

Vijay Textiles

Synonym for

Quality

Furnishings

in India

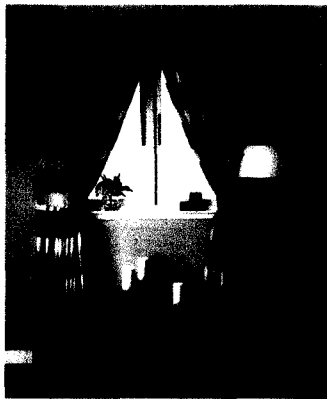


ANNUAL REPORT 2004-05

FURNISHINGS

UPHOLSTERY

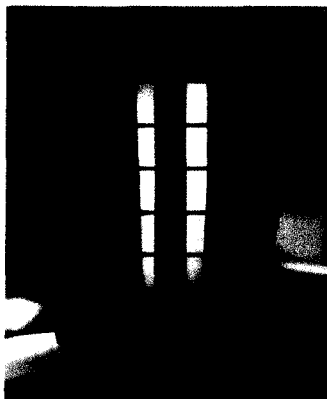
ACCESSORIES



FURNISHINGS

UPHOLSTERY

ACCESSORIES



BOARD OF DIRECTORS

Vijay Kumar Gupta : *Chairman and Managing Director*

Susheel Kumar Gupta : *Executive Director*

C Narsi Reddy

M Srikanth Reddy

K Srinivas Reddy

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

State Bank of India
Industrial Finance Branch
Somajiguda
Hyderabad - 500 082

UTI Bank Limited
Begumpet
Hyderabad-500 016

Registered Office

104, Surya Towers
Sardar Patel Road
Secunderabad - 500 003

Registrars & Transfer Agents :

M/s. Aarthi Consultants Private Ltd.,
1-2-285, Domalguda
Hyderabad - 500 029

15th Annual General Meeting 2004-2005

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of VIJAY TEXTILES LIMITED will be held on Tuesday, the 27th September, 2005 at 3.00 PM at Hotel Green Park, Greenlands, Hyderabad, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended 31st March, 2005 along with the Auditors' Report and Directors' Report thereon.
2. To confirm the Interim Dividend and declare the same as Final Dividend on the Equity Shares of the Company for the year ended 31st March, 2005.
3. To appoint a Director in the place of Shri M Srikanth 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) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81 (IA) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association of the Company and the subsisting guidelines/regulations prescribed by the Government of India/Reserve Bank of India (RBI)/Securities and Exchange Board of India (SEBI) or any other relevant authority, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, consent of the members, be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) to issue, offer and allot not exceeding 2,51,99,000 (Two Crores Fifty One Lakhs Ninety Nine Thousand Only) warrants on preferential basis, Convertible into 2,51,99,000 (Two Crores Fifty One Lakhs Ninety Nine Thousand Only) Equity Shares of the Company of the face value of Re. 1/- each, for cash which shall upon conversion rank pari passu with the existing equity shares of the Company, to Promoters and Non-Promoters in one or more tranches, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price not exceeding Rs.12/- (Rupees Twelve only) (inclusive of premium of Rs.11/- per warrant) subject to the SEBI (Disclosure and investor protection) Guidelines, 2000 (as may be applicable) in this behalf and the relevant date for calculating the SEBI price being 26th August 2005".

RESOLVED FURTHER THAT each warrant be convertible into one equity share within a period of 18 months from the date of its allotment and on such other terms and conditions, subject to SEBI (Disclosure and investor protection) Guidelines, 2000, as may be applicable, from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved and also settle any questions or difficulties that may arise in respect of offer, issue and allotment of warrants/equity shares and further to do all such acts and execute such deeds and documents and writing in connection with the issue of warrants/equity shares, as may be necessary".

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

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof referred to below) be and is hereby authorized on behalf of the Company to issue, offer and allot, in the course of international offerings, in one or more foreign markets, Equity Shares/Preference Shares/Convertible Debentures/Convertible Notes/Foreign Currency Convertible Bonds (FCCBs)/ Secured Premium Notes (SPN) and/or any securities convertible in Equity Shares at the option of the Company and/or holder of the securities and/or securities linked to Equity Shares through American Depository Receipts (ADRs) and/or Global Depository Receipts (GDRs) and/or any other instruments or securities (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies) for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, to Foreign Investors (whether Institutions and/or Incorporated Bodies and/or Individuals and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), which upon conversion of all Securities so issued or allotted could give rise to the issue of an amount (inclusive of such premium as may be determined) up to US \$ 45 million (approximately Rs.200 Crores at the current rate of exchange) and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and conditions including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit in consultation with the Lead Manager(s)/ Investment Banker(s) and/or the Underwriters, subject to guidelines of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and /or any agency or body authorized by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph one above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the equity shares of the Company in all respects and the Board be further authorized to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India.

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded to the Board subject to the approval of the Reserve Bank of India and the concerned authorities to secure the entire or any part of the issue by creation of the mortgage/charge on the Company's immovable and movable properties, present and future, such charge to rank either pari-passu with or second, subsequent, subservient and subordinate to all the mortgages/charges created/to be created by the Company for all existing and future borrowings and facilities whatsoever.



RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective Regulatory Authorities, listing the securities on overseas Stock Exchanges, such as, Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange (NYSE) and/or any of the other overseas Stock Exchanges and entering into and executing all such arrangements/agreement(s) with any Lead Manager(s)/Investment Banker(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/Custodian(s) and all such agents as may be involved in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deemed fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any Executive Director or Directors or Chief Executive Officer or any other Officer or Officers of the Company to give effect to the aforesaid Resolution.

RESOLVED FURTHER THAT in accordance with the FEMA (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000 or any other applicable law, and subject to the approval of the Central Government and Reserve Bank of India, if required, and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company and/or a duly authorized committee thereof for the time being exercising powers conferred by the Board of Directors (hereinafter referred to as 'Board') the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to 'FIIs') in the shares or debentures convertible into shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme or Foreign Direct Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 100% of the Paid-Up Equity Share Capital/Paid-Up value of the respective areas of the convertible warrants/coupons of such securities of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded to the Board to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto.

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that the Authorised Share Capital of the Company be increased from Rs.15,00,00,000 to Rs.20,00,00,000 by creation of 5,00,00,000 Equity Shares having a nominal face value of Re.1 each".

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that the Memorandum of Association of the Company be and is hereby amended as follows:

The following Clause V shall be substituted to the existing Clause V:

V. The Authorised Share Capital of the Company is Rs.20,00,00,000 (Rs. Twenty Crores Only) divided into 20,00,00,000 Equity Shares have a nominal face value of Re.1 each. The Company shall have the power, from time to time, to increase or reduce its capital and to issue any shares in the original or new capital as ordinary or preferred Shares and to attach to any Class or Classes of such shares, any preferences, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other Shares or to subject the same to any restrictions, limitations, or conditions and to vary the regulations of the Company as far as necessary to give effect to the same and upon the sub-division of a Share to apportion the right to participate in profits in any manner".

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that the Articles of Association of the Company be and is hereby amended as Follows:
The following Clause 3 shall be substituted to the existing Clause 3:

3. The Authorised Share Capital of the Company is Rs.20,00,00,000 (Rs. Twenty Crores only) divided into 20,00,00,000 Equity Shares have a nominal value of Re.1 each. The Company shall have the power, from time to time, to increase, consolidate, sub-divide, reduce or otherwise alter its share capital, subject to the provisions of the Act.

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

"RESOLVED THAT in super session of the Resolution passed by the Company in the Annual General Meeting held on 20th August, 2003 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.250.00 Crores (Rupees Two Hundred and Fifty Crores).

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members and copies of Annual Returns along with the copies of Certificates and Documents or any or more of them, required to be annexed thereto under Section 160 and 161 of the said Act, be kept at the office of the Company's Registrars and Transfer Agents, M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-500029 in stead of being kept at the Registered Office of the Company.

RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution.

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

S Nagarajan
Company Secretary

Place : Secunderabad
Date : 27th August, 2005
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 Wednesday, the 21st September, 2005 to Tuesday, the 27th September, 2005 (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, Domalguda, 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.

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

Item No. 5

Your Company is proposing to offer and issue not exceeding 1,51,99,000 warrants and each warrant convertible into one equity share of Re.1/- each fully paid, to the Promoters and not exceeding 1,00,00,000 warrants and each warrant convertible into one equity share of Re.1/- each fully paid, to the Non-Promoters.

As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the required details are furnished as under:

1. Object of the Issue

To augment the long term resources of the Company, raise funds for general corporate purposes including long term working capital requirements, your Board proposes to issue warrants, convertible into equity shares to the Promoters and Non-Promoters, at a price not less than the average price calculated as per the SEBI Guidelines.

2. Pricing

The issue of warrants on preferential basis shall be at a price not exceeding Rs.12/- (Rupees Twelve only) (inclusive of premium of Rs.11/- per warrant) to the Promoters and Non-Promoters, subject to the SEBI Guidelines (as may be applicable) in this behalf.

3. Payment & conversion terms

10% of the value of the Warrants will be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months, the application money will be forfeited by the Company.

The warrants are converted at the option of the allottees on payment of the balance at any time during the period of 18 months.

4. Intention of Promoters / Directors / Key Management persons to subscribe to the offer

The Promoters, Directors and Key Management Persons are planning to subscribe to the issue of 1,51,99,000 warrants to the full extent.

5. Relevant Date

"Relevant Date" for this purpose is the date 30 days prior to the date of this Meeting of the Members of the Company, ie. 26th August, 2005.

6. Shareholding Pattern of the Company before and after the issue

The pattern of shareholding before and the one likely to emerge after the proposed allotment of conversion of warrants would be as under:

Category	Before the Issue		After the Issue	
	No. of Share	% of holding	No. of Share	% of holding
Promoter Group	3,65,67,405	36.64	5,17,66,405	41.41
NRIs/OCBs	7,34,651	0.74	7,34,651	0.59
Mutual Funds and UTI	—	—	—	—
Banks, Financial Institutions and Insurance Companies	1,50,00,000	15.03	1,50,00,000	12.00
Private Bodies Corporate	84,73,041	8.49	1,84,73,041	14.78
FII's	—	—	—	—
Others Clearing Members	—	—	—	—
General Public	3,63,25,903	36.39	3,63,25,903	29.06
Directors/Relatives/Associates (independent or not in control of the Company)	27,00,000	2.71	27,00,000	2.16
Total	9,98,01,000	100.00	12,50,00,000	100.00

After the allotment of warrants under Preferential Issue, the Promoters and Associates holding will be increased to 41.41%.



7. Proposed time within which the allotment shall be complete

Allotment shall be completed within a period of fifteen days from the date of receipt of all the necessary regulatory approvals as per the SEBI Guidelines.

8. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them

Name of the party	Category	Pre Issue holding	% to Equity	Post Issue holding	% to Equity
Smt. Shashikala Gupta	Promoter	—	—	16,65,000	1.33
Shri Susheel Kumar Gupta	Promoter & Director	65,82,990	6.60	2,01,16,990	16.09
Atherstone Global Securities Limited	Non-Promoter	—	—	1,00,00,000	8.00

9. Auditors' Certificate

A certificate, as required under SEBI Guidelines, certifying that the proposed issue in accordance with the said Guidelines has been obtained from the Auditors of the Company.

10. Lock-in

The Fully Convertible Warrants and equity shares to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

11. Change in Management

The issue of Convertible Warrants as aforesaid will not result in any change in the Management or Control of the Company. However, there will be a corresponding change in the shareholding pattern as well as the voting rights consequent to preferential allotment.

The Company is taking necessary steps to obtain the requisite approvals from Regulatory Agencies, as may be applicable, for the proposed investment.

As per the Listing Agreement entered into by the Company with various stock exchanges where the Company's equity shares are listed and the provisions of Section 81 (1A) of the Companies Act, 1956, provide inter alia that allotment of further shares, such shares shall be first offered to the existing shareholders of the Company for subscription in proportion to their shareholding, unless the shareholder decide otherwise in a general meeting by a Special Resolution. As it is proposed to issue the shares to other than the existing shareholders of the Company, the above Resolutions are required to be passed. Hence, your Directors recommend the Resolutions for your approval.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares and to the extent of his/her subscribing to the fully convertible warrants.

Item No. 6

The Company proposes to further issue of securities by way of Equity Shares/Preference Shares/Convertible Debentures/Convertible Notes/Foreign Currency Convertible Bonds (FCCBs)/ Secured Premium Notes (SPN) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through American Depository Receipts (ADRs) and/or Global Depository Receipts (GDRs) and/or any other instruments or securities (hereinafter referred to as the