

Report  Junction.com  
*93rd*  
*Annual Report 2005 - 2006*



**THE  
VICTORIA MILLS  
LIMITED**

# 93<sup>rd</sup> Annual Report 2005-2006

**2005-2006**

**THE VICTORIA MILLS LIMITED, MUMBAI**

**ANNUAL REPORT WITH BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

## **BOARD OF DIRECTORS**

Mr. Aditya Mangaldas (Chairman & Managing Director)

Mr. V. C. Vaidya

Mr. D. K. Contractor

Mr. S. G. Vaidya

## **AUDITORS**

Sorab S. Engineer & Co.

Chartered Accountants

## **REGISTERED OFFICE :**

Bharat House,

104, Bombay Samachar Marg,

Fort, Mumbai - 400 023.

## **REGISTRAR & SHARE TRANSFER AGENTS**

SYSTEM SUPPORT SERVICES

209, Shivai Ind. Estate,

89, Andheri Kurla Road,

Sakinaka, Mumbai - 400 012.

Tel. No.: 2850 0835, 2850 1622

Fax : 2850 1438



## The Victoria Mills Limited, Mumbai

### NOTICE

NOTICE IS HEREBY GIVEN that the 93rd Annual General Meeting will be held as scheduled below :

DAY : Tuesday  
DATE : 26th September 2006  
TIME : 11.00 A.M.  
PLACE : At Hall of Harmony, Nehru Centre,  
Dr. Annie Besant Road, Worli,  
Mumbai 400 018

1. To transact the following business :-  
To receive consider and adopt the Balance Sheet as at 31st March 2006 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 declare dividend on Equity shares.
3. To appoint a Director in place of Shri S.G. Vaidya who retires by rotation and is eligible for reappointment.
4. 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.

#### SPECIAL BUSINESS

5. To consider and if thought 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, if any, of the Companies Act, 1956, and any statutory modification or enactment thereof and the Guidelines for Managerial Remuneration issued by the Central Government from time to time and any other Guidelines, Amendments, or Notification which the Central Government may issue from time to time and subject to such requisite approvals, if any, the consent of the Company be and is hereby accorded for the re-appointment of Shri Aditya Mangaldas, Managing Director of the Company for a further period of five years from 1.4.2006 upon and subject to the remuneration, terms and conditions set out in the Agreement to be entered into between the Company and Mr. Aditya Mangaldas, a draft whereof is placed before this meeting and, for the purpose of identification, initialled by the Chairman hereof.

AND RESOLVED FURTHER THAT subject to the limits prescribed from time to time in Section II of Part II of Schedule XIII of the Companies Act, 1956, the remuneration payable as aforesaid shall be paid to Mr. Aditya Mangaldas as minimum remuneration, notwithstanding that in any financial year of the Company during the term of his office as such, the Company may have made no profits or inadequate profits;

AND RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid or provided to Mr. Aditya Mangaldas (including the minimum remuneration) in accordance with the relevant

provisions of the Companies Act, 1956 and/or the rules and regulations made thereunder and/or relaxation or revision in the Guidelines for Managerial Remuneration as may be made and/or announced by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to perform all such acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this resolution".

6. To consider and pass following resolution as Special Resolution:-

"RESOLVED that approval be and is hereby given, pursuant to Section 149 and other provisions, if any, of the Companies Act, 1956 to the commencement by the Company of the business, set out in Clause (h), (j) and (x) of the Object Clause of the Memorandum of Association of the Company, namely:-

- (h) To lend, invest and otherwise deal with the moneys of the Company not immediately required upon such securities or without security or to deposit same with such Banks and upon such terms as may from time to time be thought proper.
- (j) To draw, make, accept, endorse, discount, execute, issue negotiate and sell promissory notes, bills of exchange, hundies, warrants, debentures and other negotiable or transferable instruments with or without securities in connection with the business of the Company.
- (x) To carry on and undertake the business of finance, investment, bill marketing, hiring, purchase, leasing and to finance lease operations of all kinds including true lease, single inventor and leveraged lease, cross border lease, operating lease, master lease, conditional sale, chattel mortgage, sale and lease obligation, lease underwriting, organizing lease syndications, making of loans, both short, Medium and long term and financing industrial enterprises, project financing, turnkey financing, portfolio acquisition, factoring and similar accommodation and of purchasing, selling, reselling, hiring or letting on hire, hire-purchase, installment purchase, lease or deferred payment or similar terms any goods, properties, articles, and commodities of all and every kind and description, movable or immovable including land, building, plant and machinery, equipment, ships, aircraft, automobiles, computers and all domestic, consumer commercial and industrial undertakings and also covering capital goods equipment, industrial and office equipment and all other types of real and personal property for whatever use and to provide leasing advisory/counseling services to other entities and/or form a leasing arm of other entities and also covering.

"RESOLVED further that approval be is hereby given to the Boards of Directors of the Company to commence the above business as from the day they deem fit".

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:-

93<sup>rd</sup> Annual Report 2005-2006

"RESOLVED that the consent of the Company be and is hereby granted to the Board of Directors of the Company hereafter contributing or donating on behalf of the Company moneys for charitable purposes not directly relating to the business of the Company or the welfare of its employees notwithstanding that the moneys so contributed may exceed during the financial year of the Company Rupees Fifty Thousand or five per cent of the Company's average net profits as determined in accordance with the provisions of Section 349 and 350 during the last three financial years, whichever is greater, provided that the total amount of donations and contributions which may be so made in any one such year, shall not exceed Rupees Five lacs.

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

**THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL BE CLOSED FROM 21<sup>ST</sup> SEPTEMBER TO 26<sup>TH</sup> SEPTEMBER 2006 (BOTH DAYS INCLUSIVE)**

**By Order of the Board**

**R.K. SHAH**  
SECRETARY

**Registered Office :-**

Bharat House,  
104 Mumbai Samachar Marg,  
Fort, Mumbai 400 023.  
Date: 27.7.2006

**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) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- (c) The dividend as recommended by the Directors for the year ended 31<sup>st</sup> March 2006 and as may be approved by the members of the Company at the Annual General Meeting will be payable to those shareholders from 3<sup>rd</sup> October 2006 whose names appear on the Register of Members as on 26<sup>th</sup> September 2006. In respect of shares held in demat form, the dividend will be paid on the basis of the beneficial ownership as per details to be received from the Depositories as at the end of business on 26<sup>th</sup> September 2006.
- (d) 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
- (e) 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.

**ANNEXURE OF THE NOTICE**

**Explanatory statement pursuant to Section 173 of the Companies Act, 1956 regarding the Special Business in the accompanying Notice.**

To,  
The Shareholder of  
The Victoria Mills Limited.

Gentlemen:

**Item No.5**

The Board of Directors re-appointed Mr. Aditya Mangaldas as Managing Director of the Company for a period of five years from 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2008. However the Board of Directors taking into consideration recommendation of Remuneration Committee considered revising terms of appointment for a period of five years commencing from 1<sup>st</sup> April 2006 at their meeting held on 27<sup>th</sup> July 2006.

Shri Aditya Mangaldas will be entitled with effect from 1<sup>st</sup> April 2006 remuneration as per the agreement to be entered into between the Company and him as under :-

Salary : Rs.1,00,000/- 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



## *The Victoria Mills Limited, Mumbai*

entertainment and travelling incurred in the course of the Company's business.

2. Provision of the Company's cars and driver at the cost of the Company, for use on the Company's business and telephone(s) and other communication facilities at residence and Mobile phone (including payment for local calls and long distant official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

### **CATEGORY 'D'**

The Managing Director shall be entitled to commission based on the net profits of the Company, subject to the ceiling prescribed in that behalf under the Companies Act, 1956.

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 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. 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.

5. 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.
6. This agreement shall be subject to approval of members of the Company, at the ensuing Annual General Meeting.

The draft 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.

### **Item No.6**

The Company's recent operations have shown considerable improvement and have generated surplus funds for the company. To deploy such funds profitably, it is desirable to commence the business of investing the funds in Bill Discounting and also deposit the funds in Inter Corporate Deposits. In addition, to investing the surplus funds, in purchase of shares and securities and Government Bonds.

Such activity is covered by sub clause (h) (i) and (x) of Company's Memorandum of Association.

Since the activity is new business activity it would require prior approval of the shareholders in the General Meeting by a Special Resolution as per the provisions of Section 149(2A) of the Companies Act 1956.

None of the Director of the Company is interested in this resolution.

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

### **Item No.7**

The Board of Directors from time to time have been contributing to charitable and other institutions moneys within the limits prescribed under the provisions of Section 293(1)(e) of the Companies Act, 1956. The limit has been found to be inadequate and, therefore, it is desirable to confer on Board of Directors authority pursuant to Section 293(1)(e) of the Companies Act to make contribution or donations for charitable purposes upto a limit of Rs.5,00,000/- (Rupees Five Lacs only) per year. The Company has at times made contribution or donations to charitable trusts of which one or more of the Directors may be a trustee or trustees.

None of the Director of the Company is interested in this resolution.

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

**By Order of the Board**

**R.K. SHAH  
SECRETARY**

### **Registered Office :-**

Bharat House,  
104 Mumbai Samachar Marg,  
Fort, Mumbai 400 023.  
Date: 27.7.2006

93<sup>rd</sup> Annual Report 2005-2006

## DIRECTORS' REPORT

To,

The Shareholders of  
The Victoria Mills Limited.

Ladies &amp; Gentlemen :

Your Directors present their 93rd Annual Report on the working of the Company with audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2006 and the report of the auditors thereon.

	2005-2006 Rupees	2004-2005 Rupees
Gross Profit for the year before depreciation	22,92,82,367	83,43,265
Less: Provision for depreciation	9,97,602	9,54,048
Less: Provision for taxation	16700000	-
Provision for Fringe Benefit Tax	265770	-
	1,69,65,770	-
Less: Debit balance on Demerger Scheme	2,92,56,348	1,45,40,675
Profit/Loss	18,20,62,647	(71,51,458)
Add: Balance brought down from the previous year	(1,74,90,968)	(1,03,39,510)
Balance available for appropriation	16,45,71,679	(1,74,90,968)
Which the Directors have appropriated as under:-		
i) Transfer to General Reserve	1,75,00,000	-
ii) Proposed Dividend on Equity Shares	49,28,000	-
iii) Corporate Tax on Dividend	6,91,152	-
	2,31,19,152	-
Balance to be carried forward	14,14,52,527	-
	16,45,71,679	-

The Directors are pleased to announce that considering profit for the year, the Board has recommended payment of dividend of 50% on the equity share capital of the Company.

The Company has started selling grey fabrics in the local market. The sales for the year were Rs.7.33 crores as compared to Rs.3.90 crores in the previous year.

During the current year, the sales for the first three months have been Rs. 6.70 crores.

The surplus funds of the Company are invested in Bill Discounting, Inter Corporate Deposits, Government Bonds, Portfolio Management Scheme and Mutual Funds.

Your Directors have decided to debit the entire debit balance in the Scheme of Demerger in this year.

During the year under report, the Company made a profit of about Rs.21 crores by sale of land and building.

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Shri S.G.Vaidya retire by rotation and is 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.

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 :-

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed.
- 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 31<sup>st</sup> March 2006 and of the profits of the Company for the year ended 31<sup>st</sup> March 2006;
- 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;
- They had prepared the Annual Accounts on a going concern basis.

No Public Deposits were outstanding with the Company as at the end of 31.3.2006 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

Dated: 27.7.2006  
Place: Mumbai.

ADITYA MANGALDAS  
Chairman & Managing Director





*The Victoria Mills Limited, Mumbai*

## ANNEXURE 1 TO DIRECTORS' REPORT

### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO

#### A. Conservation of Energy :

Not applicable since there was no manufacturing activity during the year.

#### FORM A

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power & Fuel Consumption	Current Year	Previous Year
	2005-2006	2004-2005
1) Electricity		
a) Purchased		
Units	-	-
Total amount Rs.	-	-
Rate/Unit Rs.	-	-
b) Own Generation :		
i) Through diesel generator	Nil	Nil
Diesel KL	Nil	Nil
Unit	Nil	Nil
Oil		
Cost/Unit Rs.		
ii) Through steam turbine/generator		
Unit	Nil	Nil
Unit per litre of fuel		
Oil/gas	Nil	Nil
Cost per unit		
2) Coal (Specify quality & where used)		
Quantity (tonnes)	Nil	Nil
Total cost avg. rate	Nil	Nil
3) Furnace Oil/LSHS		
Quantity (KL)	-	-
Total Cost	-	-
Avg. Rate Rs. /KL	-	-
4) Other /internal generation	Nil	Nil
B. Consumption per unit of Standard Production if any		
Cloth produced (kgs.)	-	-
Electricity Rs/kg.	-	-
Furnace Oil/LSHS/Rs./kg.	-	-
C. FOREIGN EXCHANGE EARNING AND OUT GO		
1. Export of Textiles F.O.B. value	14771897	39038294
2. Earning in Foreign Exchange	23094618	34913083
Outgoing in Foreign Exchange (Travelling)	560081	840303

## 93<sup>rd</sup> Annual Report 2005-2006

### ANNEXURE -2

#### DISCLOSURE AS REQUIRED BY SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997

- i) Details of Persons and Companies constituting Group as defined under MRTP Act.

Aditya Mangaldas, Mamta Kishore Dalal, Devyani H. Mangaldas, Aditi Mangaldas, Nirmala Rasiklal, Kishore Rasiklal, Sunil Kishore Dalal, Shreya Kishore, Urmila Girdharlal, Love Girdharlal, V.C.Vaidya, S.G. Vaidya, Anjali Kamal Mangaldas, Chetan J. Parikh, Vinay J.Parikh, Gauriben Sanatkumar, Sanatkumar Jayantilal, Mangaldas Mehta & Co., Cee Parikh Inv. Pvt. Ltd., Abhay Mangaldas, Kamal Madanmohan Mangaldas Snehalata Ramesh Shah, Ramesh Ramanlal Shan, Galactic Enterprises Ltd., Bromelia Trading Pvt. Ltd., Fistula Trading Pvt. Ltd., Abhay Investments Pvt. Ltd., Pawan Farms & Orchards, Vesna Investment & Trading Co., Bruhaspati Investment & Trading Company, Sutantu Agricultural Farm, Mangaldas Mehta & Co. Pvt. Ltd., Victoria Capital Ventures Ltd.

- ii) Shri Aditya Mangaldas and some P.A.C.'s have not acquired any share of The Victoria Mills Ltd. from other P.A.C's in terms of Reg. 3(1)(e) (i) during the year.

Report  Junction.com