the Notice.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report along with the Audited statement of Accounts for the financial year ended 31st March, 2011.

1. FINANCIAL RESULTS

Your Company's financial performance during the financial year 2010-2011 is summarized below: -

(Rs. In Lacs)

Particulars	For the year ended 31.03.11	For the year ended 31.03.10
Sales (Gross)	8324.02	8699.60
Profit/(loss) before depreciation, Interest & Tax (PBIT)	1140.67	497.88
Less: Interest	611.56	656.24
Depreciation	656.80	726.76
Profit/(Loss) before Tax (PBT) from Ordinary Activities		(885.12)
Extraordinary Income	483.87	883.37
Net Profit/(Loss) before Tax (PBT)	(127.69)	(1.75)
Provision for Tax :		
Current-	--	--
Previous Year-	--	--
Deferred-	--	--
Profit/(Loss) after Tax	(127.69)	(1.75)
Add: Profit for the earlier years	(1970.68)	(1,968.93)
Profit/(Loss) available for appropriations	(2098.37)	(1,970.68)
Less: Prior Period Expenses	--	--
Less: Depreciation for Prior Period	--	--
Proposed Dividend	--	--
Add: Transfer from General Reserve	--	--
Balance carried to Balance Sheet	(2098.37)	(1,970.68)

2. REVIEW OF OPERATIONS

The year under review has not been good due to fluctuation of yarn and cotton prices and as a result highly volatile International Markets due to which profit margins and operating income of the Company Suffered a set back. The Management along with M/s. Niki International Inc. strived hard to resolve all the pending issues relating to funding but markets did not improve in last whole year. The Losses of the Company therefore increased contrary to the transformation promised by the Company last year

As of result of above, the Company could not get better realization of its products resulting in a net loss of Rs. 127.69 Lacs as against Rs. 1.75 Lacs in the previous year due to, 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. 8324.02 Lacs as against Rs. 8699.60 Lacs in the previous year which is decreased by 4.32% approximately.

3. DIVIDEND

Your directors are unable to recommend any dividend for the year ended 31st March, 2011.

4.FUTURE PROSPECTS

The long-term outlook for terry towel is encouraging. The Company continued its emphasis on technology up gradation, 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.

5. 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.

6. CONSOLIDATED AUDITED ACCOUNTS

We believe that the Consolidated Audited Statements of Accounts present a more comprehensive picture rather than the standalone Audited Accounts. The Consolidated loss after tax of the Company and its Subsidiary is Rs. 127.44 Lacs during the year.

7. 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.

8. INSURANCE

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

9. CORPORATE GOVERNANCE

The Company is strongly committed towards its philosophy of good Corporate Governance. The endeavor of your Company is not only to comply with regulatory requirements but also to practice Corporate Governance principles that lay a strong emphasis on integrity transparency and overall accountability.

A separate Section on Management Discussion & Analysis and Corporate Governance along with certificate on its Compliance from Company Secretary in Practice is enclosed with this Annual Report.

10. GREEN INITIATIVE

As pursuant to the circular no. 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs, Government of India, we are adopting the green initiative option as being the responsible organization we are committed to reduce harmful impact of using more paper on the environment. Towards this end our management has taken the decision that our printed copy of the Annual Report to shareholders would not contain Balance Sheet, Profit & Loss Account and Auditors Report of V D R Leasing and Credit Private Limited.

Accordingly, the Annual Report for the year ended March 31, 2011, contains only those details that are statutorily required to be published in the Annual Report along with Abridged Standalone Financial Statements prepared in compliance with Section 219 of the Companies Act, 1956. Additional details are available on our website, www.vtiltowels.com

Pursuant to circular no. 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company. The annual accounts of the subsidiary companies and the related detailed information will be made available upon request by the members of the Company and of its subsidiary companies. These documents will be available for inspection by any member at the Registered/Corporate Office/Corporate Affairs department of the Company and also at the Registered Offices of the subsidiary companies concerned.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of board of directors) Rules, 1988, relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed to this report.

12. PARTICULARS OF EMPLOYEES

There is no employee whose particulars are required to be furnished in the Sec. 217(2A) of the Companies Act, 1956 and rules made there under.

13. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF COMPANIES ACT, 1956

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the loss for the year under review;
- (iii) That the directors have 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;
- (iv) That the directors have prepared the accounts for the financial year ended 31st March 2011 on a going concern basis.

14.DIRECTORS

During the year under review, Mr. B.P.Saxena has resigned w.e.f 13/08/2010.

Mr. Abhinay Rathi, who retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.

The Board places on records its sincere appreciation for the valuable contributions rendered by Mr. B.P.Saxena during their association with the Company.

15. AUDITORS

M/s Rakesh Raj & Associates, Chartered Accountant, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

16. AUDITORS' REPORT

The Auditors' Report is enclosed with the Accounts for the year ended March 31, 2011. There is no adverse qualification(s), and remarks in the audit report except some observations. The Auditors' Report being self explanatory does not require further comment thereon.

17. 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.

ACKNOWLEDGEMENT

Your Directors wish to place on record sincere gratitude for the co-operation and assistance extended by the Government authorities, Financial Institutions, Banks, Suppliers, Agents and Buyers. Your Directors also wish to acknowledge with thanks all stakeholders for their valuable sustained support and encouragement. The Directors wish to place on record their deep sense of appreciation for the commitment and dedication of employees at all levels.

For and on behalf of the Board.

(David Soans)

Director

Chairman of the Meeting

(Abhinay Rathi)

Director

Date: 24th, August 2011.

Place: Delhi.

ANNEXURE 'A' FORMING PART OF DIRECTORS REPORT

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the directors report.

A. Conservation of energy:-

a) Energy conservation measures taken:

The Company is making all around efforts for the conservation of energy. Following are the key areas where steps have been taken and substantial energy savings have been obtained:

Previously, we were running the coal fired boiler having capacity of 18MT. It was generating the steam in excess of the quantity actually required hence there was no proper utilization of steam and increasing the cost as well as fuel consumption. It was decided to run the 10MT boiler instead of 18MT. As a result 40-45 % coal consumption was reduced.

In addition, the company reduced the load of power supply by using the machines periodically by the technique of departmental rotation. This has reduced the energy consumption and bills substantially as decided by the management in last Annual General Meeting.

Steps are being taken to save the compressed air, by reorganizing the supply lines, and starting the smaller capacity compressors for the Dye House.

The impact of the above measures will be felt during the current year.

- b) Additional Investment and proposals, If any being implemented for reduction

Of consumption of energy.

Nil

- c) Impact of the measures at (1) and (2) Above for reduction

of energy consumption And consequent impact on the cost of Production of goods.

Nil

- d) Total Energy consumption and per unit of Production.

As per Form A

- B. Technology Absorption:-

As per Form B.

- C. Foreign Exchange Earnings and Outgo:-

The foreign exchange earning/outgo during the year are as under:

Rs./ Lacs

	Current Year	Previous Year
Foreign Exchange Earning	3896	4258
Foreign Exchange Outgo	4.36	21.94

Rs./ Lacs

FORM A

(Form for disclosure of particulars with respect to conservation of energy)

A	Power and Fuel Consumption:	2010-11	2009 – 2010
1	Electricity		
a)	Purchased		
	Unit (Kwh)	3,876,390	7,454,320
	Total Amount (Rs.)	19,882,260	33,961,262
	Rate/Unit (Rs.)	5.13	4.56
b)	Own Generation		
	Through D.G.Unit (Kwh) Diesel	-	246,330
	Through D.G.Unit(Kwh)Furnace Oil	NIL	NIL
	Unit/Ltr. of Diesel Oil (Kwh)	3.50	3.50
	Unit/Ltr. of Furnace Oil (Kwh)	NIL	NIL
	Cost/Unit (Rs.)	-	8.86
2	Coal (For Boiler)		
	Quantity (Tonnes)	1,636	3,553

	Total Cost (Rs.)	14,186,580	25,214,762
	Average Rate (Rs. Per Kg)	8.66	7.09
3	Husk (For Boiler) / Rice husk / Ground Nut		
	Quantity (Tonnes)	NIL	NIL
	Total Cost (Rs.)	NIL	NIL
	Average Rate (Rs. Per Kg)	NIL	NIL
4	Diesel (For Boiler)		
	Quantity (Litres)	NIL	NIL
	Total Cost (Rs.)	NIL	NIL
	Average Rate (Rs. Per Litre)	NIL	NIL
5	Furnace Oil (For Boiler)		
	Quantity (Litres)	NIL	NIL
	Total Cost (Rs.)	NIL	NIL
	Average Rate (Rs. Per Litre)	NIL	NIL
6	Consumption / unit of production Products: Terry Towels		
	-Electricity (Kwh/Kg)	4.35	4.35

FORM B
Disclosure of Particulars with respect to technology absorption research and Development (R&D):

1.	Specific areas in which R&D carried out by the Company:	
	The Company has no specific Research & Development activities. However, the Company has well equipped quality control department to check the quality of product manufactured.	
2.	Benefits derived as a result of the above R&D:	
	The Company has taken regular in house efforts to improve the quality of the product due to this, the Company has been able to produce softer towels with latest designs.	
	Better quantity and quality products are achieved.	
3.	Future Plan of action	: Increase production capacity with latest designs and advanced technology and sell and market Company's products to domestic as well as international market.
4.	Expenditure on R&D	
a.	Capital	: NIL
b.	Recurring	: NIL
c.	Total	: NIL
d.	Total R&D expenditure as a percentage of total sales.	: NIL
	Technology absorption, adoption and innovation	:
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	: NIL
2.	Benefits derived as a result of efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	: NIL
3.	In case of improved technology imported during the last reckoned from the beginning	The Company imported designing software (Nedgraphics)