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90th

Annual Report 2002 - 2003



**THE
VICTORIA MILLS
LIMITED**



The Victoria Mills Limited, Mumbai

2002-2003

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

BOARD OF DIRECTORS

Aditya Mangaldas, ESQ. (Chairman & Managing Director)

V. C. Vaidya, ESQ.

D. K. Contractor, ESQ.

S. G. Vaidya, ESQ.

AUDITORS

Sorab S. Engineer & Co.

Chartered Accountants

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REGISTERED OFFICE :

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

REGISTRAR & SHARE TRANSFER AGENTS

I.I.T. CORPORATE SERVICE LTD.

Protoprima Chambers 3rd Floor,

Suren Road, Near Cinemagic Theatre,

Andheri (W), Mumbai - 400 093.

Tel. No. : 2683 5599 / 2683 1416 / 2683 2609

Fax : 2684 8375

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NOTICE

NOTICE IS HEREBY GIVEN that the 90th Annual General Meeting will be held as scheduled below :

DAY : Tuesday

DATE : 30th September 2003

TIME : 11.00 A.M.

PLACE : At Hall of Harmony, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai 400 018

To transact the following business :-

1. To receive consider and adopt the Balance Sheet as at 31st March 2003 and Profit and Loss Account for the year ended on that date and report of the Board of Directors and Auditor's Report thereon.
2. To reduce the No. of Directors to four.
3. To appoint a Director in place of Shri D.K. Contractor who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri S.G. Vaidya who retires by rotation and is eligible for reappointment.
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 authorise the Board of Directors to fix their remuneration.
6. To consider and if though fit, to pass the following resolution with or without modification as an Ordinary 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 reappointment of Shri Aditya Mangaldas as Managing Director of the Company for a further period of five years w.e.f. 1.4.2003 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.

AN EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956, in respect of the above item is hereto annexed.

THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL BE CLOSED FROM 23RD TO 30TH SEPTEMBER 2003 (BOTH DAYS INCLUSIVE)

By Order of the Board

Place : Mumbai

Date: 29.7.2003

R. K. SHAH
SECRETARY

Registered Office :-

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

NOTES :

- (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- (b) Members, who hold shares in physical form are requested to notify immediately change in their addresses, if any, specifying Registered Folio Number and other relevant details, Members who hold shares in Electronic form are requested to notify change in their address to Depository Participant with whom they are maintaining their Beneficial owner account, to Company's Registrar and Share Transfer Agents
- (c) Members who have not encashed their Dividend Warrants for the Financial Year ended 31st March 1996 payable from 1st October 1996 may immediately approach the Company for revalidation of unclaimed warrants as the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205 (C) of the Companies Act, 1956.
- (d) 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.
- (e) Results for the Postal Ballot will be announced at the Annual General Meeting of the Company to be held on 30th September 2003 at 11.00 A.M., at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.



ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding item mentioned in the accompanying notice.

To,
The Shareholder of
The Victoria Mills Limited.

Gentlemen:

Shri Aditya Mangaldas was reappointed as the Managing Director of the Company w.e.f. 1st April 2003 for five years by the Board of Directors pursuant to Clause 115 of Articles of Association of the Company at its meeting held on 28.4.2003.

Shri Aditya Mangaldas will be entitled with effect from 1st April 2003 remuneration as per the agreement entered into between the Company and him as under :-

Salary : Rs.60,000/- p.m. in the grade as may be decided by the Board from time to time.

Perquisites : Perquisites to be allowed in addition to salary and commission as detailed below :

CATEGORY 'A'

This will comprise leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. This 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 salary in lieu thereof.

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 clubs to a maximum of two clubs. This will not include admission and life membership fees.

iv) Personal Accident Insurance: Premium not to exceed Rs.5000/- per annum.

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

CATEGORY 'B'

1. Contribution to PPF and Superannuation Fund:-

The Company shall contribute towards PPF and Superannuation Scheme provided that such contribution singly or put together shall not exceed the tax free limit prescribed under the Income Tax Act and rules laid thereunder.

2. Gratuity

Gratuity as per Rules of the Company but not exceeding half a 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'

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

2. The Company shall provide Car(s) with Driver at the entire cost of the Company for use on business of the Company. Use of car for personal purposes shall be recovered by the Company.

3. The Company shall provide telephone and other communication facilities at the residence of the Managing Director at the entire cost of the Company.

CATEGORY 'D'

The Managing Director shall be entitled to commission at a rate not exceeding 1% of net profits of the Company.

The abovementioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director in accordance with the provisions of the Companies Act, 1956, or any amendment thereto made hereafter in this regard.

Wherein any Financial Year during the currency of tenure of the Managing Director, the Company has no

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profits or its profits are inadequate, the Company may pay remuneration to the Managing Director by way of salary and perquisites as specified above but the same will be subject to the ceiling specified in paragraphs (1) and (2) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

1. Shri Aditya Mangaldas shall not be entitled to sitting fees for attending meeting of the Board of Directors or Committees thereof.
2. Throughout the terms of this Agreement and the extension, if any, therefore, Shri Aditya Mangaldas shall not, without the prior written consent of the Board, engage himself or become interested in any capacity, directly or indirectly, with or without remuneration, if any business, trade, occupation or employment whatsoever, or undertake any activity, which, in the opinion of the Board, is prejudicial to the Company's interest. The Board's decision in this matter shall be final, conclusive and binding on Shri Aditya Mangaldas who shall not be entitled to question the same on any ground whatsoever.
3. The employment of Shri Aditya Mangaldas under this Agreement shall be determined if he becomes insolvent or make any composition or arrangement with his creditors.
4. In case Shri Aditya Mangaldas shall die during the course of his employment hereunder, the Company will pay to his legal personal representative the salary and other emoluments payable hereunder for the then current month.
5. Notwithstanding anything to the contrary contained in or implied by this Agreement, either party shall be entitled to determine this Agreement at any time by three months advance notice in writing in that behalf to the other party without the necessity of showing any cause or, in the case of the Company, by the payment of three month's salary

in lieu of such notice, and this Agreement shall stand terminated upon expiry of such notice period or payment by the Company in lieu of such notice and Shri Aditya Mangaldas shall cease to be an employee of the Company and the Company shall cease to be liable for the salary or perquisites whatsoever, other than the salary earned, and the expenses, by Shri Aditya Mangaldas upto the date of such termination.

6. This agreement represents the entire agreement between the parties hereto in relation to the terms and conditions of Managing Director employment with the Company and cancels and supersedes all prior agreements, arrangement or understanding; if any, whether oral or in writing, between the parties hereto on the subject matter hereof.
7. This agreement shall be subject to approval of members of the Company at the ensuing Annual General Meeting.

The agreement referred to above is available for inspection of the members at the Registered Office of the Company between 11.30 a.m. to 3.00 p.m. on any working day except Saturday.

Except Shri Aditya Mangaldas to whose re-appointment the resolution relates, no other Director of the Company is concerned or interested in the resolution.

The Directors commend the resolution for approval of the members.

By Order of the Board

Place : Mumbai
Date: 29.7.2003

R. K. SHAH
SECRETARY

Registered Office :-
Bharat House,
104 Mumbai Samachar Marg,
Fort, Mumbai 400 023.

The Victoria Mills Limited, Mumbai**DIRECTORS' REPORT**

To,
The Shareholders of
The Victoria Mills Limited.

Gentlemen :

Your Directors present their 90th Annual Report on the working of the Company with audited Statement of Accounts for the year ended 31st March, 2003 and the report of the auditors thereon.

	2002-2003	2001-2002
	Rupees	Rupees
Gross Profit/(Loss) for the year before depreciation, provision for doubtful debts and extra ordinary items	62,96,465	7,83,156
Less: Provision for depreciation	3,35,270	4,89,464
Provision for taxation (MAT)	—	22,500
Provision for Doubtful Debts	13,31,324	—
1/5 th of Debit balance on Demerger Scheme	1,45,40,675	—
Profit/Loss	(99,10,804)	2,71,192
Less : Transferred as per Demerger Scheme	35,42,516	—
	(63,68,288)	2,71,192
Add: Balance brought down from the previous year	(5,86,665)	(8,57,857)
To Balance carried forward	(69,54,953)	(5,86,665)

The Directors regret that in view of the inadequate profits, they have not recommended any dividend.

The Company exported value added fabrics worth Rs.2.90 Crores during the year. The Company exported these fabrics mainly to U.S.A., Middle East and Sri Lanka.

The surplus funds of the Company are invested in Bill Discounting, Government Bonds and Mutual Funds.

The Scheme of Demerger as approved by the High Court has been implemented in April 2002 and effect

of the same has been given in accounts. In view of the extra ordinary nature of the transactions, it has been decided to write off the debit amount over a period of five years. As per the Scheme of Demerger approved by the High Court, each shareholder of The Victoria Mills Ltd. received ten shares of new demerged entity.

The Company has succeeded in disputed demand of Rs.2.95 crores pending before Income tax Appellate authority and order in respect of the same has been received.

Pursuant to directives of Central Government under provisions of 233(b) of the Companies Act 1956, the Company had approached the Company Law Board to waive the conduct of Cost Audit and submission of Cost Audit Report since textile division has been non operative. No further communication has been received after the company had forwarded the audited accounts for the year ended 31.3.2000. The Company has also approached the Company Law Department to waive the conduct of Cost Audit and submission of Cost Audit Report for the year ended 31.3.2001.

Shri Aditya Mangaldas was re-appointed as Managing Director for five years from 1st April 2003 to 30th March 2008. The necessary resolution in respect thereof and the material facts relating to the same are given in the Explanatory Statement accompanying the notice.

Directors have sought approval of members through Postal Ballot in terms of Section 192A for investment of surplus funds of the Company pursuant to provision of Section 372A of the Company Act, 1956.

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Shri D. K. Contractor, and Shri S.G. Vaidya retire by rotation and are eligible for re-appointment.

The statement giving particulars under the Companies (Particulars of Employees) Rules, 1975, required to be included in the Directors' Report is not appended, as the same is not applicable.

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As required by the Company (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy are given in the prescribed form as Annexure 1 to this Report. As there was no manufacturing activity during the year, the information of conservation of energy and technology absorption is not applicable.

As per requirement of S.E.B.I. (Substantial Acquisition of Shares and Takeovers) Regulations 1997 constituents of Group as defined under MRTP Act 1969 is shown separately as Annexure 2.

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that :-

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed.
- (ii) They 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 at 31st March 2003 and of the profits of the Company for the year ended 31st March 2003;

- (iii) They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They had prepared the Annual Accounts on a going concern basis.

No Public Deposits were outstanding with the Company as at the end of 31.3.2003 as all the deposits have been repaid.

You are requested to appoint auditors from the conclusion of this meeting till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

On behalf of the Board of Directors

Place : Mumbai.

ADITYA MANGALDAS

Dated : 11th August, 2003 Chairman & Managing Director