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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		ENV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>			



85th

Annual Report 1997-98

**The
Victoria Mills
Limited**



1997-98
THE VICTORIA MILLS LIMITED, MUMBAI
ANNUAL REPORT WITH BALANCE SHEET AND PROFIT & LOSS ACCOUNT

BOARD OF DIRECTORS

Harshvadan Mangaldas, ESQ. (*Chairman*)

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.

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.

Eighty-fifth Annual Report 1997-98**NOTICE**

NOTICE is HEREBY GIVEN that the 85th Annual General Meeting of the Company will be held at M. C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18-20 Kaikhushroo Dubash Marg, Mumbai 400 023 on 24th December, 1998 at 11.30 A. M. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 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 appoint a Director in place of Shri D.K. Contractor who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri V. C. Vaidya who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri B. G. Kakatkar who retires by rotation and is eligible for re-appointment.
5. 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.
6. 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, 314, 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 reappointment of Shri Aditya Mangaldas as Managing Director of the Company for a period of one year w. e. f. 1st October, 1997 to 30th September 1998 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. Aditya Mangaldas 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.

7. 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, 314, 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 reappointment of Shri Aditya Mangaldas as Managing Director of the Company for a further period of one year w.e.f. 1st October, 1998 to 30th September, 1999 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. Aditya mangaldas 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.

8. To consider and if though fit, to pass the following resolution with out without modification as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 & other applicable provisions, if any, or any further amendments or enactments to the said act, or any other act or rules and as per the provisions of BIFR Regulation 1987, the Company hereby approved of the opinion formed by the Board of Directors about the Company having become sick and the application proposed to be made by the Board of Directors to the Board for Industrial and Financial Reconstruction (henceforth called "BIFR") under Section 15 (I) of the Sick Industrial Companies (Special Provisions) Act, 1985 or to any other concerned authority, as the accumulated losses of the Company have resulted in the full erosion of its net worth at the end of the financial year ended 31st March, 1998.

The Victoria Mills Limited, Mumbai

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such further acts, deeds, things and take necessary steps in the matter, as if may deem fit, to give effect to this Resolution."

AN EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 6, 7 & 8 is hereto annexed.

Registered Office:

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

Dated : 26th November, 1998

By Order of the Board,

R.K. SHAH
Secretary

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.



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ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding Items Nos. 6, 7 & 8 of the Special Business mentioned in the accompanying Notice.

To:

The Shareholders of
The Victoria Mills Limited

Gentleman:

Re: **Item No. 6, 7 & 8**

Item No. 6

Shri Aditya Mangaldas was reappointed as an Managing Director w.e.f. 1st October 1997 to 30th September 1998 by the Board of Directors pursuant to Clause 115 of Articles of Association of the Company at its meeting held on 27th September, 1997.

Shri Aditya Mangaldas will be entitled with effect from 1st October 1997 remuneration as per the agreed 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 Aditya Mangaldas 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 Aditya Mangaldas 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 & 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.

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 Managing 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 Managing 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 Managing Director.

Where in any Financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration to the Managing 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 agreement contained above stating the terms and conditions was placed before the Board for consideration.

In the event of no profits or inadequacy of profits, the remuneration payable to Shri Aditya Mangaldas as the Managing Director by way of salary and perquisites shall not exceed the limits specified in Section II of Part II of Schedule XIII as amended.

Item No. 7

Shri Aditya Mangaldas was reappointed as an Managing Director for a further period of one year. w.e.f. 1st October, 1998 to 30th September, 1999 by the Board of Directors pursuant to Clause 115 of Articles of Association of the Company at its meeting held on 27th July, 1998.

Shri Aditya Mangaldas will be entitled with effect from 1st October 1998 remuneration as per the agreed 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 Aditya Mangaldas 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 Aditya Mangaldas 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 & 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 Managing 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 Managing 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 Managing Director.

Where in any Financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration to the Managing 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 agreement contained above stating the terms and conditions was placed before the Board for consideration.

In the event of no profits or inadequacy of profits, the remuneration payable to Shri Aditya Mangaldas as the Managing Director by way of salary and perquisites shall not exceed the limits specified in Section II of Part II of Schedule XIII as amended.

The agreements 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.

Except Shri Aditya Mangaldas to whose appointment the resolution relates and Shri Harshavadan Mangaldas who is his relatives no other director of the Company is concerned or interested in the resolution.

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

Item No. 8

The Company's accumulated loss as at the financial year 31st March, 1998 have resulted in the fill erosion of its net worth. Accordingly the Board of Directors are of the opinion that Company has become sick and application/reference to be made under 15(I) of the Sick Industrial Companies (Special Provisions) Act, 1985 to the Board of Industrial & Financial Reconstruction (BIFR). The Board of Directors of your Company recommend the resolution set out in Item No. 8 of the notice for the approval of the shareholders.

None of the Director is interested in the item of business mentioned herein above.

Registered Office:

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

Dated: 26th November, 1998

By Order of the Board

R.K. SHAH
Secretary

DIRECTORS' REPORT

To,

The shareholders of
The Victoria Mills Limited

Gentlemen :

Your Directors present their 85th Annual Report on the working of the Company with Audited Statement of Accounts for the year ended 31st March, 1998 and the Report of the Auditors thereon :

	Rupees	1997-98 Rupees	1996-97 Rupees
Gross Profit / loss for the year		(21,50,40,062)	1,05,08,347
Less : Provision for bonus	21,00,000		23,20,000
Provision for depreciation	73,55,295		76,73,212
Provision for tax	-		66,500
		94,55,295	1,00,59,712
Profit / (Loss)		(22,44,95,357)	4,48,635
Add : Balance brought down from previous year		41,33,089	68,106,94
Add : Proposed dividend of previous year		14,78,400	-
Add : Tax on dividend written back		1,47,840	-
Add : Transfer from General Reserve		6,45,00,000	-
Balance available for appropriation		(15,42,36,028)	72,593,29
which the Directors have appropriated as under :			
i) Transfer to General Reserve		-	15,00,000
ii) Proposed Dividend on Ordinary Shares		-	14,78,400
iii) Tax on Dividend		-	1,47,840
To balance carried forward to next year's Account		(15,42,36,028)	41,33,089

The Directors regret that in view of the loss suffered by the Company, they have not recommended any dividend. The year under review was a very difficult one for the textile industry in general and our Company in particular. The textile division was sold off last year. However, the sale has not been completed yet due to delay in payment due from the purchasers.

During the year under review, 760 workers opted for Voluntary Retirement Scheme. Due to the tight liquidity situation, the production of the Company was severely affected resulting in high losses. The Company has incurred during the year a loss of 22.44 crores and the entire net worth of the Company has been eroded.

In view of the factors mentioned above your Directors have to report to BIFR about the erosion of the complete net worth of the Company within 60 days of passing of the accounts at the Annual General Meeting. The necessary resolution in respect of the same is included in the notice of the meeting.

In view of the labour unrest, the Company had to put up notice of Lock Out in the month of September and as all the records were maintained at the mills, the accounts could not be completed within the stipulated period. The necessary permission from Registrar of Companies was obtained for holding the Annual General Meeting on or before 31st December 1998.

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In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Shri D.K. Contractor, Shri V.C. Vaidya and Shri B.G. Kakatkar retire by rotation and are eligible for re-appointment. Shri Anil R. Shah has resigned as a Director of the Company with effect from 23rd November 1998 and the Board place on record the services rendered by him during his tenure as a Director.

Shri Aditya Mangaldas was reappointed as Managing Director for one year from 1st October 1997 and again reappointed for a further period of one year from 1st October 1998. The necessary resolutions in respect thereof have been proposed in the notice.

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 was 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.

3 Public Deposits aggregating Rs. 12000/- were outstanding with the Company at the end of 31.3.98 as the same were not claimed on maturity date.

You are requested to appoint auditors from the conclusions 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.

On behalf of the Board of Directors

Mumbai

Dated: 26th November, 1998

HARSHAVADAN MANGALDAS,
Chairman.