

REPORT

FINANCIAL

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SEASONS
TEXTILES LIMITED

1996-97

BOARD OF DIRECTORS

Shri Nanak Singh
(Chairman & Wholetime Director)

Shri Inderjeet Singh Wadhwa
(Managing Director)

Shri Mandeep Singh Wadhwa

Shri R K Gupta

Shri Neelam Wadhwa

Shri K C Mehra

Shri C K Tikku

Shri P K Hari

Shri U K Panwar

GROUP COMPANY SECRETARY

Rakesh Arora

CORPORATE OFFICE

SEASONS HOUSE,
B-18, Sector-5,
Noida (U.P.)
Tel. 8541743/8541727

REGISTERED OFFICE

27, Feroze Gandhi Road, Lajpat Nagar, III
New Delhi - 110024

AUDITORS

K.L. Datta & Company
Chartered Accountants
C-121, Greater Kailash - I
New Delhi - 110048

INTERNAL AUDITORS

Ashok Kantoor & Co.
Chartered Accountants
2659/2, Gurudwara Road
Karol Bagh
New Delhi-110 015

BANKERS

Canara Bank
Parliament Street
New Delhi - 110001

SHARE TRANSFER AGENT

Advance Business Consultants Ltd.
K-1/52, Chittaranjan Park, EPDP
New Delhi-110019
Tel. : 6476463, Fax : 6441327

**In view of the restrictions
imposed by Provisions
of working draft of
Companies Bill, 1997,
Shareholders may please
note that no Gifts will be
distributed at the AGM.**

| | | | | |
|-----|--|--|-----|--|
| MD | | | BKC | |
| CS | | | DFY | |
| RO | | | DIV | |
| TRA | | | AC | |
| AGM | | | SHI | |
| VE | | | | |

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SEASONS TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of **SEASONS TEXTILES LIMITED** will be held on Thursday the 25th day of September, 1997 at RK Farm, Alipur Narela Road, Holambi Kurd Maur, Delhi at 1500 hrs to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, the Profit & Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri K.C.Mehra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt Neelam Wadhwa, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration and for that purpose to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"Resolved that M/s K.L. Datta & Co., Chartered Accountants, New Delhi, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

Resolved that pursuant to Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and consent of the Shareholders of the Company be and is hereby accorded to the reappointment of Shri Inderjeet S.Wadhwa as Managing Director of the Company for a further period of Five years from 1st October 1997 on the following terms and conditions;

Salary : Scale Rs.17,000-4000 -33,000 p.m.

Housing :

- a) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 60 per cent of the salary.
- b) Free furnished accommodation in case the accommodation is owned by the Company.
- c) In case no accommodation is provided by the Company, entitlement to house rent allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water & furnishings will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of salary.

Medical Reimbursement : Expenses actually incurred for self and family, subject to the ceiling of Rs. 10,000/- in a year or one month salary in a year.

Leave Travel Concession : For self and family once in a year for any destination in India, subject to ceiling of one month salary in a year.

Club Fees : Fees of clubs subject to a maximum of two clubs may be allowed. Admission and life membership fees are not permissible.

Personal Accident Insurance : Premium not to exceed Rs.2000/- per annum.

Provident Fund : Contribution to the provident fund as per rules of the Company.

Gratuity : Payable as per rules of the Company but not exceeding Half month's salary for each completed year of service, subject to a ceiling of Rs.2,50,000/-

Car : Facility of Car with driver.

Telephone : Telephone at residence.

Leave : 30 days leave for 12 months of service. However, leave accumulated but not availed will be allowed to be encashed.

Personal long distance calls on telephone and use of car for private purpose to be billed by the Company to the Managing Director.

Resolved further that the Board of Directors be and are hereby authorised to alter or vary from time to time the terms and conditions of the said appointment in such manner as it may deem fit in the best interest of the company so as not to exceed the limits in that behalf contained in Schedule XIII of the said Act including any statutory modifications or re-enactment thereof for the time being in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto may be agreed to between the Board of Directors and Shri Inderjeet S. Wadhwa.

Resolved further that the remuneration as aforesaid, shall be paid as minimum remuneration for any year in the case of absence or inadequacy of profits for such year.

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

Resolved that pursuant to Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and consent of the Shareholders of the Company be and is hereby accorded to the re-appointment of Shri Nanak Singh as Wholetime Director of the Company for a further period of Five years from 1st October 1997 on the following terms and conditions:

Salary : Scale Rs.20,000-5,000-40,000 p.m.

Housing :

- a) The expenditure by the Company on hiring unfurnished accommodation will be subject to

ceiling of 60 per cent of the salary.

- b) Free furnished accommodation in case the accommodation is owned by the Company.
- c) In case no accommodation is provided by the Company, entitlement to house rent allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water & furnishings will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of salary.

Medical Reimbursement : Expenses actually incurred for self and family subject to the ceiling of Rs.10,000/- in a year or, subject to ceiling of one month salary in a year.

Leave Travel Concession : For self and family one in a year for any destination in India, subject to ceiling of one month salary in a year.

Club Fees : Fees of clubs subject to a maximum of two clubs may be allowed. Admission and life membership fees are not permissible.

Personal Accident Insurance : Premium not to exceed Rs.2000/- per annum.

Provident Fund : Contribution to the provident fund as per rules of the Company.

Gratuity : Payable as per rules of the Company but not exceeding Half month's salary for each completed year of service, subject to a ceiling of Rs.2,50,000/-

Car : Facility of Car with driver.

Telephone : Telephone at residence.

Leave : 30 days leave for 12 months of service. However, leave accumulated but not availed will be allowed to be encashed.

Personal long distance calls on telephone and use of car for private purpose to be billed by the Company to the Whole-Time Director.

Resolved further that the Board of Directors be and are hereby authorised to alter or vary from time to time the terms and conditions of the said appointment in such manner as it may deem fit in the best interest of the company so as not to exceed the limits in that behalf contained in Schedule XIII of the said Act including any statutory modifications or re-enactment thereof for the time being in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto may be agreed to between the Board of Directors and Shri Nanak Singh.

Resolved Further that the remuneration as aforesaid, shall be paid as minimum remuneration for any year in the case of absence or inadequacy of profits for such year.

By order of Board

Place : Noida
Dated : 30.06.97

RAKESH ARORA
Group Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 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 COMMENCEMENT TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 3rd September, 1997 to Thursday, the 25th September, 1997 (both days inclusive).
4. Members who are holding shares in identical order of names in more than one Folio, are requested to write to the Registered Office of the Company to enable the Company to consolidate their holdings in one Folio.
5. Members are requested to intimate to the Company queries, if any, regarding these Accounts/Notice at least 7 days before the meeting to enable the Management to keep the information ready at the meeting.
6. Members are requested to bring their copies of the Annual Report to the meeting and the Attendance Slip duly filled-in for attending the meeting.

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

Item - 5 : Shri Inderjeet S. Wadhwa, Managing Director of the Company who has fifteen years of experience in the line of Furnishing Fabrics, was appointed for a period of 5 years and his term expires on 30.9.97. Under his dynamic supervision and leadership the Company has progressed to this level. Therefore it is in the interest of the company to re-appoint Shri Inderjeet S. Wadhwa, as Managing Director for a further period of 5 years on the terms and conditions as set out in the resolution.

Shri Inderjeet S. Wadhwa individually and Shri Nanak Singh, Shri Mandeep S. Wadhwa and Smt. Neelam Wadhwa being the relative of Shri Inderjeet S. Wadhwa, no other Directors are interested or concerned in the said resolution.

The Board recommends the resolution for your approval.

Item - 6 : Shri Nanak Singh, Chairman of the Company who has twenty five years experience in the line of Furnishing Fabrics was appointed from 1st October, 1992 for a period of 5 years. Having regard to the rich and wide experience, it is in the interest of the company to appoint Shri Nanak Singh as Wholetime Director for a further period of five years on the terms and conditions as set out in the resolution.

Shri Nanak Singh individually and Shri Inderjeet S. Wadhwa Shri Mandeep S. Wadhwa and Smt. Neelam Wadhwa being the relative of Shri Inderjeet S. Wadhwa, no other Directors are interested or concerned in the said resolution.

The Board recommends the resolution for your approval.

SEASONS TEXTILES LIMITED

DIRECTORS' REPORT

To

The Members

We have pleasure in presenting the 11th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 1997. We feel that the performance is satisfactory in view of the present unfavourable economic situation of the country.

FINANCIAL RESULTS

| | 1996-97 | 1995-96 |
|------------------------------------|---------------|---------------|
| | (Rs. in Lacs) | |
| Gross Profit for the year | 305.45 | 270.60 |
| Less: | | |
| Depreciation | 67.83 | 56.10 |
| Financial overheads | 153.90 | 114.04 |
| Provision for Taxation | 6.20 | 0.02 |
| | <u>227.93</u> | <u>170.16</u> |
| | 77.52 | 100.44 |
| Add : Surplus brought forward | 318.97 | 243.53 |
| Amount available for Appropriation | 396.49 | 343.97 |
| General Reserve | 20.00 | 25.00 |
| Investment Allowance Reserve | 3.16 | 0.00 |
| Surplus carried forward | 373.33 | 318.97 |
| | <u>396.49</u> | <u>343.97</u> |

EXISTING OPERATIONS AND PROSPECTS

The performance achieved by your Company during the year 1996-97 have not been as expected due to depressed market conditions, high inventory level with the dealers and tight money market. The sales turnover of Rs.1550.90 lacs (1375.16 lacs) has been recorded showing a growth of 12.77 percent. The profit-after-tax has dropped substantially to Rs. 77.52 (Rs.100.45 lacs), a drop of 22.82 percent. The net profit has been severally affected due to increase in finance charges to Rs.153.90 lacs(Rs.114.04 lacs) to the Financial Institutions against the loans which were availed during 1994-95 and 1995-96 to finance balancing and additional equipment for expansion/diversification and higher depreciation of Rs. 11.93 lacs.

EXPANSION/FUTURE OUTLOOK

During the year the Company introduced a number of designs/textures/variants in line with the international trend, both in the domestic and export market. Though the export market has become highly competitive with countries like China, Taiwan and South Korea offering very attractive pricing, the exports are encouraging with new markets being tapped and also the fact that it takes time to establish the product with a different strategy in the International Markets.

The Company is in the process of establishing buying agents in all potential markets and hope for higher exports in 1997-98.

The Company is also looking into the options of repaying/ replacing the high cost debts in the near future which will help in improving the bottomline.

Your Directors view the future with optimism and hope that the profitability will improve considerably in the current year in view of cost control and other measures taken up to improve the production.

DIVIDEND

Your Directors feel that in view of the decline in profitability over the last year for the reasons mentioned above, it is desirable to skip dividend for the current year.

EXPORTS

The Company is continuing to maintain its thrust on the export front and has exported Fabrics to countries like Australia, New Zealand, U.S.A., Gulf countries, South East Asian countries, South Africa etc. During the year the Company exported Premium Jacquard Furnishing Fabrics worth Rs.135.63 lacs as against Rs.175.98 lacs in the year 1995-96.

DIRECTORS

Shri U. K. Panwar was appointed as Nominee Director by Pradeshia Industrial & Investment Corporation of U.P. Ltd. (PICUP) on the Board in place of Shri Dilip Kumar Kotia, Nominee Director of PICUP. The Board places on record its appreciation for valuable guidance received from Shri D. K. Kotia during his tenure as Nominee Director.

Shri K.C.Mehra and Smt.Neelam Wadhwa retire by rotation and being eligible for appointment offer themselves for re-appointment.

AUDITORS

M/s.K.L. Datta & Company, Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. The Company has received a certificate to the effect that their re-appointment, if made shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not accepted/renewed any of Fixed Deposits during 1996-97.

AUDITORS' REPORT

The observations of the Auditor's have been suitably explained in the different notes on accounts and the necessary steps, wherever required, have been initiated by the Company on the observations of the Auditors referred in their report.

PARTICULARS OF EMPLOYEES & DISCLOSURE OF INFORMATION

Information as per section 217 (2A) of the Companies

Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is not applicable.

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e)

Under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 the detailed information is enclosed as per annexure and forms part of this report.

INDUSTRIAL RELATIONS

Your Directors gladly report that the industrial relations during the year under review remained cordial.

ACKNOWLEDGEMENT

The Board of Directors places on record their sincere thanks to the Financial Institutions, the Bankers to the

Company and The State Trading Corporation of India Ltd. Your Directors also express their appreciation for the services rendered by the workers, staff, executives at all levels of the Company.

We would also like to thank our shareholders for their confidence and understanding.

For and on behalf of the Board

NANAK SINGH

Chairman & Wholetime Director

Place : Noida

Dated : 30.06.97

ANNEXURE

Information as per Sec. 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

A. Conservation of energy :

1. Energy conservation measures taken

The Company has installed energy efficient shuttleless looms imported from M/s Somet S.p.A, Italy and as such there is little scope for improvement. However, efforts will be made to conserve and save energy wherever applicable

Nil

2. Additional investment and proposals, if any, being implemented for reduction of consumption of energy

Nil

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods.

4. Total energy consumption and consumption per unit of production.

As per Form A

B. Technology Absorption :

Efforts made in technology absorption as per Form B

C. Foreign Exchange Earning and Outgoing :

1. Activities relating to exports initiatives taken to increase exports development of new export market for products and services, and export plans.

The Company is continuing to enter new developed markets and the feed back of the same is encouraging

2. (a) Total foreign exchange used

Rs. 12,66,519 on account of Revenue expenditure

- (b) Total foreign exchange earned

Rs. 1,35,63,590

SEASONS TEXTILES LIMITED

FORM A

Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption

| | Current Year | Previous Year |
|------------------------------|--------------|---------------|
| a) Purchased | | |
| Unit | 441258 | 456175 |
| Total Amount (Rs. Lacs) | 16.79 | 16.35 |
| Rate/Unit | 3.81 | 3.58 |
| b) Own Generation | | |
| (i) Through Diesel Generator | | |
| Unit | 178470 | 193200 |
| Unit per Ltr. of diesel Oil | 3 | 3 |
| Cost/Unit (Rs.) | 2.64 | 2.48 |

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 | Innovative fabric designs and new product development |
| 2. Benefits derived as a result of the above R&D | Increase in acceptability of new designs |
| 3. Future plan of action | Continue to introduce Latest fabric designs and patterns based on market feedback |
| 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, adaptation and innovation:

| | |
|---|-------------------------------------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | No new technology has been imported |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | Nil |
| 3. In case of improved technology imported during the last 5 years reckoned - from the beginning of the financial year, following information may be furnished. | Not Applicable |
| a. Technology imported | N.A. |
| b. Year of import | N.A. |
| c. Has technology been fully absorbed | N.A. |
| d. If not absorbed, areas where this has not taken place, reasons therefore and future plans of action | N.A. |