



13th ANNUAL REPORT 2002-2003



Board of Directors

Vijay Kumar Gupta

Chairman and Managing Director

Susheel Kumar Gupta

Executive Director

Gautam Chand Jain

Director

C Narsi Reddy

Director

M Srikanth Reddy

Director

K Srinivas Reddy

Director

Company Secretary

S Nagarajan

Auditors

M/s. Lakshminiwas & Jain

Chartered Accountants

5-4-726, Station Road

Nampally

Hyderabad - 500 001

Internal auditors

M/s. Rakesh S Jain & Associates

Chartered Accountants

14-6-191, Nagar Khana

Begum Bazar,

Hyderabad-500 012

Bankers

Indian Overseas Bank

Hyderabad Main Branch

Bank Street, Koti

HYDERABAD.

Indian Overseas Bank

M G Road Branch

SECUNDERABAD

Registered Office

104, Surya Towers

Sardar Patel Road

Secunderabad – 500 003

Factory

Plot No. 46, Road No. 12

(Old Kurnool Road)

A.P. I. I. C., Kattedan

Hyderabad – 500 077

13th Annual General Meeting 2002-2003

Contents	Page
Notice	2
Directors' Report	5
Management Discussion and Analysis	10
Corporate Governance Report	11
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules	20
Cash Flow Statement	31



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of VIJAY TEXTILES LIMITED will be held on Wednesday, the 20th August, 2003 at 2.30 P.M. at Hotel Viceroy, Tankbund Road, Hyderabad-500080, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on that date, together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri M Srikanth Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri C Narsi Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider re-appointment of M/s. Lakshminiwas & Jain, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize 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(s) as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to raise or borrow from time to time from the Company's Bankers or Financial Institutions or from elsewhere on such terms and conditions as to repayment or interest or otherwise as it thinks fit such sums as may be necessary for the purpose of the Company's business in excess of the paid-up capital and free reserves of the Company, that is to say the reserves not set apart for any specific purpose, provided however, that the total amount of such borrowings together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in aggregate shall not exceed at any time a sum of Rs. 50,00,00,000/- (Rupees Fifty Crores only).

6. To consider and, if thought fit, to pass the following Resolution with or without modification(s) as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 read with Schedule XIII and

other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the increase in the remuneration and other perquisites payable to Shri Susheel Kumar Gupta, Executive Director of the Company, with effect from 1st April, 2003 upto 31st March, 2005 (being the unexpired period of their tenure as Executive Director) as set out below:

1. Salary

Rs. 60,000/- per month

2. Perquisites

In addition to Salary, the following perquisites shall be allowed to the Executive Director and would be within the overall ceilings of the provisions prescribed under Schedule XIII of the Companies Act, 1956, as amended from time to time.

Category A:

a. Housing:

Rent free furnished Residential Accommodation with all facilities and amenities including such services as Gas, Electricity, Water etc. or House Rent Allowance to the extent of 30% of the salary.

b. Medical Expenses:

Medical expenses incurred for self and his family will be borne by the Company subject to a ceiling of one month salary per year or three months salary in a period of three years.

c. Leave and Leave Travel:

Eligible for one month leave for every eleven months serve. Expenses incurred for travel anywhere in India on leave for self and his family, subject to a ceiling of one month salary in accordance with the rules of the Company.

d. Club Fees:

Monthly subscription fees of clubs will be reimbursed subject to a maximum of two clubs but not admission/life membership fees.

e. Personal Accident Insurance:

Accident cover and mediclaim/hospitalization insurance policy will be taken for self and his family, the annual premium of which shall not exceed Rs.6,000/- per annum.

Category B:

- a. Contribution by the Company to Provident Fund, Superannuation Fund or annuity fund as per the rules of the Company.

- b. Payment of Gratuity subject to an amount equal to half month's salary for each completed year of service.

Vijay Textiles Limited**Category C:**

Free use of car with driver for Company's business and also provision for telephone, fax, computers and other communication facilities at residence for use on Company's business, which will not be considered as perquisites.

3. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointment, the Company has no profit or its profits are inadequate, the Company shall pay Remuneration by way of

salary, perquisites and allowances as specified in Section II of Part II of Schedule XIII of the Companies Act, 1956.

By Order of the Board
For **Vijay Textiles Limited**

S Nagarajan
Company Secretary

Place: Secunderabad
Date : 25th June, 2003

Registered Office:
104, Surya Towers
Sardar Patel Road
Secunderabad 500 003.

NOTES FOR MEMBERS ATTENTION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 14th August, 2003 to Wednesday, the 20th August, 2003 (both days inclusive).
4. **Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the Registered Office of the Company.**
5. Members are requested to notify change in address, if any, immediately to the Registered Office of the Company.
6. Members are requested to bring their copies of the Annual Report to the meeting. No copies of the Annual Report will be available for distribution to the members at the place of meeting.
7. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting place.
8. Members desirous of obtaining any information concerning the accounts/operations of the Company are requested to send their queries at **least seven days before the date of the meeting** to the Company so that information required may be made available at the meeting.

By Order of the Board
For **Vijay Textiles Limited**

S Nagarajan
Company Secretary

Place: Secunderabad
Date : 25th June, 2003

Registered Office:
104, Surya Towers
Sardar Patel Road
Secunderabad 500 003.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS ITEMS

Item No. 5

At the Annual General Meeting of the Company held on 30th August, 2001, the Company had accorded its consent under Section 293(1)(d) of the Companies Act, 1956 to the Directors for borrowing monies upto a limit of Rs. 35.00 Crores in excess of the paid-up capital and free reserves (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business). Taking into account, the further requirement of additional finance in line with the Company's increasing business activities, a fresh resolution is proposed providing that, in addition to the Company's existing borrowings, the Directors may, for and on behalf of and for the purposes of the Company borrow further sums of money amounting in the aggregate to a sum of not more than Rs. 50.00 Crores, thereby raising the total borrowing limit from Rs. 35.00 Crores to Rs. 50.00 Crores in excess of the paid-up capital and free reserves.

None of the Directors of the Company is concerned or interest in the above Resolution.

Item No. 6

Shri Susheel Kumar Gupta has been appointed as Executive Director of the Company for a period of five years with effect from 1st April, 2000 to 31st March, 2005. The terms of appointment and the remuneration were approved by the Members of the Company at the Annual General Meeting held on 29th September 1999. The activities and responsibilities of the Executive Director of the Company have increased on account of continuous growth. Considering the increase in size and operations of the Company, the Board of Directors at their Meeting held on 25th June 2003, have thought it fit to revise the remuneration of the Executive Director at stated in the

Resolution, which is within the limits prescribed under the Schedule XIII of the Companies Act, 1956 for the remaining terms of their office i.e. from 1st April, 2003 to 31st March, 2005. Though according to the Schedule XIII, the Company can give salary to Executive Director upto Rs. 1,25,000/- per month, the Board has thought it fit to limit it to Rs. 60,000/- to Shri. Susheel Kumar Gupta. The terms of increase in remuneration are set out in the Resolution. The Board recommends this Resolution for your approval.

Shri. Susheel Kumar Gupta deemed to be concerned or interested in the said Resolution as it relates to increase in his remuneration as Executive Director. Shri Vijay Kumar Gupta, Managing Director being related to Shri Susheel Kumar Gupta deemed to be concerned or interested in the Resolution.

None of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

The above explanatory statement sets out an abstract of all material terms of the variation of contracts with Executive Director and the same be treated as an abstract of Memorandum of Interest in accordance with Section 302 of the Companies Act, 1956.

By Order of the Board
For **Vijay Textiles Limited**

S Nagarajan
Company Secretary

Place: Secunderabad
Date : 25th June, 2003

Registered Office:
104, Surya Towers
Sardar Patel Road
Secunderabad 500 003.

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in placing before you their 13th Annual Report and Accounts for the year ended March 31, 2003.

During the year under review the Company faces sluggish market and stiff competition. The textile market was affected due to poor monsoon and severe drought in several parts of India resulting in stagnant demand. Despite the adverse market conditions, the Board considers overall performance satisfactory.

1. FINANCIAL RESULTS:

	(Rs. in Lakhs)	
	2002-03	2001-02
Income from operations	5835.35	5236.26
Net Profit for the year	123.11	89.05
Less: Taxation		
a. Income Tax - Earlier Years	7.17	3.57
b. Provision for Taxation – Current Year	17.00	12.95
c. Deferred Tax	26.36	16.10
Profit after Tax	72.56	56.43
Add: Profit brought forward from last year	124.66	68.23
Total available for appropriations	197.22	124.66

2. PERFORMANCE REVIEW:

During the year, the Company has increased its turnover from Rs. 5236.26 Lakhs in 2001-2002 to Rs. 5835.35 Lakhs, thus registering a growth of about 11.44%.

Your Company increases its market share by introduction of new varieties of furnishing fabrics and also commences direct factory retail outlet by establishing its show room by making substantial capital investments. Thereby the Company's products got its wider image and catering to all business houses, hospitals, hotels, NRIs etc. The Company expected to gain more profit in the coming years.

3. ENVIRONMENT AND HUMAN RESOURCE DEVELOPMENT:

Your company always believes in keeping our environmental pollution free and committed to our social responsibility. The Company taking utmost care in complying all pollution control measures from time to time.

We would like to place on record our appreciation for the efforts made by the Management and the keen interest taken by the Employees of the Company.

4. CORPORATE GOVERNANCE:

Your Company given utmost importance for Corporate Governance to buildup investor confidence. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217(2 AA) of the Companies Act, 1956 and on the basis of explanation given by the executives of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and made judgment 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 the financial year and of the profit or loss of the company for that period;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the annual accounts on a going concern basis;

6. DIRECTORS:

Pursuant to provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri M Srikanth Reddy and Shri C Narsi Reddy retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**7. AUDITORS:**

The Auditors, M/s. Lakshminiwas & Jain, Chartered Accountants, statutory auditors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. You are requested to appoint Auditors.

8. COST AUDITORS:

The cost accounts records maintained by the Company for the products manufactured are subject to yearly audit by the qualified Cost Auditors. Your Company has appointed Shri K Narayana Rao, a qualified Cost Auditors for conducting the audit of Cost Account records for the financial year 2002-03.

9. STATUTORY INFORMATION:

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are setout in a separate Statement attached hereto and forming part of the report.

Information regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo, as required by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are setout in a separate statement attached hereto and forming part of the report.

10. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the whole hearted co-operation by the Company from various departments of the Central, State Governments and the Company's Bankers.

Your Directors also express their gratitude to the Shareholders and the public for the confidence reposed by them in the Company.

For and on behalf of the Board

Place: Secunderabad

Date : 25th June, 2003

Vijay Kumar Gupta

Chairman & Managing Director



ANNEXURE TO DIRECTORS' REPORT**FORM A**
[Forming part of Annexure (1)]**Disclosure of Particulars with respect to conservation of Energy:****1. Energy Conservation:****A. Power & Fuel Consumption:****31.03.2003** **31.03.2002****1. Electricity****a) Purchased**

Units

21,82,248 **4,54,867**

Total amount (Rs.)

92,15,963 **21,07,792**

Unit rate (Rs.)

4.22 **4.63****b) Own Generation**

Through Diesel Generator

Units

71,820 **20,79,443**

Units per ltr. of Diesel oil

3.78 **3.73**

Cost/Unit (Rs.)

5.43 **4.96****2. Coal used in Boiler**

Quantity (Tones)

4,551 **4,149**

Cost (Rs.)

92,89,976 **82,36,688**

Average Rate (Rs.)

2,239 **1,985****3. Furnace Oil (HSD)**

Quantity (K.Ltr.)

Total Amount (Rs.)

Nil **Nil**

Average Unit/Ltr.

4. Others/Internal generation

Quantity

Total Cost

Nil **Nil**

Rate/Unit

B. Consumption per unit of production (Linear meter)

Electricity

0.40 **0.53**

Furnace Oil

Nil **Nil**

Coal (Kgs.)

0.07 **0.09**

Others

Nil **Nil****2. Technology Absorption**

: The Company has its In-house Design Department continuously develop innovative designs and to select the most suitable raw fabrics for dyeing/ printing/ processing.

3. Foreign Exchange earnings and outgo:**—** **—**



ANNEXURE TO DIRECTORS' REPORT

[Forming part of Annexure (2)]

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

Sl. No.	Name of the Employee	Age	Designation/ Nature of Duty	Gross Remune- ration (Rupees)	Qualification	Experi- ence in years	Date of commen- cement of employment	Particulars of last employment
A. Employed for whole year								
1.	Mr. Vijay Kumar Gupta	54	Managing Director	7,27,361	B.Com.	36	01.04.1990	Business
2.	Mr. Susheel Kumar Gupta	28	Executive Director	4,80,000	B.Com.	09	01.04.2001	Business

Note: 1. The conditions of employment are non-contractual and are governed by rules and regulations of the Company.

For and on behalf of the Board

Place: Secunderabad
Date : 25th June, 2003

Vijay Kumar Gupta
Chairman & Managing Director

