

19th Annual Report 2004-2005

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SEASONS[®]
TEXTILES LIMITED

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Board of Directors

Inderjeet S. Wadhwa

C. K. Tikku

K. C. Mehra

P. K. Hari

Mandeep S. Wadhwa

R. K. Gupta

Chairman & Managing Director

Director

Director

Director

Director

Director

Group Company Secretary
Rakesh Arora

Registered Office
26, Feroze Gandhi Road
Lajpat Nagar - III,
New Delhi - 110 024

Corporate Office
Seasons House
B-18, Sector - 5, Noida (U.P.)

- Manufacturing Plants**
- A-29, Sector-5 Noida (U.P.)
 - B-18, Sector-5, Noida (U.P.)
 - A-27, Sector-5, Noida (U.P.)

E-mail
secretarial@seasonsworld.com

Bankers
Canara Bank
Parliament Street
New Delhi - 110 001

Auditors
K.L. Datta & Company
Chartered Accountants
C-121, Greater Kailash - I,
New Delhi - 110 048

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

Share Transfer Agent
Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri, Lajpat Nagar - II
New Delhi - 110 024
Ph. : 29833777, 29847136

Stock Exchange Listing

- The Delhi Stock Exchange Asso. Ltd.
- The Stock Exchange, Mumbai
- The Stock Exchange, Ahmedabad
- The Calcutta Stock Exchange Asso. Ltd.



Mr. Inderjeet Singh Wadhwa
Chairman & Managing Director

"Seasons will constantly strive to retain its leadership position in the furnishing fabrics business through constant innovation. It will consistently adapt to the ever changing home fashion and lifestyle trends of the global consumers and upgrade its infrastructure to be able to produce designs and eco-friendly products, which will bring happiness to our customers and differentiate Seasons from other.**"**

NOTICE

Notice is hereby given that the 19th Annual General Meeting of SEASONS TEXTILES LIMITED will be held on Friday, the 30th day of September, 2005 at Multi Purpose Community Centre, Khera Khurd, Alipur Block, Delhi - 110 082 at 1130 hrs. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and 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 C K Tikku who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri P K Hari, who retires by rotation and being eligible, offers himself 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, 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 authorized to fix their remuneration for the said period.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **ORDINARY RESOLUTION**:

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to charging by the Board of Directors of the Company of all the movable properties of the Company (except for equipment purchased under hire purchase) wheresoever situated, present and future, and the whole of the undertaking of the Company and/or to giving the power to takeover the management of the business and concern of the Company in certain events (whether such power is contained in the documents creating the charge or otherwise) to or in favour of Industrial Development Bank of India (IDBI) to secure its line of credit not exceeding of Rs. 650 lakh (Rupees six hundred fifty lakh only) and Canara Bank for its working capital facilities amounting to Rs.785 lakhs (Rupees Seven hundred eighty five lakhs only) lent and advanced/agreed to be lent and advanced by Industrial Development Bank of India (IDBI) and Canara Bank to the Company together with interest thereon, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses, and other monies payable by the Company in respect of the aforesaid terms loan.

FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Industrial Development Bank of India (IDBI) and Canara Bank the documents for creating the aforesaid charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

By order of Board

RAKESH ARORA

Group Company Secretary

Place : New Delhi

Dated : 30th June, 2005

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 Monday, the 26th September, 2005 to Friday, the 30th September, 2005 (both days inclusive).
3. The Company has transferred the unclaimed dividends to the General Revenue Account/Investor Education and Protection Fund of the Central Government as required under section 205A and 205C of the Companies Act, 1956.
4. M/s Skyline Financial Services Private Limited, 123, Vinobapuri, Lajpat Nagar – II, New Delhi – 110 024 is the Registrar and Share Transfer Agent of the Company for physical shares as well as depository interface with NSDL and CDSL.
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.
7. Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of the nomination facility by filing Form 2B in their own interest. Members holding shares in dematerialised form may contact their respective depository for recording the nomination.
8. The explanatory statement pursuant to section 173 of the Companies Act, 1956 is given below and forms part of the Notice.
9. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office on all working days except Saturdays, Sundays and holidays between 11 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
10. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID Nos. for easy identification of attendance at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM 5**

As per provision of section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of the Company shall not except with the consent of the members in general meeting shall, lease or otherwise expose off the whole or substantially the whole of the undertaking(s) of the Company.

The Company has passed the resolution under section 293 (1) (a) of the Companies Act in the 18th Annual General Meeting. However as per the requirement of Industrial Development Bank of India this resolution is required to be approved by the Members as per their format in view of rearrangements of limits by Canara Bank.

Your Directors recommended the Ordinary Resolution for the approval of the members.

None of the Directors in the Company are, in any way, concerned or interested in the resolution.

By order of Board

RAKESH ARORA

Group Company Secretary

Place : New Delhi
Dated : 30th June, 2005

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting their report along the audited accounts for the year ended on 31st March, 2005.

OPERATING RESULTS

Your Company's financial performance for the year under review is summarized below:

	This Year Rs. lacs	Previous Year Rs. lacs
Sales	2843.16	2823.63
Other income	29.40	19.36
Total income	2872.56	2842.99
Total Expenditure other than Interest and Depreciation	2495.89	2507.17
Profit before Interest, Depreciation & Tax	376.67	335.82
Depreciation	127.05	103.78
Profit before Interest in Tax	249.62	232.04
Financial charges	136.18	132.22
Profit before Tax	113.44	99.82
Provision for Tax – Current	8.90	7.68
Provision for Deferred	30.42	22.26
Profit after Tax	74.12	69.88
Adjustment in respect of previous year	—	3.48
Surplus brought forward	589.84	541.48
Amount available for appropriation	663.96	614.84

REVIEW OF OPERATIONS

During the year under review your Company has recorded Profit after Tax of Rs. 74.12 lacs.

The sales of Company's products have slightly improved but could not grow due to production capacity constraints. During the year under review, your Company improved its performance both in the domestic and in the export market and have added new areas in the US and European market.

MODERNISATION OF NOIDA UNIT

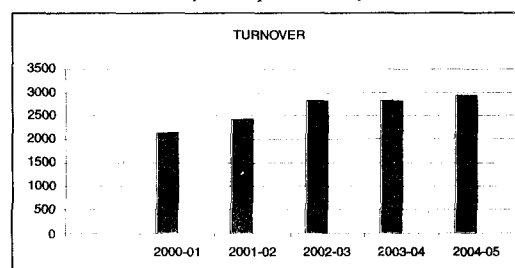
An installed capacity of 2,40,000 mtrs. p.a. was added during the year under review under the replacement cum modernization plan with the financial assistance of Industrial Development Bank of India. The full capacity will be utilized in the financial year 2005-06 as the machineries were installed in July 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

The year under review witnessed improved exports and also commissioning of modernization project for a capacity of 2,40,000 meters p.a. The sales remained at the same level as that of last year, primarily due to non-availability of production capacities. However, with improved operations, the Net Profit after tax increased to Rs. 74.12 Lacs.

The Company has during the year ended 31st March, 2005 exported fabrics amounting to Rs.1160.70 Lacs. Further, the export of furnishing fabrics accounted for 41% of the total sales and this will be further increased in the coming years.

Quality and Designing is built into the furnishing fabrics on the latest automatic shuttleless looms. There is a continuous product



development through designing, mix and match of colours and different kinds of yarns. The Company regularly participates in the international fairs and exhibitions to showcase its design and trends capabilities to the international market. The Company is also fully geared up to meet the post quota regime challenges in the textile segment in the coming years.

We firmly believe that safe and healthy working conditions are necessary for production to maintain productivity and quality. Employees are our greatest asset and potential involvement, commitment and teamwork are integral to our objective of productive culture.

There are no typical areas of risks outside the usual course of business foreseeable at the time. Internal control systems have been found to be adequate and are continuously improved. The implementation of ERP will further improve the internal controls and information flow across all the levels.

DIVIDEND

After considering the profit and need to conserve the resources, your Directors regret their inability to recommend payment of any dividend for the year.

PUBLIC DEPOSITS

The Company has not accepted/renewed any Public Deposits during the year ended 31st March, 2005.

DIRECTORS

Shri C K Tikku and Shri P K Hari retire by rotation and being eligible offer themselves for re-appointment. Smt. Neelam Wadhwa has resigned and the Board wishes to place on record the excellent services rendered during her long association with the Company.

LISTING ARRANGEMENTS

The shares of your Company are listed at the Delhi, Mumbai, Ahmedabad and Calcutta Stock Exchanges. The listing fees for the year 2005-06 have been paid to all the above Stock Exchanges.

AUDITORS

The Statutory Auditors, M/s. K. L. Datta & Company, Chartered Accountants will retire at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished the requisite certificate under section 224 (1B) of the Companies Act, 1956.

M/s J. K. Kabra & Company, Cost Accountants have been appointed as Cost Auditors for the year 2005-2006. They are required to submit the report directly to the Central Government.

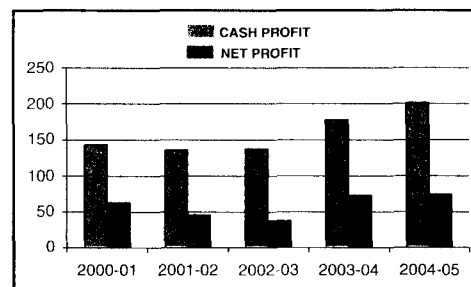
DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company.
- (iii) that proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act; and
- (iv) that the accounts have been prepared on a going concern basis.

ISSUE OF WARRANTS ON PREFERENTIAL BASIS

The Company has issued 15,00,000 Warrants of Rs. 15 each with an option to convert into equal number of Equity Shares each at a premium of Rs. 5, aggregating to Rs. 225 lacs on preferential basis as per SEBI Guidelines. The proceeds of the issue will be utilized in the proposed modernization projects.



INDUSTRIAL RELATIONS

Your Directors gladly report that the Industrial Relations during the year under review remained cordial.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Corporate Governance as well as the Auditor's Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report.

ADDITIONAL INFORMATION

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is not applicable.

Annexure 'A' to this report gives the information in respect of Conservation of Energy Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1) (e) of Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forms part of the Director's Report.

The notes to the accounts referred in the Auditors Report are self explanatory and therefore do not call for any further explanations.

ACKNOWLEDGEMENT

Your Directors place on records their appreciation for the overwhelming co-operation and assistance received from Bankers to the Company, Industrial Development Bank of India, Customers and Members during the period under review.

By order of the Board

Place : New Delhi

Inderjeet S. Wadhwa

Dated : 30th June 2005

Chairman & Managing Director

ANNEXURE 'A' FORMING PART OF DIRECTORS' REPORT

Information as per Sec. 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2005.

A.	Conservation of energy :-	
	1. Energy conservation measures Taken	The Company has installed Energy efficient shuttleless looms imported from Italy and as such there is little scope for improvement. However, efforts will be made to conserve and save energy wherever applicable.
	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	Nil
	4. Total energy consumption and 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 Outgo.	
	1. Activities relating to export initiatives taken to increase export development of new export market for products and services, and Export Plans	The Company is continuing Exports initiatives taken to enter new developed to increase export development of new export of the same is encouraging.
	2. (a) Total foreign exchange used. (b) Total foreign exchange earned.	Rs. 99.17 Lacs on account of Revenue Expenditure Rs. 1160.70 Lacs

FORM - A

Disclosure of particulars with respect to conservation of energy.

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
(a) Purchased		
Unit	1070496	832593
Total Amount(Rs. Lacs)	51.71	43.06
Rate/Unit	4.83	5.17
(b) Own Generation		
Through Diesel Generator	184545	176121
Unit	3	3
Unit per Ltr. of diesel Oil Costs/Unit (Rs.)	8.71	6.61

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 fabrics designs and new products 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 fabrics 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 effortse.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 to taken place, reasons therefore and future plans of action	N.A.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Board of Directors and the Management of the Company commit themselves to:

- To achieve the leadership position in our field
- To adhere for prudent corporate practices
- To adhere to conservative financial management policy

2. Board of Directors

- (a) Composition of the Board : As of March 31, 2005 the Board consists of seven Directors, one of whom is the Managing Director. The remaining six are Non-Executive Directors with four of them being independent Directors. The details are given in Table below.
- (b) Number of Board Meetings : The Board held four meetings during the year. These were on 28th June, 2004, 30th July, 2004, 30th October, 2004, 28th January, 2005 .
- (c) Directors' attendance record and directorship held :

Name of Director	Category	Board Meetings held during the year	Board Meetings attended during the year	Whether attended last AGM	Number of Directorship		Number of Chairman/membership in Board Committee	
					Public	Other	Chairmanship	Membership
Inderjeet S. Wadhwa	Promoter Chairman & Managing Director	4	4	Yes	1	1		1
C.K Tikku	Director	4	4		3	1	1	
K.C Mehra	Director	4	4		4			2
R.K Gupta	Director	4	4	Yes	2			1
Mandeep S. Wadhwa	Promoter Director	4	4		1	1		
Dr. P.K Hari	Director	4	–					
Neelam Wadhwa	Director	4	–			1		

3. AUDIT COMMITTEE

Constitution

The terms of reference of the Audit committee has been set out in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Presently the audit committee comprises of CK Tikku (Chairman), Mandeep S Wadhwa and R K Gupta.

Meeting and Attendance

The details of meetings held during the year, and the attendance thereat, are as follows:

Dates of meeting : 30th July 2004, 30th October 2004, 28th January, 2005

<u>Name of the Member</u>	<u>No. of Meetings attended</u>
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C.K Tikku	3
R.K Gupta	3
Mandeep S Wadhwa	3

The Group Company Secretary acts as the Secretary to the Committee.