

22nd Annual Report 2007-08

Report Junction

SEASONS[®]
TEXTILES LIMITED

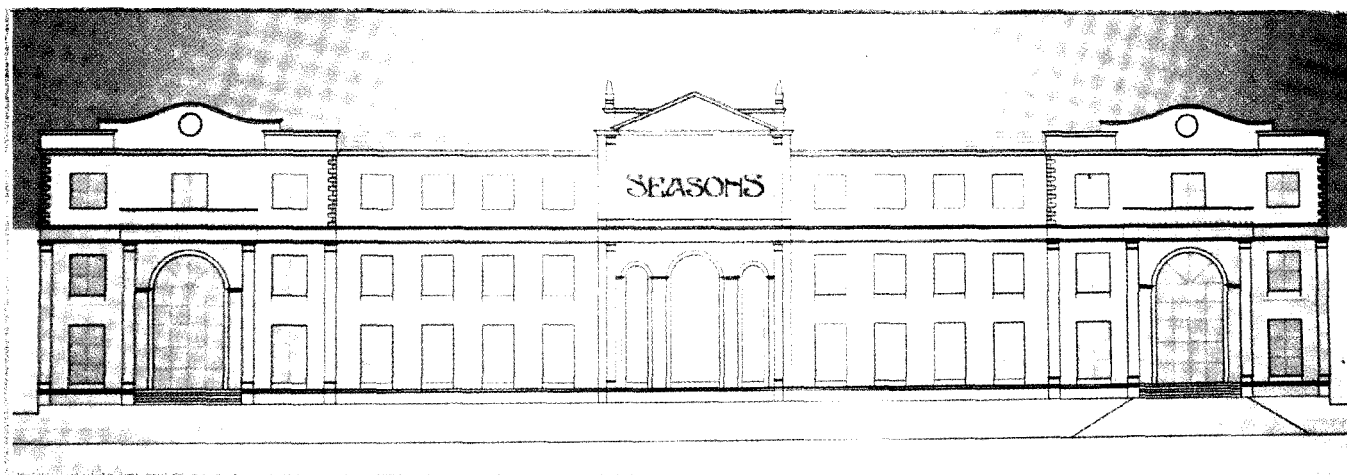
OUR MISSION

"We are committed to enhance customer satisfaction by providing quality products at competitive price and strive to explore new horizons in respect of quality, design, timely delivery and customer service by continuous improvement in all functional areas of the Organisation."

Report

junction.com

- Managing Director



Model of upcoming Modernization-cum-expension plant at Barhi, District Sonapat (Haryana)

BOARD OF DIRECTORS

Inderjeet S. Wadhwa
 Chairman & Managing Director

Mandeep S. Wadhwa
R.K. Gupta
K.C. Mehra
C.K. Tikku
Dr. P.K. Hari
Dr. B.K. Behera

CORPORATE INFORMATION

Company Secretary:
R.K. Sapra

Registered Office:
 Ground Floor,
 Eros Corporate Tower,
 Opp. Hotel Intercontinental,
 Nehru Place, New Delhi-110 019.

Corporate Office:
 Seasons House
 B-16, Sector-58,
 Noida-201301 (U.P.)
 Tel. Nos. 95120 – 4255990, 4690000
 Fax : 95120 – 4255994 Email : cs@seasonsworld.com

Manufacturing Plants:
 A-27, Sector-5, Noida-201301 (U.P.)
 A-29, Sector-5, Noida-201301 (U.P.)
 B-18, Sector-5, Noida-201301 (U.P.)

Registrar and Share Transfer Agents:
 Skyline Financial Services Pvt. Ltd.
 246, 1st Floor, Sant Nagar,
 East of Kailash, New Delhi-110 065.
 Tel. : 011-26292680-82 Fax : 011-26292683
 E-mail : admin@skylinerta.com

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-110 005.

Bankers:
Canara Bank
 Parliament Street,
 New Delhi-110 001.

Stock Exchange Listing:
 Delhi Stock Exchange Ltd.
 Bombay Stock Exchange Ltd.
 The Stock Exchange, Ahmedabad
 The Calcutta Stock Exchange Association Ltd.

22ND ANNUAL REPORT – 2007-08

CONTENTS

Seasons Textiles Limited

- Notice for the Annual General Meeting.
- Management Discussion and Analysis
- Directors' Report
- Corporate Governance Report
- Auditors' Report
- Balance Sheet
- Profit & Loss Account
- Cash Flow Statement
- Balance Sheet Abstracts

Seasons Design Institute Pvt. Ltd. – Subsidiary Company

- Directors' Report
- Auditors' Report
- Balance Sheet
- Profit & Loss Account
- Balance Sheet Abstracts

Seasons Textiles Limited – Consolidated

- Directors' Report
- Auditors' Report
- Balance Sheet
- Profit & Loss Account
- Cash Flow Statement

Form of Proxy / Attendance Slip

Specimen Signature Proforma

(For Members Holding Shares in Physical Form)

Regd. Office : Ground Floor, Eros Corporate Tower, Opp. Hotel Intercontinental, Nehru Place, New Delhi - 110 019.

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **SEASONS TEXTILES LIMITED** will be held at 11.30 AM on Tuesday, the 30th day of September, 2008 at Multi Purpose Community Centre, Khera Khurd, Alipur Block, Delhi – 110 082, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Dr. P.K. Hari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri K.C. Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration. M/s. K.L. Datta & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED that Dr. B.K. Behera who was appointed as an additional Director of the Company on 31st July, 2008, be and is hereby appointed a Director of the Company pursuant to Section 257 (1) of the Companies Act, 1956, liable to retire by rotation."

By Order of the Board

Place : New Delhi
Dated : 31st July, 2008

R.K. SAPRA
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 Register of the Company will remain closed from 19th September, 2008 to 30th September, 2008 (both days inclusive).
- 3) Members desirous of getting any information on the accounts or operations of the Company, are requested to forward their 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.
- 4) At the ensuing Annual General Meeting, Dr. P.K. Hari and Shri K.C. Mehra, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment. Dr. B.K. Behera, who was appointed as Additional Director on the Board and whose term of office expires on the date of ensuing Annual General Meeting, is proposed to be appointed as Director of the Company. The details in respect of these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, are furnished in the statement on Corporate Governance published in this Annual Report.
- 5) Members holding shares in physical form, are requested to notify immediately any change in their address 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.
- 6) Members are requested to bring their copies of the Annual Report along with the Attendance Slip duly filled-in and signed as per the specimen signature recorded with the Company / Depository Participant for attending the meeting.
- 7) Members who hold shares in dematerialized Form, are requested to write their Client ID and DP ID No. and those who hold shares in physical form are requested to write their Folio Number in all correspondence with the Company / the attendance slip for attending the meeting.
- 8) **Members holding shares in physical form may please note that it has been observed that in a number of cases, received for transfer of shares, the signature on the share transfer form do not tally with the signature that are available with us on record. Hence in order to facilitate transfer of shares without delay, the members who hold shares in physical form may please send their signature in the enclosed proforma given at the end of this Annual Report duly attested by their Bank and / or a Gazetted Officer and / or Notary Public.**
- 9) The explanatory statement pursuant to Section 173 of the Companies Act, 1956, is given below and forms part of the Notice.

By Order of the Board

Place : New Delhi
Dated : 31st July, 2008

R.K. SAPRA
Company Secretary



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL BUSINESS FOR THE 22ND ANNUAL GENERAL MEETING TO BE HELD ON 30TH SEPTEMBER, 2008.

Item No. 5

At a meeting of the Board of Directors of the Company held on 31st July, 2008, Dr. B.K. Behera was appointed as an Additional Director in terms of provisions of Section 260 of the Companies Act, 1956 and Article - 81 of the Articles of Association of the Company.

Dr. Behera is an Associate Professor, Department of Textile Technology, Indian Institute of Technology (IIT), New Delhi and possesses rich knowledge and experience in the field of textile technology. The Board considers that the Company will benefit from the association of Dr. Behera and recommends the resolution for your approval.

Dr. Behera's candidature for Directorship of the Company has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/-. The notice of the shareholder received by the Company, pursuant to Section 257 of the Companies act, 1956, is available for inspection during office hours at the Registered Office of the Company.

None of the Directors are concerned or interested in the resolution. Dr. Behera may, however, be deemed to be concerned or interested in this resolution and his appointment.

By Order of the Board

Place : New Delhi
Dated : 31st July, 2008

R.K. SAPRA
Company Secretary

Report  junction.com

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

Seasons Textiles Limited (STL) has been promoted by Late Shri Nanak Singh Wadhwa, Shri Inderjeet Singh Wadhwa and Smt. Neelam Wadhwa, in the year 1986. The Company came with its Initial Public Offer in the year 1993. The Company is progressing well under the able leadership of Shri Inderjeet Singh Wadhwa, CMD of the Company, a recipient of Udyog Patra Award. The employee strength of the Company is around 100 persons and the affairs of the Company are managed professionally. During the fiscal 2007-08 the net turnover of the Company was Rs.3413.94 lacs. STL is a widely held flagship Company of Seasons Group having 11030 shareholders and its shares are listed on Stock Exchanges at Delhi, Mumbai, Ahmedabad and Kolkatta.

BUSINESS OVERVIEW

Production

STL is one of the pioneer Company to manufacture furnishing fabrics in Organized Sector. At present the Company is engaged in manufacture of furnishing fabric, export and trading in furnishing fabric and made-ups. To ensure international quality standards the Company is using the latest technology. The Company has 25 fully automatic shuttle less looms with electronic jacquard. The Company's philosophy is to provide a safe, healthy and eco-friendly atmosphere conducive to men and machines. During the year the Company produced 11,15,767 Mtrs. of quality furnishing fabric against its installed capacity of 13,88,000 Mtrs. To be competitive, both in export and domestic markets, continuous improvement in productivity and quality and creation of new designs have always been considered as the focus areas.

The Company has facility to produce Outdoor furnishing fabric which can withstand 1,000 hours of light and Fire Retardant Fabric for hospitality industry and for exports. The Company is also producing embroidery fabrics in Fire Retardant segment for US as well as Europe Market besides velvets, embroidery, flocks and prints to coordinate with our Jacquards.

Designing

The Company has In House Design Studio with a talented team of designers who ensure that innovative designs are created to attract the customers keeping in mind the latest trends and customers taste. During the year the Company has developed about 500 Designs in its own Design Studio for its customers.

The Company has been regularly participating in international fairs and exhibitions which enables it to keep itself abreast with the latest global trends and to show case its designs and manufacturing strengths. During the year the Company participated in international fairs & exhibitions at 'Decosit' in Brussels and 'Como' in Italy.

Marketing and Exports

The Company has been exporting its products to US, Europe, Germany, Middle East – Dubai, Saudi Arabia and Asian Countries – Hongkong, Singapore, Philippines and Malaysia.

During the Financial year 2007-08 -

- The Registered Office of the Company has been shifted to Ground Floor, Eros Corporate Tower, Opp. Hotel Intercontinental, Nehru Place, New Delhi - 110 019.
- The export turnover of the Company during the current fiscal the exports have marginally declined to Rs.1507.36 lacs from the previous year's Rs.1543.33 lacs which is mainly due to overall economic depression in most of the countries of the world.
- The domestic turnover has increased to Rs.1805.92 lacs from previous year's Rs.1391.21 Lacs.
- The Company launched very high quality 100% cotton fabric for bedding and furnishing to meet the demand of European Market.
- Velvet Exports have been well received in the International Market.
- Export of made-ups of furnishing fabrics have given encouraging results.
- A number of potential customers like Robert Allen, Arcom, Crocil and Maco in USA, Zimmer & Rhode in Europe and Warwick, Australia were tapped.

The key financial data of the Company for the year 2007-08 vis-a-vis 2006-07 is as under :

Financials :

S. No.	Particulars	Rs. / Lacs	
		As on 31.03.2008	As on 31.03.2007
1.	Authorised Equity Share Capital	1,200.00	800.00
2.	Paid Up Share Capital	659.03	659.03
3.	Warrants convertible into equity shares*	75.74	-
4.	Reserves & Surplus	1,069.29	999.05
5.	Secured & Unsecured Loans	1,571.36	1,463.87
6.	Deferred Tax Liability	454.73	412.77
7.	Fixed Assets	1,816.58	1,837.37
8.	Sundry debtors	835.74	710.05
9.	Inventories	1,099.81	975.08
10.	Net Current Assets	1,795.31	1,532.06



*On 7th March, 2008, the Company issued 54,09,700 warrants of Rs.14/- each aggregating to Rs.7,57,35,800/- on preferential basis, convertible into equal number of equity shares of Rs.10/- at a premium of Rs.4/- each, within 18 months of the issue. The Company has received Rs.75,73,580/- on account of Application money against these warrants.

Operational Results

S.No.	Particulars	Rs. / Lacs	
		FY -2007-08	FY- 2006-07
1.	Income from Operations	3,413.94	3,056.08
2.	Other Income	32.15	17.16
3.	Expenditure excluding Interest, Depreciation and Tax	2,933.08	2,609.75
4.	Earning before Interest Depreciation & Tax	513.01	463.49
5.	Interest	218.32	153.29
6.	Depreciation	162.63	162.89
7.	Profit before Tax	132.06	147.31
8.	Provision for tax	61.83	72.20
9.	Net Profit	70.23	75.11

Comparison Chart - Expenditure during 2007-08 vis-à-vis 2006-07

Sr. No.	Particulars	FY 2007-08	FY 2006-07	Rs. / Lacs
				Increase/ Decrease
1.	Cost of Materials	1,905.07	1,526.42	378.65
2.	Manufacturing Overheads	729.84	684.41	45.43
3.	Administrative and other overheads	165.63	160.87	4.76
4.	Selling and distribution overheads	219.53	227.02	-7.49
5.	Financial Overheads	218.32	153.29	65.03
6.	Depreciation	162.63	162.89	-0.26

The following factors have impacted the operational results for FY 2007-08:

- Manufacturing Overheads have increased due to rise in Job Work Charges, Designing Charges, Consumable Stores & Spares, Wages & Bonus and Repair to Machinery.
- Administrative and Other Overheads have increased due to increase in Salaries & Perquisites of Employees & Directors, Legal and Professional Expenses, Internal Audit Fees, Traveling & Conveyance Expenses and Directors Sitting Fee.
- Finance Costs have increased due to Enhancement of Working Capital Limits, Interest on Loan and increase in Unsecured Loan / Vehicle Loans.

OUTLOOK

In order to integrate the production facilities and give effect to its expansion-cum -modernization plans of the Company, the construction of building, to set up a state of the art plant to manufacture furnishing fabrics and made ups, at Barhi, Distt. Sonapat, Haryana is in full swing and it is expected that the commercial production will start within the financial year 2008-09.

We have added a major Italian Customer named Vay Giuseppe S.p.a. It is expected to get good orders from this customer during the year 2008-09.

Lots of European Customers have shown interest in Fire Retardant (FR) Fabric and we have started supplying FR Fabric to some of these customers.

The foreign buyers have shown their keen interest in Furnishing made-ups and the Velvets. The Company is targeting Embroidery, flocks, prints and light weight curtains to coordinate with our Jacquards which will give boost to its exports. Besides, the buyers in hospitality sector have shown their interest in Fire Retardant and Outdoor furnishing fabric. The Company is hopeful to get business from these segments.

New Designs, improved quality of production, made ups and velvet products, coupled with increase in per capita income, growth of infrastructure, housing and hospitality sectors are likely to give good business growth to the Company.

ISSUES AND RISKS

1. Competition

As far as domestic market is concerned the unorganized sector in furnishing industry has always posed a challenge to the Company. However, high quality and innovative designs of our products do give STL an edge over the products of competitors.

In export market the Company has been facing competition from Chinese products, in terms of price, especially in South Africa and Australia. However, due to its quality and designs, the Company has no major challenge and its products are well accepted in the international market.

2. Foreign Currency Risk

As the Company's sizeable turnover is contributed by exports and it deals in foreign currencies, any devaluation in USD as compared to INR may affect its receivables.

3. Management Risk

The Company has sustained moderate growth in recent periods and has plans for rapid growth in the future. This will place significant demand on its managerial and other resources. Continued growth in a competitive environment increased the challenges involved in recruiting and retaining skilled personnel. Failure to manage this vital resources effectively could have an adverse effect on the Company's business prospects. The Company is constantly reviewing its HR practices and incentives to maintain its talent pool for keeping their performance at optimum levels.

4. Regulatory issues impacting the industry

Any change in government policies with respect to exports may impact the working of the Company.

CAUTIONARY STATEMENT

Investors are cautioned that this discussion contains forward looking reasonable statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, government policies, taxation laws, domestic as well as export market conditions, fluctuations in exchange rates, dependence on availability of qualified and trained manpower and other factors. The discussion and analysis must be read in conjunction with the Company's financial statements and notes on accounts.

Report  junction.com



DIRECTORS' REPORT

To : The Members,

The Directors have pleasure to present the 22nd Annual Report of your Company together with the audited accounts for the year ended 31st March, 2008.

FINANCIAL PERFORMANCE :

Particulars	Rs./ Lacs	
	Year ended 2007-08	Year ended 2006-07
Total Income	3,446.09	3,073.24
Expenditure other than Interest and Depreciation	2,933.08	2,609.75
Interest & Finance Charges	218.32	153.29
Depreciation	162.63	162.89
Profit before Tax	132.06	147.31
Provision for Tax	61.83	72.20
Profit after Tax	70.23	75.11
Surplus brought forward	769.53	719.42
Amount available for appropriation	839.77	794.53
Amount Transferred to General Reserve	25.00	25.00
Profit Carried to Balance Sheet	814.77	769.53

DIVIDEND

In view of insufficient profits and the need to conserve the resources, your Directors do not recommend dividend for the year 2007-08.

BUSINESS OPERATIONS

During the year ended 31st March, 2008, the net sales of the Company has marginally improved to Rs.3413.94 lacs as compared to Rs.3056.08 lacs in 2006-07. Profit before interest, depreciation and tax for the year increased to Rs.513.01 lacs from Rs. 463.49 lacs during the preceding year. However Profit after Tax during the financial year has marginally declined to Rs.70.23 lacs as compared to Rs. 75.11 lacs in previous financial year.

FINANCE

The finance costs have increased from Rs.153.29 Lacs to Rs.218.32 lacs due to enhancement of Working Capital Limits, interest on loan and increase in unsecured loan / vehicles loans.

ISSUE OF WARRANTS ON PREFERENTIAL BASIS

On 7th March, 2008, the Company issued 54,09,700 convertible warrants of Rs.14/- each aggregating to Rs. 7,57,35,800/- on preferential basis against which application money @ Rs.1.40 per warrant has been received by the Company. These warrants are convertible into equal number of equity shares of Rs.10/- at a premium of Rs.4/- each within 18 months of their issue.

SUBSIDIARY OF THE COMPANY

During the financial year 2007-08, the Company acquired 55% shares of Seasons Design Institute Pvt. Ltd. Consequently Seasons Design Institute has become a subsidiary of the Company. As required under Sec. 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit & Loss account along with the respective reports of the Board of Directors and Auditors' thereon of the subsidiary Company for the year ended 31st March, 2008, are enclosed.

PUBLIC DEPOSITS

The Company has not accepted/ renewed any Public Deposits during the year ended 31st March, 2008.

LISTING OF SECURITIES OF THE COMPANY

The Company's Equity Shares are listed at the Delhi, Mumbai, Ahmedabad and Calcutta Stock Exchanges. Listing fees for the financial year 2008-09 has been paid to the above Stock Exchanges.

DIRECTORS

Dr. P.K. Hari and Shri K.C. Mehra, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Dr. B.K. Behera was appointed as an Additional Director on the Board of your Company w.e.f. 31st July, 2008. The Company has received a notice in writing from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. B.K. Behera as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- that in preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same.
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.