



**14<sup>th</sup>** ANNUAL REPORT 2003-2004



## Board of Directors

### Vijay Kumar Gupta

*Chairman and Managing Director*

### Susheel Kumar Gupta

*Executive 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

State Bank of India

Industrial Finance Branch

Rajbhavan Road, Somajiguda

HYDERABAD

### Registered Office

104, Surya Towers

Sardar Patel Road

Secunderabad-500 003

### Factory

Plot No. 46, Road No. 12

(Old Kumool Road)

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

Hyderabad-500 077

## 14th Annual General Meeting 2003-2004

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## NOTICE

**NOTICE** is hereby given that the Fourteenth Annual General Meeting of the Members of VIJAY TEXTILES LIMITED will be held on Friday, the 20th August, 2004 at 2.30 PM 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, 2004 and the Balance Sheet as on that date, together with the reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company for the year ended 31st March, 2004.
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 provisions of Section 198, 269, 309, 314 and other applicable provisions 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 to reappoint Shri Vijay Kumar Gupta as Chairman & Managing Director of the Company for a period of five years with effect from 1st April, 2004 to 31st March 2009 in the following terms and conditions:

#### 1. Salary

Rs. 1,20,000/- 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 perquisites.

### 3. Commission:

Commission will be equivalent to the annual salary or such other higher sum as may be fixed by the Board subject to the applicable ceilings.

### 4. Minimum Remuneration:

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 profits 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.

5. The terms and conditions of the said appointment and/or agreements may be altered and varied from time to time by the Board of Directors, as it may, in its absolute discretion deem fit, 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 : 24th May, 2004

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 Saturday, the 14th August, 2004 to Friday, the 20th August, 2004 (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.
9. The Companies Act, 1956 provides for the facility of nomination to the holders of Shares/Debentures/Fixed Deposits in a Company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the Company.
10. 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 fees to the Exchanges

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

**S Nagarajan**  
Company Secretary

Place: Secunderabad  
Date : 24th May, 2004

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

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

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**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 field of finance, accounts and corporate planning. He also holds Directorship of other Companies advising corporate matters and financial planning.

Names of the Companies in which he is a Director:

1. The Hyderabad Race Club - Director
2. Suryalata Spinning Mills Limited - Director

**Item No. 5**

Shri Vijay Kumar Gupta was appointed as the Chairman and Managing Director of the Company for a period of five years with effect from 1st April, 1999. His term was expired on 31st March 2004. The terms of appointment and the remuneration were approved by the Members of the Company at the Annual General Meeting held on 28th September, 1998

The Company has achieved tremendous progress under his able guidance and administration. The Board of Directors at their Meeting held on 24th May, 2004 decided to reappoint him as Chairman and Managing Director for five years with effect from 1st April 2004 with the enhancement in remuneration mentioned the resolution plus perquisites subject to the approval of members in the General Meeting. 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**

**S Nagarajan**  
Company Secretary

Place: Secunderabad  
Date : 24th May, 2004

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

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## DIRECTORS' REPORT

To  
The Members

Your Directors are pleased to present their 14th Annual Report and the Audited Accounts for the year ended March 31, 2004.

### 1. FINANCIAL RESULTS:

The performance of the Company for the financial year ended 31st March 2004 is summarised below:

	(Rs. in Lakhs)	
	2003-04	2002-03
Income from operations	6324.88	5835.35
Net Profit for the year	221.51	123.11
Less: Taxation		
a. Income Tax - Earlier Years	7.82	7.17
b. Provision for Taxation – Current Year	50.79	17.00
c. Deferred Tax	81.52	26.36
Profit after Tax	81.38	72.56
Add: Profit brought forward from last year	197.22	124.66
Total available for appropriations	278.60	197.22
Appropriations:		
Proposed Dividend	49.91	0.00
Corporate Tax on proposed Dividend	6.39	0.00
Transfer to General Reserve	5.00	0.00
Balance carried forward to Balance Sheet	217.30	197.22

### 2. DIVIDEND:

The Directors have recommended a dividend of Rs. 1.50 per share on 33,27,200 Equity Shares of Rs. 10/- each for the financial year ended 31st March 2004, which if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on 20th August 2004 and (ii) to those names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

### 3. PERFORMANCE REVIEW:

Your Company's direct factory retail outlet gained tremendous response from all classes of consumers with a special attractions to Non-Resident Indians. Thereby the Company's products got its wider image and exported different varieties of fabrics to various places directly and indirectly. Due to this the Company able to increases its retail turnover from the Retail outlet to Rs. 678.41 Lakhs as against the previous year turnover of Rs. 299.71 Lakhs.

The total income from operations has increased from Rs. 5835.35 lakhs in 2002-2003 to Rs. 6324.88 lakhs in 2003-2004, thus registering a growth of about 8.39%. In tune with the challenging times, your Company is heading to become a quality and cost competitive supplier of textile fabrics and initial a number of measures to improve productivity and lower costs. The results of such measures are expected to improve the profitability substantially in the current year.

### 4. 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.

### 5. 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.

### 6. 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 judgement 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;

iii. 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;

iv. That the directors had prepared the annual accounts on a going concern basis;

#### 7. DIRECTORS:

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

#### 8. AUDITORS:

The Auditors, M/s. Lakshminiwas & Jain, Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

#### 9. 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 financial year 2003-04.

#### 10. STATUTORY INFORMATION:

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

#### 11. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the whole hearted co-operation by the Company from the various departments of the Central Government and 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 : 24th May, 2004

**Vijay Kumar Gupta**

Chairman & Managing Director

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## 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:

31.03.2004 31.03.2003

##### 1. Electricity

###### a) Purchased

Units

18,04,540

21,82,248

Total amount (Rs.)

74,46,807

92,15,963

Unit rate (Rs.)

4.13

4.22

###### b) Own Generation

Through Diesel Generator

Units

44,752

71,820

Units per ltr. of Diesel oil

3.73

3.78

Cost/Unit (Rs.)

6.12

5.43

##### 2. Coal used in Boiler

Quantity (Tones)

3,669

4,551

Cost (Rs.)

78,40,969

92,89,976

Average Rate (Rs.)

2,137

2,239

##### 3. Furnace Oil (HSD)

Quantity (K.Ltr.)

Nil

Nil

Total Amount (Rs.)

Average Unit/Ltr.

##### 4. Others/Internal generation

Quantity

Total Cost

Nil

Nil

Rate/Unit

###### B. Consumption per unit of production (Linear meter)

Electricity

0.19

0.34

Furnace Oil

Nil

Nil

Coal (Kgs.)

0.37

0.69

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 :

Earnings (Rs.)

7,87,254

Nil

Outgo (Rs.)

5,92,920

Nil



**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
<b>A. Employed for whole year</b>								
1.	Mr. Vijay Kumar Gupta	55	Managing Director	7,36,144	B.Com.	37	01.04.1990	Business
2.	Mr. Susheel Kumar Gupta	29	Executive Director	9,36,000	B.Com.	10	01.04.1994	Businesses

Note: Remuneration as shown above includes Salary and other perquisites.

For and on behalf of the Board

Place: Secunderabad

Date : 24th May, 2004

**Vijay Kumar Gupta**  
Chairman & Managing Director





## ANNEXURE TO DIRECTORS' REPORT

[Forming part of Annexure (3)]

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile:

### I. Registration Details

Registration No.	0 1 - 1 0 9 7 3	State Code	0 1
Balance Sheet Date	3 1 - 3 - 2 0 0 4	31st March, 2004	

### II. Capital raised during Year (Amount Rs. in Thousands)

Public Issue	N I L	Rights Issue	N I L
Private Placement	N I L	Bonus Issue	N I L

### III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	5 9 2 4 8 5	Total Assets	5 9 2 4 8 5
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#### SOURCES OF FUNDS

Paid-up Capital	3 2 7 9 9
Reserves & Surplus	1 8 4 3 8 4
Secured Loans	3 1 7 2 7 9
Unsecured Loans	5 8 0 2 3

#### APPLICATION OF FUNDS

Net Fixed Assets	1 0 6 7 4 9
Investments	4 3 6 1
Net Current Assets	4 8 0 6 8 1
Misc. Expenditure	6 9 4

### IV. Performance of the Company (Amount Rs. in Thousands)

Turnover (incl. Other Income)	6 3 2 7 8 2	Total Expenditure	6 1 0 6 3 1
Profit Before Tax	2 2 1 5 1	Profit After Tax	8 1 3 8
Earning Per Share (Rs.)	2 • 4 5	Dividend Rate (%)	1 5

### V. Generic names of Principal Products/Services of the Company (As per Monetary Terms)

Items Code No. (ITC Code)

5 2 1 0

Product Description

1	0	0	%	P	O	L	Y	E	S	T	E	R	S	H	I	R	T	I	N	G	,
B	L	E	N	D	E	D	F	A	B	R	I	C	S	,	C	U	R	T	A	I	N
F	A	B	R	I	C	S	&	D	R	E	S	S	M	A	T	E	R	I	A	L	S