

23rd Annual Report 2008-09



SEASONS[®]
TEXTILES LIMITED

23rd ANNUAL REPORT - 2008-09

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BOARD OF DIRECTORS

Inderjeet S. Wadhwa

Chairman & Managing Director

Mandeep S. Wadhwa

Director

R.K. Gupta

Director

K.C. Mehra

Director

C.K. Tikku

Director

Dr. P.K. Hari

Director

Dr. B.K. Behera

Director

Company Secretary & Compliance Officer

Sachin Gupta

Registered Office

61, Ring Road
(Ground Floor),
Lajpat Nagar-III,
New Delhi - 110 024

Corporate Office

Seasons House
B-18, Sector-5
Noida-201 301 (U.P.)
Tel. : 0120-4690 000

Manufacturing Plants

A-27, Sector-5, Noida-201 301 (U.P.)
A-29, Sector-5, Noida-201 301 (U.P.)
Plot No.466-67, HSIIDC Industrial Estate,
Barhi Sonapat (Haryana)
B-18, Sector-5, Noida-201 301 (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

Investors Help

sachin@seasonsworld.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

IDBI Bank Ltd.
Virendra Smriti
15/54-B, Civil Line,
Kanpur - 208 001

Regd. Office : 61, Ring Road (Ground Floor), Lajpat Nagar-III, New Delhi - 110 024

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of **SEASONS TEXTILES LIMITED** will be held at 11.30 A.M. on Wednesday, the 30th day of September, 2009 at Royal Vatika, Main Bus Stand, 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, 2009, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. R. K. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. S. Wadhwa, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory 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.

By Order of the Board
for Seasons Textiles Limited.

Place : New Delhi
Date : 27th June, 2009

Sachin Gupta
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 SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HERewith.**
- 2) The Register of Members and Share Transfer Register of the Company will remain closed from 19th September, 2009 to 30th September, 2009 (both days inclusive).
- 3) 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.
- 4) At the ensuing Annual General Meeting Mr. R.K. Gupta and M.S. Wadhwa Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment. 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 of corporate governance published in this annual report.
- 5) 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.
- 6) In all correspondence with the Company, Members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
- 7) Members are requested to bring their copies 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.
- 8) 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.

By Order of the Board
for Seasons Textiles Limited.

Place : New Delhi
Date : 27th June, 2009

Sachin Gupta
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting 23rd Annual Report along with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year under review are summarized below for your perusal:

Particulars	(Rs./Lacs)	
	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
Total Income	3653.13	3446.09
Expenditure other than Interest and Depreciation	3121.45	2933.08
Interest and Finance charges	246.90	218.32
Depreciation	185.86	162.63
Profit before tax	98.92	132.06
Provision for tax	16.77	61.83
Profit after tax	82.15	70.23
Surplus Brought forward	814.77	769.53
Amount available for appropriation	896.92	839.77
Amount transfer to general reserve	25.00	25.00
Surplus/(deficit) carried to Balance sheet	871.92	814.77

REVIEW OF OPERATIONS

The gross revenue of the company during the year stands of Rs. 3653.13 Lacs as against Rs. 3446.09 Lacs in the previous year. The profit before tax during the year stands of Rs. 98.92 Lacs as against Rs. 132.06 Lacs in the previous year, the profit after tax during the year stands of Rs. 82.15 Lacs as against Rs. 70.23 Lacs in the previous year.

No material changes have occurred since the date of the Balance sheet and this report, which has any adverse effect on the working of the company.

DIVIDEND

In order to utilisation of interest accruals in expansion cum modernisation of project and also future financial requirements of the company, your Directors do not recommend any dividend for the year ended on March 31, 2009.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A of the companies Act 1956 and the rules made there under.

DIRECTORS

Mr. R. K. Gupta and Mr. M. S. Wadhwa who retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment and your Board of Directors recommend for the same.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the accounting and financial reporting requirements under section 217(2AA) of the Companies Act, 1956, in respect of financial statements, your directors state and confirm:

- That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the directors have selected such accounting policies and applied them consistency 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 financial Year and of the profit and loss account of the Company for that period.;
- That Proper and sufficient care have been taken 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 frauds and other irregularities;
- That the annual accounts of the Company have been prepared on a going concern basis.

AUDITORS

M/s. K.L. Datta & Co., Chartered Accountants, New Delhi, the retiring Auditors, hold office until the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS REPORT

The Auditors Report to the shareholders is enclosed with the Accounts for the year ended March 31, 2009. There are no adverse qualifications in the audit report.

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.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 regarding the conservation of energy, technology absorption and foreign exchange Earnings and outgo is annexed to this report.

SUBSIDIARY OF THE COMPANY

During the financial year Company has disinvested its entire equity shareholding held in Seasons Design Institute Pvt. Limited and consequently Seasons Design Institute Pvt. Limited is ceased to be subsidiary of the Company.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION ANALYSIS

Your Company follows principles of effective 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 alongwith certificate on its compliance from M/s K.L. Datta & Co., Chartered Accountants is enclosed with this Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, and shareholders during the year. Your directors also wish to take on record their deep sense of appreciation for the committed services of the employees at all levels, which has made your company successful in the business.

For and on behalf of the Board of Directors

Place : New Delhi
 Date : 27th June, 2009

I. S. Wadhwa
 Chairman & Managing 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		
1. Energy conservation measures taken	The Company has installed Energy efficient- shuttle less looms imported from M/s Somet S P A Italy and such there is little scope for improvement. However efforts are being made to conserve and save energy wherever required.	
2. Additional Investment and proposals, if any being implemented for reduction of consumption of energy	N. A.	
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.	N. A.	
4. 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)		
Particulars	Current Year	Previous Year
Foreign Exchange Earning	1341.65	1507.37 Lacs
Foreign Exchange Outgo	502.10	152.36 Lacs

Form A

Disclosure of particulars with respect to conservation of energy Power and Fuel Consumption		
	Current Year	Previous Year
(a) Purchased		
Units	1649626	1667223
Total Amounts (Rs. Lacs)	73.79	69.74
Rate/units (Rs.)	4.47	4.18
(b) Own Generation		
Through Diesel Generator (units)	56951	170670
Units	3	3
Unit per ltr of diesel oil Costs/unit(Rs.	11.06	10.19

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 designs and patterns based on domestic and international market feedback.	Continue to introduce latest fabrics	
4. Expenditure on R&D		
a. Capital	NIL	
b. Recurring	NIL	
c. Total	NIL	
d. Total R&D expenditure as a percentage of total sales.	NIL	

Technology absorption, adoption and innovation		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	
2. Benefits derived as a result of efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	NIL	
3. In case of improved technology imported during the last 5 years reckoned from the beginning of the financial year.	NIL	

For and on behalf of the Board

Place : New Delhi
 Date : 27th June, 2009

I. S. Wadhwa
 Chairman & Managing Director

MANAGEMENT DISCUSSION AND 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 146 persons and the affairs of the Company are managed professionally. During the fiscal 2008-09, the gross turnover of the Company was Rs. 3609.32 lacs. STL is a widely held flagship Company of Seasons Group having 10854 shareholders and its shares are listed on Stock Exchanges at Delhi, Mumbai, Ahmedabad and Kolkata.

BUSINESS OVERVIEW

Production

STL is one of the pioneer Company in India 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's philosophy is to provide a safe, healthy and eco-friendly atmosphere conducive to men and machines.

During the year the Company produced 8,94,414 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 expansion-cum modernization plant of the Company at Barhi, Distt. Sonapat, Haryana, the construction of building and other civil work has been completed and trial production of looms has already been started.

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 600 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, 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, Africa, Germany, Middle East – Dubai, Saudi Arabia and Asian Countries – Hongkong, Singapore, Philippines and Malaysia.

During the Financial year 2008-09

- The Registered Office of the Company has been shifted to 61, Ring Road (Ground Floor), Lajpat Nagar -III, New Delhi - 110 024.
- The export turnover of the Company during the current fiscal the exports have marginally declined to Rs. 1341.64 lacs from the previous year's Rs. 1507.36 lacs which is mainly due to overall continued economic recession in most of the countries of the world. However the domestic turnover has increased to Rs. 2213.02 Lacs from previous year's Rs. 1805.92 Lacs., though due to stringent market conditions the net profit percent in terms of turnover has been declined as compared to previous year.
- A number of potential customers 2 (two) from Africa, 4 (four) from Asia, 6 (Six) from USA were tapped during the year under review and the company is expecting more orders from these new customers.

The key financial data of the Company for the year 2008-09 vis-a-vis 2007-08 is as under

Financials		(Rs./Lacs)	
S.No.	Particulars	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
1.	Authorised Equity Share Capital	1200.00	1200.00
2.	Paid Up Share Capital	659.03	659.03
3.	Warrants convertible into equity shares	75.74	75.74
4.	Reserves & Surplus	1151.44	1069.29
5.	Secured & Unsecured Loans	2472.47	1571.36
6.	Deferred Tax Liability	450.65	454.73
7.	Fixed Assets	1953.53	1816.58
8.	Capital Work in progress	1011.74	197.63
9.	Sundry debtors	892.16	835.74
10.	Inventories	1147.29	1099.81
11.	Net Current Assets	1830.67	1795.86

Operational Results - during 2008 - 09 vis a vis 2007-08

Rs. / Lacs

S. No.	Particulars	As on 31.03.2009	As on 31.03.2008	Increase (%)	Decrease (%)
1.	Income from Operations	3609.32	3413.94	5.72	
2.	Other Income	43.82	32.15	36.30	
3.	Expenditure excluding Interest, Depreciation and Tax	3121.46	2933.08	6.42	
4.	Earning before Interest, Depreciation & Tax	531.68	513.01	3.64	
5.	Interest	246.90	218.32	13.09	
6.	Depreciation	185.86	162.63	14.28	
7.	Profit before Tax	98.92	132.06		33.50
8.	Provision for Tax	16.77	61.83		
9.	Net Profit	82.15	70.23	16.97	

Comparison chart- Expenditure during 2008-09 vis a vis 2007-08

Rs. / Lacs

S. No.	Particulars	As on 31.03.2009	As on 31.03.2008	Increase (%)	Decrease (%)
1.	Cost of Materials	2019.73	1905.07	6.02	
2.	Manufacturing Overheads	567.95	729.84		28.50
3.	Administrative and other Overheads	228.15	165.63	37.75	
4.	Selling and distribution overheads	230.03	219.53	4.78	
5.	Financial Overheads	246.89	218.32	13.09	
6.	Depreciations	185.86	162.63	14.28	

OUTLOOK

The Textile industry as a whole is going through a challenge which started in the year 2008-09 due to the recession in major markets, rising raw materials prices and unfavorable economic environment across the world and expected to continue in the current year as well. The Global Market demand for furnishing fabric has softened. But it's likely to go up 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 and catering the upper & medium society customers in domestic market.

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, the stringent quality control practices and in depth knowledge of home furnishing industry puts the company a step ahead from its competitors.

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 ensures a well defined Risk Management Policy to identify major risks and their timely mitigation to protect the present and future performance of the company. The risks are broadly classified as follows:

1. Market led business risk;
2. Financial risk;
3. Change of trends and designs;
4. Technology Obsolescence risk;
5. Safety, Health & Environment risk.

During the year under review, special attention was given on managing market led business risk by proper planning of raw materials procurement at competitive price and controlling inventories. The working capital management has also received its due attention to reduce rising interest cost.

The Company has sustained moderate growth in recent periods and 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.

6. 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.

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

Good Corporate Governance appears to be the most effective policy decision for any Corporate's Success. The Company's Philosophy on Corporate Governance reveals that Good Corporate Governance has many things in common like: Participatory decision-making, accountability, responsibility, effectiveness, transparency.

Our Corporate Governance Process based on two core principles:

- Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- This freedom of management should be exercised within a framework of effective accountability.

We always believe that Corporate Governance is more a way of business life than a mere legal compulsion. It is the application of best management practices, Compliance of law in true letter and spirit and adherence to ethical standards for effective management and discharge of social responsibilities for sustainable development of all stakeholders.

The Company ensures that the Board and the management of the Company are fully apprised of the affairs of the Company which is aimed at assisting them in the efficient conduct of Company's business so as to meet Company's obligation to the stakeholders. The Company reaffirms its commitment to adhere to Corporate Governance in its relentless pursuit to attain highest standards of corporate values and ethics.

The report on matters relating to corporate governance in accordance with the provisions of the listing agreement is as follows:

2. BOARD OF DIRECTORS AND BOARD PROCEDURE

Board Composition

The chairman of the company is executive director, The Board comprises of more than half of total numbers of directors as independent and non executive directors which is in conformity with clause- 49 the Listing Agreement. The details of composition of the board of directors are as follows:

Name of the Director	No. of Board Meeting attended	Last AGM attended	Other Directorship/Committee membership/Chairmanship		
			Directorship	Committee membership	Committee chairmanship
Mr. I S Wadhwa Executive Chairman and Managing Director	4	Yes	1	1	1
Mr. M S Wadhwa Promoter Non Executive Director	4	No	1	1	—
Mr. R. K. Gupta Independent Non Executive Director	4	Yes	2	1	—
Mr. K C Mehra Independent Non Executive Director	4	No	2	—	—