

Vijay Textiles

Synonym for

Quality

Furnishings

in India

► FURNISHINGS

► UPHOLSTERY

► ACCESSORIES

Report on Function.com

Annual Report 2005-06


Vijay
TEXTILES LTD.
Together in Life
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16th Annual General Meeting 2005-2006

CONTENTS

| | Page |
|---|-------------|
| Board of Directors | 2 |
| Notice | 3 |
| Directors' Report | 8 |
| Management Discussion & Analysis Report | 15 |
| Corporate Governance Report | 17 |
| Auditors' Report | 29 |
| Balance Sheet | 32 |
| Profit & Loss Account | 33 |
| Schedules | 34 |
| Notes on Accounts & Accounting Policies | 42 |
| Cash Flow Statement | 49 |



TEXTILES LTD.

BOARD OF DIRECTORS

Vijay Kumar Gupta : Chairman and Managing Director

Susheel Kumar Gupta : Executive Director

M. Srikanth Reddy

K .Srinivas Reddy

C. Narsi Reddy

(Up to 15th August'2005)

Malreddy Ranga Reddy

(From 27th August'2005)

Company Secretary

S Nagarajan

Statutory 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

State Bank of India

Industrial Finance Branch

Somajiguda, Hyderabad - 500 082

UTI Bank Limited

Begumpet, Hyderabad-500 016

Registrars & Transfer Agents

M/s. Aarthi Consultants Private Limited

1-2-285, Domalguda, Hyderabad-500 029

Registered Office

104, Surya Towers, Sardar Patel Road

Secunderabad - 500 003

Factory :

Existing : Plot No: 46, Road No:12

APIIC, Kattedan, Hyderabad - 500077.

New : Survey No: 139 to 141 & 143

Village Rajapoor , Mdl : Balanagar,

Dist : Mahaboobnagar, Andhra Pradesh.

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of VIJAY TEXTILES LIMITED will be held on Thursday , the 28th September, 2006 at 3.00 PM at K.L.N Prasad Auditorium , The Federation of AP Chamber of Commerce & Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended 31st March, 2006 along with the Auditors' Report and Director's Report thereon.
2. To confirm the Interim Dividend and to declare the Final Dividend on the Equity Shares of the Company for the year ended 31st March 2006.
3. To appoint a Director in the place of Shri K.Srinivas 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 pursuant to the provision of Section 198,309,310 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for reappointment of Shri Susheel Kumar Gupta, as Executive Director of the Company, with effect from 1st April 2006 to 31st March, 2011 as set out below:

1. Salary

Rs. 1,05,500/- 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. 12,000/- per annum.

Category B:

- a. Contribution by the Company to Provident Fund, Superannuation Fund or annuity as per the rules of the Company.
- b. Payment of Gratuity subject to an amount equal to half month salary for each completed year of service.

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 of 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.
4. The terms and condition of the said appointment and / or agreement may be altered and varied from time to time by the Board of Directors, as it may in its absolute discretion deem fits, within the maximum amount of remuneration payable in accordance with the provisions of Section 198 & 309 of the Companies Act, 1956 and Schedule XIII to the said Act, as amended from time to time.
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 provision of Section 198, 269, 309, 314 and other applicable provision if any of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date, the consent of the Company be and is hereby accorded for increase in the remuneration to Shri Vijay Kumar Gupta as Chairman & Managing Director of the Company with effect from 1st April 2006 to 31st March, 2009 (being the unexpired period of their tenure as Chairman & Managing Director) as set out below.

1. Salary

Rs. 2, 00,000/- per month.

2. Perquisites

In addition to Salary, the following perquisites shall be allowed to the Chairman and Managing Director and would be within the overall ceilings of Salary 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 Reimbursement:

Medical expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months salary in a period of three years.

c. Leave Travel Concession:

For self and family once in year incurred 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.10,000/- 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.

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 perquisite

- 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.
4. The terms and condition of the said appointment and / or agreement may be altered and varied from time to time by the Board of Directors, as it may in its absolute discretion deem fits, within the maximum amount of remuneration payable in accordance with the provisions of Section 198 & 309 of the Companies Act, 1956 and Schedule XIII to the said Act, as amended from time to time.

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

S Nagarajan
Company Secretary

Place : Secunderabad
Date : 23rd June, 2006

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 Friday, the 22nd September, 2006 to Thursday, the 28th September, 2006 (both days inclusive).
4. Members holding shares in physical form are requested to notify change in address, if any, immediately to the Company's Registrar and Share Transfer Agents, Aarthi Consultants Private Limited, 1-2-285, Dornalguda, Hyderabad-500029. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
5. 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.
6. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting place.
7. 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.
8. The Shares of the Company continue to be listed on the Stock Exchanges at Hyderabad and Mumbai and the Company has paid upto date all the listing fee's to the exchanges.

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

Place : Secunderabad
Date : 23rd June, 2006

S Nagarajan
Company Secretary

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



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO :3

REAPPOINTMENT OF RETIRING DIRECTORS:

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided here under.

Shri K.Srinivas Reddy has wide experience in the filed of finance accounts and corporate planning. He also holds Directorship of other Companies advising corporate matters and financial planning.

Name of Companies in which he is a Director.

- | | |
|-------------------------------------|----------|
| 1. Suryalata Spinning Mills Limited | Director |
| 2. Suryakiran International Limited | Director |
| 3. The Hyderabad Race Club | Director |

ITEM NO :5

Shri Susheel Kumar Gupta was appointed as the Executive Director of the Company for a period of 5 years with effect from 1st April 2001 to 31st March 2006. The terms of appointment and the remuneration were approved by the members of the Company at Extraordinary General Meeting held on 14th March 2001. The Company has achieved tremendous progress under his able guidance and administration. The Board of Directors at their meeting held on 23rd June 2006, decided to reappoint him as Executive Director for five years with effect from 1st April 2006 with the enhancement in remuneration mentioned the resolution plus perquisites subject to the approval of the members in the General Meeting. The Board of Directors recommends the resolution for the approval of the members.

Except Shri Susheel Kumar Gupta and Shri Vijay Kumar Gupta no other Director is interested in this resolution.

ITEM NO :6

Shri Vijay Kumar Gupta has been appointed as Chairman and Managing Director of the Company for a period of 5 years with effect from 1st April 2004 to 31st March 2009. The terms of appointment and the remuneration were approved by the members of the Company at the Annual General Meeting held on 20th August 2004. The activities and responsibilities of the Chairman & Managing Director 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 23rd June 2006, have through fit to revise the remuneration of the Chairman and Managing Director as 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 2006 to 31st March 2009. The terms of increase in remuneration are setout in the Resolution. The Board of Directors recommends the Resolution for the approval of the members.

Except Shri Vijay Kumar Gupta and Shri Susheel Kumar Gupta no other Director is interested in this resolution.

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

Place: Secunderabad
Date : 23rd June, 2006

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

S Nagarajan
Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2006.

1. FINANCIAL RESULTS

The performance of the Company during the year has been as under:

| | (Rs. in Lacs) | |
|--|---------------|---------|
| | 2005-06 | 2004-05 |
| Sales and Other Income | 7727.45 | 6992.22 |
| Net Profit for the year | 1001.67 | 828.92 |
| Less : Taxation | | |
| a. Income Tax - Earlier Years | 11.57 | 9.97 |
| b. Provision for Taxation - Current Year | 192.80 | 228.30 |
| c. Fringe Benefit Tax | 4.98 | 0.00 |
| d. Deferred Tax | 144.87 | 67.68 |
| Profit After Tax | 647.45 | 522.97 |
| Add: Profit brought forward from last year | 464.81 | 217.30 |
| Total available for appropriations | 1112.26 | 740.27 |
| Interim Dividend | 69.86 | 133.07 |
| Proposed Dividend | 104.76 | 0.00 |
| Corporate Tax on Dividend | 24.49 | 17.39 |
| Transfer to General Reserves | 125.00 | 125.00 |
| Balance carried forward to Balance Sheet | 788.15 | 464.81 |

2. DIVIDEND

Your Directors have declared Interim Dividend of 7% on 99801000 Equity Shares of Re.1/- each of the Company in respect of the Financial Year 2005-06 (previous year interim dividend being 40% on 33267000 Equity Shares of Re.1/- each). The Directors have also recommended a Final Dividend of 10% for the financial year ended 31st March, 2006, which if approved at forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on 28th September, 2006 and (ii) to those names as beneficial owners are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

3. OPERATIONS

Your Company has shown good financial results for the year ended 31 March 2006. The sales and other income for the year were Rs.7727.45 lakhs and net profit of Rs.647.45 lakhs as compared to Rs.6992.22 lakhs of sales and other income and net profit of Rs.522.97 lakhs achieved in the last financial year respectively. The increased focus on retail segment has helped your company in improving its profitability to a good extent.

Your Company has opened its new Furnishing Mall at Ameerpet in Hyderabad in December 2005, its second retail outlet which has met with astounding success.

4. FUTURE PLANS

Buoyed by sterling success that your company has achieved in its foray in to retail segment, much more precisely because of its long expertise in manufacturing and wholesale trade, that it has decided to expand its retail activities and also venture out to other metro cities in a gradual manner with the ultimate objective of going national and also to extend its reach to all the contemporary markets in India. As a first step towards this, Your Company is now proposing to enter Bangalore by opening a new furnishing mall there. Your company has made an extensive survey of that city and foresees a great potential there for retail sale because of its urbane and cosmopolitan mix of affluent population.

Besides, the Company will continue to strive to further strengthen its well networked wholesale business across the country.

Your company has also decided to enter real estate business and is now in the process of firming up its long term planning to tap the potential offered by this sector, particularly in the light of ongoing industry scenario. Your company is very confident of doing well in this new activity as well.

5. NEW MANUFACTURING FACILITY AT RAJAPPOOR

As consequent to recent Government directives for relocating the industries functioning in Kattedan and surrounding areas, your Company has decided to set-up a new manufacturing facility at Rajapoor Village, Balanagar Mandal Mahaboobnagar District. Your company has already purchased land and commenced the civil work. The new manufacturing facility shall be ultra modern, having a capacity larger than the existing unit at Kattedan shall be operational in a short span of time.

6. BONUS ISSUE

On the basis of the recommendation of the Board for issue of Bonus in ratio of 2:1 your Company has allotted 6,65,34,000 Equity Shares of Rs.1/- each on 4th May,2005.

7. ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS

During the year your Company has allotted 2,51,99,000 Warrants on preferential basis, convertible into 2,51,99,000 Equity Shares of the Company of the face value of Re.1/- each for cash at a price not exceeding Rs.12/- (including a premium of Rs.11) on Preferential basis to Promoters and Non Promoters .

Out of which the Promoters have exercised their right of Conversion of 49,65,000 Warrants into equal number of Equity Shares and same was allotted at the Meeting of Board of Directors held on 29th March,2006.

8. RESERVES

During the year your Company has transferred an amount of Rs.125.00 Lakhs to General Reserves Account.

9. FIXED DEPOSITS

Your Company has not accepted or invited any Deposits and consequently no Deposits have matured/ become due for re-payment as on 31st March, 2006.

10. DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri. M Srinivas Reddy retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief particulars of the Director seeking re-appointment at the ensuing Annual General Meeting is being annexed to the Annual Report.