

*Date pasted 08/11*

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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84th  
Annual Report 1996-97

The  
Victoria Mills  
Limited



**1996-97**  
**THE VICTORIA MILLS LIMITED, MUMBAI**  
**ANNUAL REPORT WITH BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

**BOARD OF DIRECTORS**

Harshavadan Mangaldas, ESQ. (*Chairman*)

Anil R. Shah, ESQ.

V.C. Vaidya, ESQ.

B.G. Kakatkar, ESQ.

J.P. Thacker, ESQ.

D.K. Contractor, ESQ.

S.G. Vaidya, ESQ.

K.C. Parikh, ESQ.

Aditya Mangaldas, ESQ. (*Managing Director*)

A. K. Bhargava, ESQ. (*Executive Director*)

**AUDITORS**

Sorab S. Engineer & Co.

*Chartered Accountants*

**BANKERS**

Bank of Baroda

Central Bank of India

**REGISTERED OFFICE**

Bharat House,

104, Bombay Samachar Marg,

Fort, Mumbai - 400 023.

**MILLS**

Pandurang Budhkar Marg,

N.M. Joshi Marg, Parel,

Mumbai - 400 013.

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## NOTICE

NOTICE IS HEREBY GIVEN that the 84th Annual General Meeting of the Company will be held at M.C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd floor, 18-20 Kaikhushroo Dubash Marg, (Rampart Row) Mumbai 400 023 on 27th September, 1997 at 11.30 A.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors' Report thereon.
2. To declare Dividend on Equity shares.
3. To appoint a Director in place of Shri Harshavadan Mangaldas who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri S.G. Vaidya who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri J.P. Thacker who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To appoint a Director in place of Shri Arun Kumar Bhargava who having been appointed as an Additional Director of the Company with effect from 1st June 1997 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and being eligible, offers himself for reappointment and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as candidate for appointment of a Director.
8. To consider and if thought fit, to pass the following resolution with or without modification as a Special Resolution:  
"RESOLVED subject to the provisions of section 198, 269, 309, & 311 read with Schedule XIII and other applicable provisions of Companies Act, 1956, that the consent of the members of the Company be and is hereby granted to the appointment of Shri Arun Kumar Bhargava as Executive Director of the Company for a period of three years w.e.f. 1st June, 1997 upon remuneration including perquisites to be paid or granted to him and on the terms and conditions as set out in the agreement executed between the Company and Mr. Arun Kumar Bhargava and placed before this Meeting.

"FURTHER RESOLVED THAT Directors of the Company be and are hereby authorised to amend the agreement subject to the provisions of the Companies Act, 1956, and Schedule XIII thereof.

AN EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 7 & 8 is hereto annexed.

THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL BE CLOSED FROM 18TH SEPT. TO 27TH SEPT. 97 (BOTH DAYS INCLUSIVE)

**Registered Office:**

Bharat House,  
104, Bombay Samachar Marg,  
Fort, Mumbai 400 023

By Order of the Board,

**R.K. SHAH**  
Secretary

Dated: 4th August, 1997.

**N.B.**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Members are requested to notify the change in address if any immediately to the Company quoting their folio numbers.
3. The unclaimed dividend in respect of the year 1995-96 will be due for transfer to Central Government in the year 1999.
4. The Dividend recommended by the Directors, if sanctioned at the Annual General Meeting, will be paid to those Shareholders whose names stand on the Company's Register of Members on 27th September, 1997 through Bank of Baroda.

The Victoria Mills Limited, Mumbai

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding Items Nos. 7 & 8 of the Special Business mentioned in the accompanying Notice.

To:

The Shareholders of  
The Victoria Mills Limited

Gentlemen:

Re: **Item No. 7& 8**

Shri Arun Kumar Bhargava was appointed as an Additional Director w.e.f. 1st June '97 by the Board of Directors pursuant to Clause 115 of Articles of Association of the Company at its meeting held on 29th May, 1997. Pursuant to Section 260 of Companies Act, 1956, Mr. Arun Kumar Bhargava holds office as a Director upto the date of this Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Shri Arun Kumar Bhargava as a Director of the Company, along with a deposit of Rs. 500/- only which shall be refunded to the members if Shri Arun Kumar Bhargava is elected as a Director.

Shri A.K. Bhargava joined the Company as Chief Executive on 15.5.97 and was promoted as Executive Director from 1st June, 1997 in view of the heavy responsibility that he will have to shoulder.

Shri A.K. Bhargava was working with Soma Textile Industries, Ahmedabad as President and subsequently was Incharge of Denim Project at Dubai. Thus he has several years of experience in the management of textile mills and has intimate knowledge of textile operations which will ensure improved performance of the Company which is part of the cotton textile industry that has passed several years of depression.

Shri A.K. Bhargava will be entitled with effect from 1.6.97 remuneration as per the agreement entered into between the Company and him as under:

1. Salary : Rs. 25,000/- in the grade as may be decided by the Board from time to time.
2. Perquisites : Perquisites to be allowed in addition to salary as detailed below:

**CATEGORY 'A'**

This will comprise facility of company's residence, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These will be provided for as under:

- (i) *Medical reimbursement:*  
Expenses incurred for Shri A.K. Bhargava and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (ii) *Leave Travel Concession* for Shri A.K. Bhargava and his family once in a year incurred in accordance with any rules specified by the Company.
- (iii) *Club fees* : Fees of club. This will not include admission and life membership fees.
- (iv) *Personal Accident Insurance*: Premium not to exceed Rs. 4000/- per annum.

Explanation: For the purpose of Category 'A', family means the spouse, the dependent children and dependent parents.

**CATEGORY 'B'**

1. *Contribution to Provident Fund and Superannuation Fund:*

Company's contribution to provident fund as per Rules of the Company but not to exceed 12 1/2% of the salary as laid down under the Income-tax Rules, 1962.

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Company's contribution to Superannuation Fund as per Rules of the Company shall not together with Company's contribution to Provident Fund exceed 25% of the salary as laid down in the Income-tax Rules, 1962.

2. *Gratuity:*

Gratuity as per Rules of the Company but not exceeding half month's salary for each completed year of service.

3. *Encashment of Leave:*

Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

**CATEGORY 'C'**

The Executive Director shall be entitled to reimbursement of all actual expenses including entertainment and travelling incurred in the course of the Company's business.

The Company shall provide a car with reimbursement of driver's salary and telephone facility at the residence of the Executive Director. Provision of a car with driver for the use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Executive Director.

Where in any Financial year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration to the Executive Director by way of salary and perquisites as specified in (1) and (3) above but the same will be subject to the ceilings specified in paragraphs (1) and (2) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The terms and conditions of the agreement if any may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereinafter in that regard.

The Board of Directors is of the opinion that the remuneration being paid to Shri A. K. Bhargava is commensurate with his duties and responsibilities as a Executive Director and therefore recommend the resolution set out at Item No. 7 of the notice, the approval of the members is necessary in view of the provisions of the schedule XIII to the Companies Act, 1956.

Except Shri Arun Kumar Bhargava none of the Director of the Company is concerned or interested in this resolution.

The agreement referred to above is available for inspection of the members at the Registered Office of the Company between 11.00 A.M. and 3.00 P.M. on any working day except Saturday.

The Directors commend the resolution for the approval of the members.

**Registered Office:**

Bharat House,  
104, Bombay Samachar Marg,  
Fort, Mumbai 400 023.

Dated: 4th August, 1997.

By Order of the Board,

**R.K. SHAH**  
Secretary

## The Victoria Mills Limited, Mumbai

**DIRECTORS' REPORT**

To

The Shareholders of  
The Victoria Mills Limited

Gentlemen:

Your Directors present their 84th Annual Report on the working of the Company with Audited Statement of Accounts for the year ended 31st March, 1997 and the Report of the Auditors thereon:

	<b>Rupees</b>	<b>1996-97 Rupees</b>	<b>1995-96 Rupees</b>
Gross profit after providing Rs.nil lacs for incremental liability for gratuity (Previous Year: Rs.14.90 lacs)		<b>1,05,08,347</b>	7,32,07,872
Less: Provision for bonus	<b>23,20,000</b>		38,25,000
Provision for depreciation	<b>76,73,212</b>		66,84,200
Provision for tax	<b>66,500</b>		—
		<b>1,00,59,712</b>	1,05,09,200
Profit/(Loss)		<b>4,48,635</b>	6,26,98,672
Add: Balance brought down from previous year		<b>68,10,694</b>	20,83,222
Balance available for appropriation which the Directors have appropriated as under:		<b>72,59,329</b>	6,47,81,894
i) Transfer to General Reserve		<b>15,00,000</b>	5,60,00,000
ii) Proposed Dividend on Ordinary Shares		<b>14,78,400</b>	19,71,200
iii) Tax on Dividend		<b>1,47,840</b>	—
To Balance carried forward to next year's Account		<b>41,33,089</b>	68,10,694

The Directors have recommended dividend of Rs.15 per equity share of Rs.100/- each on 98,560 equity share of Rs.100/- each (previous year Rs.20/-per share) subject to necessary approval from Company's Bankers.

The year under review was a very difficult one for the textile industry in general. Your Company's performance was also adversely affected and several factors contributed to it. The year saw a steep rise in dearness allowance and the cost of living index rose by 189 points resulting in increase of Rs.66.00 lacs per year in cost of labour inspite of substantial labour reduction. The Mumbai Millowners' Association had entered into an agreement with Rashtriya Mill Mazdoor Sangh by which our wage bill went up by Rs.28.00 lacs per year. In addition to this, because of raise in ESI eligibility limit and contribution, the cost increased by Rs.28.00 lacs.

Water charges went up by substantially from Rs.180/- to Rs.330/- per 10,000 litres, a rise of 83% increasing our yearly bill by Rs.55.00 lacs. The Government had also increased the power tariff by 17.5% resulting in an additional burden of Rs.45.00 lacs per year. Due to the credit squeeze your Company faced shortage of funds for working capital. The cotton prices ruled at a steady level. However, due to the sluggish market conditions, your Company was unable to pass on the increased costs to its customers.

Your Directors hope that bearing in mind the circumstances mentioned above, working result of the Company will not be regarded as unsatisfactory.

As reported last year, the Company had entered into an agreement for transfer of development rights wherein the Company gave possession of a portion of land to the developer. This year also the Company gave possession of a portion of land to the developer and the proportionate surplus accruing on such transfer of development rights has been credited to Profit and Loss Account and the said credit will be liable to capital gain tax.

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The Shareholders are aware that the Textile Division of the Company has not been functioning satisfactorily and considerable amount of losses are being incurred in running the said Textile Unit. As a matter of fact, the members must be aware that the entire Textile Industry, particularly in the city of Mumbai, has been going through a very lean time for the last about three to four years, and most of the Textile mills in Mumbai have been incurring continuous operating losses, and your Company is no exception as will be apparent from the published accounts of the Company for the last three years.

After careful consideration, your Board of Directors have decided to hive off the textile division and have entered into an agreement with M/s. Oasis Fashions Pvt. Ltd. for sale of the textile undertaking.

An Extra Ordinary General Meeting held on 4th August 97 have already approved the said proposal.

Shri Arun Kumar Bhargava was appointed as Executive Director of the Company by the Board of Directors effective 1st June 1997 to hold office upto the date of forthcoming Annual General Meeting under Section 260 of the Companies Act 1956 and under Article 115 of the Articles of Association. Notices have been received by the Company from some members under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Directors. Pursuant to provision of Section 269 of the Companies Act, 1956 Board of Directors have appointed Mr. Arun Kumar Bhargava as Executive Director for a period of three years with effect from 1st June 1997.

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Shri Harshavadan Mangaldas, Shri J.P. Thacker and Shri S.G. Vaidya retire by rotation and are eligible for re-appointment.

The Directors regret to inform that Shri C.R. Sonalkar, a Director of our Company expired on 7th June 1997. Shri C.R. Sonalkar was Director of our Company from 27.11.1990 to 6.6.1997 and had rendered valuable services to the Company and the directors have placed on record their deep sense of sorrow on the passing of Shri C.R. Sonalkar.

As required under Section 212 of the Companies Act 1956 the accounts of the Subsidiary Company are annexed.

The Statement giving particulars under the Companies (Particulars of Employees) Rules, 1975, required to be included in the Directors' Report is appended.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy and technology absorption are given in the prescribed format as Annexure 1 to this Report.

Pursuant to the directives of the Central Government under provisions of Section 233B of the Companies Act, 1956, a qualified Cost Auditor has been appointed to conduct the cost audit relating to Company's cotton textile products for the year ended 31st March 1997 and Cost Audit Report will be submitted to concerned Authorities.

The Company's properties & stocks have been adequately insured against fire, strike, riot and earthquake on the basis of the replacement value, standing charges and loss of profits have also been insured.

2 Public Deposits aggregating Rs. 9000/- were outstanding with the Company at the end of 31.3.97 as the same were not claimed on maturity date.

As regards remarks of the auditors regarding change in accounting policy to spread VRS payment over a period of 10 years instead of 5 years, the same was thought desirable in view of the enduring benefit, the company will continue to obtain. As the writing off the payment under VRS is accepted accounting practice, the Company has been legally advised that provision of Sick Industrial Companies (Special Provisions) Act, 1985 does not apply.

You are requested to appoint auditors from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Directors place on record their deep appreciation of the timely help extended by the Banks and also for the loyal services rendered to the Company by the Operatives, Staff Members and Executives of the Company.

Mumbai  
Dated: 4th August, 1997.

On behalf of the Board of Directors  
**HARSHAVADAN MANGALDAS**  
Chairman



**ANNEXURE 1 TO DIRECTORS' REPORT****PARTICULARS REGARDING CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO****A. Conservation of Energy:**

- i) The Company has taken up various energy conservation measure such as optimum utilisation and monitoring of humidification plants of various department, replacing oversized motors, checking, repair and replacement of steam traps effectively in generation and distribution or steam to the various departments. Assistance of B.T.R.A. is also obtained to improve operational efficiency and conserve energy.
- ii) Additional investments and proposals, if any, being implemented for reduction of consumption of energy Vacuum suction unit has been installed on one drying range on a trial basis.
- iii) Impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.

In view of the multiplicity of factors involved, it is very difficult to quantify and correlate the cost of production of goods with the consumption of energy.

**FORM A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. Power & Fuel Consumption**

	<b>Current year 1996-97</b>	<b>Previous year 1995-96</b>
1. Electricity		
(a) Purchased:		
Units	98,48,880	1,23,07,360
Total amount Rs.	2,90,44,252	3,05,84,653
Rate/Unit Rs.	2.95	2.49
(b) Own Generation:		
i) Through diesel generator		
Diesel KL	Nil	3,316
Units	Nil	6,340
Units per ltr. of diesel oil	Nil	1.91
Cost/Unit Rs.		3.56
ii) Through steam turbine/generator		
Unit	Nil	Nil
Units per litre of fuel oil/gas		
Cost per unit	Nil	Nil
2. Coal (Specify quality & where used)		
Quantity (tonnes)	Nil	Nil
Total cost avg. rate	Nil	Nil
3. Furnace Oil/LSHS		
Quantity (KL)	2760.73	3036.844
Total cost Rs.	1,85,91,160	1,75,70,284
Avg. Rate Rs./KL	6734.15	5785.70
4. Other/Internal generation	Nil	Nil

**B. Consumption per unit of production**

	<b>Standard if any</b>	<b>Current year 1996-97</b>	<b>Previous year 1995-96</b>
Cloth produced (Kgs.)	—	11,68,318	13,66,804
Electricity Rs./Kg	—	24.85	22.37
Furnace Oil/LSHS Rs./Kg	—	15.91	12.86

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## FORM B

## TECHNOLOGY ABSORPTION

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

## RESEARCH &amp; DEVELOPMENT (R &amp; D):

1. Specific areas in which R&D carried out by the Company : In textiles, R&D generally consists of fabrics development as per market needs by changes in the construction of the fabric and modifications in the method of processing the fabrics.
2. Benefits derived as a result of the above R & D : Quantification does not arise
3. Future plan of action : This is a continuous on-going function.
4. Expenditure on R & D
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R & D expenditure as a percentage of total turnover
 } cannot be quantified  
No R & D Dept.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology absorption, adaptation and innovation.  
As members of the Mumbai Textile Research Association, our management study all the research papers as well as other studies and incorporates them in the Company's operation to keep abreast of latest developments and economies.
2. Benefits derived as a result of the above efforts  
e.g. product improvement, cost reduction, product to development, import substitution, etc. } difficult to quantify
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
  - (a) Technology imported Nil
  - (b) Year of import N.A.
  - (c) Has technology been fully absorbed? N.A.
  - (d) If not fully absorbed, areas where this has not taken place reasons therefore bad future plan of action N.A.

## C. FOREIGN EXCHANGE EARNINGS AND OUT GO

1. The Company did not have any exports during the year under report.
2. Earning in foreign exchange was nil and the outgo on account of import of stores, spare parts and components aggregated to Rs. Nil and travelling expenses amounting to Rs. 17,355.