

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Tuesday, the 30th September, 2014 at 11:00 A.M. at F-3-5 RIICO 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, 2014 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. Pannalal Goswami, 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. Jain Raj & Associates, Chartered Accountants, (Registration No 007535N) 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 traveling expenses

By order of the Board
For **Vanasthali Textile Industries Limited**

Date : 5th September, 2014
Place: Shahjahanpur, Alwar, Rajasthan

(David Soans)
Director

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 23th September, 2014 to 30th September, 2014 (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.
14. There being no special business as such, therefore, no explanatory statement is annexed herewith.
15. The Board has appointed scrutinizier at its meeting held on September 05, 2014 for the purpose of E-voting facility at Annual General Meeting as mandated by the Companies Act, 2013 read with Companies Rules, 2014 which is subject to agreement with the depository (NSDL/CDSL), but since the company has not paid its Annual Custodian Fees and company has also been in negotiation with the depositories since notice period for availing E-voting facility.

By order of the Board
For **Vanasthali Textile Industries Limited**
(David Soans)
Director

Date: 5th September, 2014
Place: New Delhi

I. GENERAL INFORMATION

1. Nature of Industry: Textile
2. Date of expected date of commencement of commercial production : 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. Foreign investments or collaborators, if any :
M/s. Millennium Holdings Ltd. holds 55.81% of the Company as on 31st March, 2014.

DIRECTORS' REPORT

Your Directors present the 23rd Annual report and the audited accounts for the year ended March 31, 2014.

1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Sales (Gross)	1545.90	1240.35
Profit/(loss) before depreciation, Interest & tax (PBIT)		(242.51)
Less: Interest	1269.96	1332.35
Depreciation	470.33	531.72
Profit/(Loss) before Tax (PBT) from ordinary Activities	(1934.17)	(2106.58)
Extraordinary Income	(8.78)	-
Net Profit/(Loss) before Tax (PBT)	(1942.95)	(2106.58)
Provision for Tax:		
Current-	-	-
Previous-	-	-
Deferred-	-	-
Profit/(Loss) after Tax	(1942.95)	(2106.58)
Add: Profit for earlier years	-	-
Profit/(Loss) available for appropriations	(1942.95)	(2106.58)
Less: Prior period Expenses	(1942.95)	(2106.58)
Less: Depreciation for Prior period	-	-
Proposed Dividend	-	-
Add: Transfer to General Reserves	-	-
Balance Carried to Balance Sheet	(1942.95)	(2106.58)

2. REVIEW OF OPERATIONS

The year under review (i.e 2013-2014) has not been so good like some past years solely due to financial constraints which your company is facing acutely and trying hard to overcome the situation also adding to problems is fluctuation of yarn and company continuously 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 improved in last whole year. But in spite of all these facts, the losses of the Company decreased to some extent, that can be considered in a positive way.

As of result of above, the company could not get better realization of its products resulting in a net loss of Rs. 1942.95 as compared to Rs. 2106.58 Lacs in the previous year though the company has made some advancements as compared to last year but 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. 1545.90 as compared to Rs. 1240.35 Lacs in the previous year which has increased by 26.34% approximately.

3. DIVIDEND

Your directors are unable to recommend any dividend for the year ended 31st March, 2014.

4. FUTURE PROSPECTS

The long-term outlook for terry towel has always been encouraging but the financial pressure and other constraints never allowed company to capitalize it. The Company continued its emphasis retaining its customers realizing from debtors, including Product and market development. There is no doubt that your company's product quality is well established and accepted in the international market despite all these hurdles.

The Management is making all the efforts to eliminate liquidity crunch and sustain the production focusing and in talks with the financial institution so that this situation can be successfully sailed through.

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 of 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 of its Subsidiary is Rs. (1942.54) Lacs during the year.

7. INDUSTRIAL RELATIONS

Cordial and harmonious industrial relations prevailed throughout the year.

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 VDR Leasing and Credit Private Limited.

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

In accordance with the provisions of section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2014, 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 2014 on a going concern basis.

14. DIRECTORS

Mr. Pannalal Goswami who retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment. The Board places on record its sincere appreciation for the valuable contributions rendered by Mr. B.R Mahi.

15. AUDITORS

M/s. Jain Raj & Associates, Chartered Accountant, appointed in AGM held on 28th September 2013, hold office until the date of ensuring Annual General Meeting and being eligible, offer themselves for reappointment.

16. AUDITORS' REPORT

The Auditors' Report is enclosed with the Accounts for the year ended 31st March, 2014. There is no adverse qualification(s), and remarks in the audit report except some observations as subject to

- i. Non-confirmation of some balances and recoverable advances & loans facility with suppliers, creditors, customers and Banks respectively.
- ii. Company has filed its reference with BIFR in expectancy of relief and concessions in the form of financial restructuring of loans & liabilities including interest waivers whereas keeping in view of multiple financials, it casts doubt on the going-concern assumption.
- iii. In the opinion of the Management, no adjustment is required to the carrying amount of fixed assets and capital work in progress, on account of impairment as required by AS-28 and view of the action taken by the lenders and the management inability to make an assessment about the cash flows, asset liability mismatch and therefore it may be unable to ascertain such impairment which may exist and required to be charged to profit and loss account.
- iv. Adjustment and set off of export debtors (Related Party), it may cause legal complications due to non-settlement of such foreign bills under foreign exchange regulations.
- v. Non-Provisions of Foreign Exchange fluctuations related to adjusted debtors as well as debtors against which provision for bad & doubtful debts has been made is contrary to the requirement of AS-11 of ICAI.
- vi. Non-Provisions of leave encashment as required by AS-15 on employee benefit.

The Auditors' Report being self explanatory does not require further comment thereon.

16A- COST AUDITOR REPORT

As per Section 233B of the Companies Act, 1956 and Circular issued by the Ministry of Corporate Affairs, cost audit branch in the month of June, 2011 and subsequent revisions such as in the month of November 2011 and further cost audit is applicable on your Company and the cost audit was conducted by Niraj Kumar Vishwakarma & Associates, cost accountants, there is no adverse qualification(s) in the Audit report being self explanatory does not require any further comment.

17. Clarification on Auditor's Qualifications.

Your Directors being committed to the principles of Corporate Governance are very much concerned about the auditors' report and the justifications about auditors' findings is as follows:

1. As you are well aware that your company is facing acute financial crisis and struggling hard to cope up with the demanding situation the statutory obligations also feel the heat of same and sometimes, we despite our best efforts fail to make payments on time, though we acknowledge these are financials obligations and will be regularized as soon as possible.
2. The situation is same here as well due to financial crunch we fail to make payment on time to our creditors and they in turn did not provide us any confirmation, banks also not responding to our demands as we are failing to make interest payment to them on time.
3. As highlighted earlier matter is sub-judice and as soon company receives probably favorable order from BIFR, we all hopes that old glorious days will come back.
4. TUF is the scheme under which we are entitled for subsidy but as you are aware that we are facing challenges from everywhere, availing this facility totally depends upon making interest payment which in current scenario company cannot do so.

So, availing this facility also has become a challenge for us but we were and are making the provisions as whenever in future we get into position to pay our interest obligation and will claim this subsidy for govt.

18. 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.

19. EROSION OF NET WORTH - REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

On account of losses incurred during the year under review and also the carried forward losses of past years, the entire net worth of the company has got eroded at the end of the financial year ended on March 31st, 2011 mentioned in the previous annual report. In the Board of directors meeting held on 24th August 2011, the directors formed an opinion to refer the company to BIFR and on 26-09-2011 the Company made a reference u/s 15(1) of Sick Industrial Companies (Special Provisions Act, 1985). The Matter is Undergoing with BIFR from then, and also with AAIFR and no matter is sub-judice.

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.

Date: 05/09/2014

Place: Delhi

Sd/-

(Nikhil Poddar)
CMD

For and on behalf of the Board

Sd/-
(David Soans)
Director

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,

Nil

If any being implemented for reduction of consumption of energy.

c) Impact of the measures at (1) and (2)

Nil

Above for reduction of energy consumption and consequent impact on the cost of production of goods.

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	41.38	425.44
Foreign Exchange Outgo	3.40	4.69

FORM A

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

A.	Power and Fuel Consumption:	2013-14	2012 - 2013
	Electricity		
1.	a) Purchased		
	Unit (Kwh)	20,32,200	2,597,130
	Total Amount (Rs.)	144,72,521	17,906,808
	Rate/Unit (Rs.)	7.12	6.89
	b) Own Generation	6,92,710	Nil
	Through D.G.Unit (Kwh) Diesel	Nil	Nil
	Through D.G.Unit(Kwh)Furnace Oil	3.20	Nil
	Unit/Ltr. of Diesel Oil (Kwh)	Nil	
	Unit/Ltr. of Furnace Oil (Kwh)	16.12	
	Cost/Unit (Rs.)		
2.	Coal (For Boiler)		
	Quantity (Tonnes)	809	777
	Total Cost (Rs.)	73,21,903	66,45,034
	Average Rate (Rs. Per Kg)	9.05	8.55
3.	Husk (For Boiler) / Rice husk / Ground Nut	Nil	Nil
	Quantity (Tonnes)	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Average Rate (Rs. Per Kg)		
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 + Diesel (Kwh/Kg)	3.60	3.46

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT**INDUSTRY STRUCTURE & DEVELOPMENTS**

The Indian textile Industry has emerged as a major contributor to the manufacturing sector of Indian Economy. The year 2013-14 was not a good year for the textile Industry and particularly for your company due to financial constraints.

The textile industry as a whole is going through a challenge due to the recession in major markets, rising raw materials prices and unfavorable economic environment across the world and in region we are not therefore hopeful in the current year as well. The revival that started in the year has picked up the momentum continuously but due to global meltdown, the textile Industry suffered drastically. The Global Market demand for towels products has increased and it is likely to continue in the coming financial years. Further the Company will be now putting up intensive and aggressive marketing approach by extending customer base both domestic as well as international market.

GOVERNMENT INITIATIVES

The Textile Industry in India is on a comeback track aided by favorable Government policies.

1. Textile parks are being established to enhance manufacturing capacity and increase the industry' shares in market.
2. With the removal of quantitative restrictions from 2005 onwards incentives for increasing capacity and upgradation has been taken, India's share of the global textile industry is expected to grow significantly accompanied by attractive value-addition products & higher volumes.
3. The dismantling of the quota regime has had mixed results for the textile sector as protection has been withdrawn and competition has intensified and in such a scenario, the industry trend is likely to move to enhanced economies of scale, production integration and efficiencies, cost reduction, shrinking delivery schedules and aggressive marketing.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

Elimination of export quotas coupled with removal of quantitative restrictions has provided an opportunity to the textile sector to export freely to the U.S, European Union and other countries. High hidden infrastructure costs like indirect taxes, poor roads, erratic power & water supply, low economies of scale compared to neighboring countries, historic government policies that continue to impede global competitiveness remain a cause of concern.

The strong client base, quality product, good track record in terms of client servicing and on time delivery is a key strength of the Company

The present recession in the economy and ever raising competition from neighbouring countries may cause the reason of threat to the company.

OUTLOOK

The textile industry is a self-reliant industry from the production of raw materials to the delivery of final products with considerable value addition at each stage of processing.

The demand for textile products has picked up with the global economy pulling out of recession. This has led us to believe that the industry will continue to show better performance in the coming years.

As before, your Company will continue its thrust towards product and market development, better consumer services and technology up gradation, cost reduction and improve production efficiency.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Commensurate with the size and nature of business, the Company has adequate system of internal control procedures. Detailed procedural manuals are in place to ensure that all assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by external auditors and their internal Audit Report is periodically placed and reviewed by the Audit Committee of the Board of Directors.

The introduction of comprehensive Risk Management System and Internal Control Mechanism has been set under the requirement of Clause 49 as a condition for continued listing on Stock Exchange. CEO/CFO certification on the effectiveness of control is surely a step further towards a system compliant organization. The entire financial and business cycle has been mapped to improve the systems and controls.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

Beyond the Balance Sheet lies Company's singly biggest Asset - Human Resource. The human resource assets of the Company comprise of people of diverse educational and technical backgrounds. The Company has a strong process to evaluate and recruit employees from all over India. The Company considers training and development of its employees as crucial, to enable to develop their skills and to meet its dynamic business needs. The company has inbuilt systems to ensure that employee are continuously updated with the needs of the changing technology. The industrial relations have continued to remain cordial during the year.

CAUTIONARY STATEMENT

As stated in the beginning, this Report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchange and as such cannot be construed as holding out for any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable Securities Laws and Regulations. This Report basically seeks to furnish information, as laid down within the different heading provided under the sub-head Management Discussions and Analysis to meet the listing Agreement requirements.

The foregoing discussion and analysis sets out the management perception of the industry/Company's operational environments, in the coming months, which, by their nature are uncertain and may undergo substantial changes in view of events taking place later. Thus the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different, even materially. Subject to this management disclaimer, this discussion and analysis should be pursued.

EROSION OF NET WORTH - REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR).

On account of losses incurred during the year under review and also with carried forward losses of past years, the entire net worth of the company has got eroded at the end of the financial year which ended on 31st March, 2011 mentioned in the previous annual report. In the Board of directors meeting held on 24th August 2011 the directors formed an opinion to refer the company to BIFR and on 26th September, 2011 the company made a reference u/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985).

The Matter is undergoing with BIFR from then, and also with AAIFR and matter is sub-judice.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Your company is committed to the principles of good Corporate Governance as it is crucial to the very existence of the company in the modern times and ever evolving legislations, it builds confidence and trust, which eventually leads to a more stable and sustained resources flows and long term partnership with its investors and stakeholders. Further it results in the control of the company in a regulated manner, aiming to achieve transparent, accountable and fair management. The detailed report on implementation by the company, of the revised code as incorporation in Clause 49 of the Listing Agreement with Stock Exchange, for the financial year 2013-14 is set out below:-

I. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:-

Vanasthali's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, despite the financial constraints which we are facing we have tried our best to keep all the good practices in place even before they were mandated by the Government and regulating bodies by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. As a global organisation the Corporate Governance practices followed by your Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making.

II. BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors along with its Committees provide leadership and guidance to the Company's Management and directors, supervises and controls the performance of the Company. The Board of Directors comprises three members consisting of two Non-executive Directors who account for fifty per cent of the Board's strength as per the Listing Agreement. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance, law & public enterprises. The composition is as under:-

Name of the Directors	Category of Directors	No. of outside Directorships held#		No. of other Board Committee(s) of which he is a member(@)	No of Other Board Committee(s) of which he is a Chairman	No. of Shares held in the Company as at 31.03.2014
		Public	Private			
Mr. Nikhil Poddar	Executive Director	-	2	2	-	-
Mr. David Soans	Independent Director	-	2	2	-	-
Mr. Pannalal Goswami	Additional Director	-			-	-

Note:

Excluding Directorships in Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

@ Committee positions only of the Board Committee in Private Companies have been considered.

No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956. Memberships of the Directors in various Committees are within the permissible limits of the listing agreement.

(b) Details of sitting fees, commission and remuneration paid/payable to Directors:

Name of the Director	Remuneration paid/payable for the year 2013-2014 (All figures in Rupees)		
	Sitting Fee	Salary/Perquisites	Total
Mr. Nikhil Poddar	Rs.	N.A	Rs.
Mr. David Soans			

(c) Board Meetings and attendance of Directors:

- (i) The members of the Board have been provided with the requisite information mentioned in the Listing Agreement well before the Board Meetings.
- (ii) Four Meetings of the Board of Directors were held during the year ended March 31, 2014. These were held on :-
 - (1) 30th May, 2013
 - (2) 29th June, 2013
 - (3) 14th August, 2013
 - (4) 30th September, 2013

The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2014 and of the last Annual General Meeting is as under:-

Directors	No. of Board Meetings attended	Attendance at the last AGM
Mr. Nikhil Poddar	3	No
Mr. David Soans	3	No
Mr. Pannalal Goswami	3	No

(d) **Code of Conduct:**

The Company has framed a code of conduct for the members of the Board of Directors of the Company. The declaration by Mr. Nikhil Poddar, Chairman and Managing Director of the Company regarding compliance by the Board members with the said code of conduct is given as Annexure I to this report.

In compliance with requirements of Clause 49(iv) (e) (v), the shareholding of the Non- Executive Director in the Company as on 31st March 2014 are as follows:

Sl.no.	Name Of The Director	No. of Shares Held
1.	Mr. David Soans	Nil

All information requested to be disclosed as per Clause 49 of the Listing agreement with the Stock Exchange have been placed.

III. AUDIT COMMITTEE

(a) **Composition of the Committee:**

- (i) The Audit Committee comprise of 2 Non-Executive Directors as on 31st March, 2014 due to resignation tendered by Directors. Your Company is on the minimum thresh hold limit of directors in a public company i.e 3 Directors, therefore this committee is required to be reconstituted. -

b) **Terms of reference**

The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under clause 49 of the Listing Agreement as well in section 292(A) of the Companies Act, 1956.

To Oversee the Company's financial reporting process and financial information disclosure to ensure that the financial statements are correct, sufficient & credible, to review with the management, the annual financial statement before submission to the Board, external and internal Audit Report the adequacy of the internal control systems, to review the adequacy and the effectiveness of accounting and financial control of the Company, Compliance with the companies policy and applicable laws and regulations and recommending the appointment and removal of external auditors, fixation of audit terms, compliance with the accounting standards and listing agreement entered with the Stock Exchange and other legal requirements concerning financial statements and related party transactions if any to review the financial and risk management and discuss with the internal auditors any significant findings for follow up there on, looking into the reasons for substantial defaults, if any, in payment of the shareholders (in case of declared dividends) and creditors and reviewing any other areas which may be specified as role of Audit Committee under amendments if any, from time to time, to the Listing Agreement, Companies Act and other statutes.

IV. SHAREHOLDERS/INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

(a) **Constitution & Composition of the Committee:**

In Compliance of SEBI guidelines on Corporate Governance as provided in clause 49 of the Listing Agreement, Shareholders'/ Investors Grievances Committee has been constituted, for redressal of the grievances of the shareholders/investors with regard to transfer to shares, non-receipt of Balance Sheet, Non-Receipt of Dividends etc.

All the references/complaints received from the investors during the year have been replied/redressed till date. Investors' grievances are normally attended to within seven days to ten days on receipt of the relevant information. The Company endeavours to implement suggestions as and when received from the investors.

Though in the last year composition was missing due to resignation by the Directors but with Mr. Pannalal Goswami appointed as Director, the Committee will be reconstituted.

(b) **Complaints**

During the year under review, a total of NIL Complaints were received and resolved.

V. GENERAL BODY MEETING

(a) The details of Annual General Meetings held in last three years are as under:-

Financial Year	AGM/EGM	Date & Time	Venue
2010-2011	20th, AGM	September 29, 2011 at 11:00 AM	F-3-5 RIICO Industrial Complex Vigyan Nagar, Shahjahanpur Distt. Alwar (Rajasthan)
2011-2012	21st, AGM	September 29, 2012 at 11.00 AM	F-3-5 RIICO Industrial Complex Vigyan Nagar, Shahjahanpur Distt. Alwar (Rajasthan)
2012-2013	22nd AGM	September 28, 2013 at 11.00 AM	F-3-5 RIICO Industrial Complex Vigyan Nagar, Shahjahanpur Distt. Alwar (Rajasthan)

(b) **Special Resolution:** No Special resolutions had been passed in the previous AGM of the company.

(c) **Postal Ballot Resolution:** No resolution has been passed through Mechanism Postal Ballot during the year 2013-2014.

DISCLOSURES

1. There has been no materially significant related party transaction that might have potentially conflict with the interests of the company at large.
2. The Company has complied with various rules and regulations prescribed by stock exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
3. The company does not have any Whistle Blower Policy as of now.
4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.
5. The company has complied with all the mandatory requirements of Clause 49. As regards the non-mandatory requirements, the extent of compliance has been in this report against each of them.

V. DISCLOSURE FOR APPOINTMENT/ RE-APPOINTMENT

Particular	Name of the Director
Date of Birth	Mr. Panna Lal Goswami
Date of Appointment	1st April, 1949
Expertise in specific areas	14th August, 2013
Directorship in other Companies	Management & Administration
Committee Memberships/ Chairmanships in other companies	Nil
	Nil

VI. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are generally published in Financial Express and Dainik Lokmatt (Delhi and Jaipur). The information regarding the performance of the company is shared with the shareholders on every quarter and half year communiqué and in the Annual Report.

The official news releases including on the quarterly and annual results and presentations made to institutional investors analysts are also posted on the company's website www.vitowels.com. The 'Investors' section on the company's website keeps the investors updated on material developments in the company by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to Analysts etc. A brief profile of Directors is also on the Company's website. Members also have the facility of raising their queries/complaints on share related matters through a facility provided on the company's website. The Annual Report, Quarterly Results, Shareholding Pattern of the Company are posted through Corporate Filing and Dissemination System (CFDS), a portal which is a single source to view information filed by listed companies. Hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

Exclusive Designated e-mail id

The Company does not have any designated email id.