



# ANNUAL REPORT 1998-99

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*Eureka*

# EUREKA INDUSTRIES LIMITED

## BOARD OF DIRECTORS :

Mr. Rohit C. Mehta - Chairman  
Mr. Shailesh R. Gandhi  
Mr. Devan V. Parikh  
Mr. Inder P. Choudhrie  
Mr. Rajesh R. Mehta  
Mr. P. K. Jain  
Mr. Sushil R. Kejriwal  
Mr. Rajeev M. Chhajaj

## AUDITORS :

M/s. C. C. Chokshi & Co.  
Chartered Accountants,  
Ahmedabad.

## BANKERS :

Bank of India  
Ashram Road Branch,  
Ahmedabad.

## SHARE TRANSFER AGENT :

M/s. Pinnacle Finance Limited  
Naroda Road,  
Ahmedabad.

## REGISTERED OFFICE :

"Sanskar"  
Polytechnic Road,  
Ambawadi,  
Ahmedabad - 380 015.

## FACTORY :

Vill. : Valthera, Tal. : Dholka,  
Dist. : Ahmedabad.

**ANNUAL REPORT - 1998 - 99****NOTICE :**

NOTICE is hereby given that the Seventh Annual General Meeting of M/s. EUREKA INDUSTRIES LIMITED, will be held on Tuesday, 21st September 1999, at 10.00 a.m. at Ahmedabad Management Association (AMA) ATIRA premises P.O. Polytechnic, Ahmedabad - 380 015, to transact the following business :

**ORDINARY BUSINESS :**

1. To receive consider and adopt the Audited Balance Sheet as at 31st March 1999 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Rohit C. Mehta, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Inder P. Choudhrie, who retires by rotation, and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION :  
"RESOLVED THAT a written Certificate pursuant to the proviso to sub section (1) of Section 224 of the Companies Act, 1956, having been received from M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, they be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors and the Auditors."

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :  
"RESOLVED THAT Mr. Sushil R. Kejriwal who was appointed as an additional Director of the Company on 27th April, 1999 and holds office upto the ensuing Annual General Meeting pursuant to Sec. 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
6. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :  
"RESOLVED THAT Mr. Rajeev M. Chhajer who was appointed as an additional Director of the Company on 27th April, 1999 and holds office upto the ensuing Annual General Meeting pursuant to Sec. 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
7. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :  
"RESOLVED THAT under section 269 and other applicable provisions of the Companies Act 1956, this meeting hereby approves the appointment of Mr. Sushil R. Kejriwal as Executive Director of the company for a period of 5 years with effect from 1st may, 1999 and the payment of such remuneration to Mr. Sushil R. Kejriwal during the tenure of his appointment as set out in the Agreement (a copy of which placed before the meeting) entered into between the company and Mr. Sushil R. Kejriwal."
8. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY

**RESOLUTION :**

"RESOLVED THAT under section 269 and other applicable provisions of the Companies Act 1956, this meeting hereby approves the appointment of Mr. Rajeev M. Chhajer as Executive Director of the company for a period of 5 years with effect from 1st may, 1999 and the payment of such remuneration to Mr. Rajeev M. Chhajer during the tenure of his appointment as set out in the Agreement (a copy of which placed before the meeting) entered into between the company and Mr. Rajeev M. Chhajer."

**Registered Office :**

"Sanskar"  
Polytechnic Road,  
Ambawadi,  
Ahmedabad.  
30th July, 1999.

**By order of the Board**

S.K. ADHVARYU  
Co. Secretary &  
Finance Manager

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and the Share Transfer Book of the Company shall remain Closed from 14th September 1999 to 21st September 1999 (both days inclusive)
3. Members attending the Annual General Meeting are requested to bring their copy of Annual report at the Meeting.

**EXPLANATORY STATEMENT**

(Under Section 173 (2) of the Companies Act, 1956)

**ITEM NO. 5-6**

Mr. Sushil R. Kejriwal and Mr. Rajeev M. Chhajer were appointed as additional Directors of the company by the Board of Directors at its meeting held on 27th April, 1999, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 24 (a) of the Articles of Association of the Company and accordingly, they hold the office upto the ensuing Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act 1956 proposing the candidature of Mr. Sushil R. Kejriwal & Mr. Rajeev M. Chhajer for the office of the Director.

Mr. Sushil R. Kejriwal and Mr. Rajeev M. Chhajer are eminent Business Executive having wide experience in the field of Textiles mainly relating to Commercial and Administrative affairs. Keeping in view their wide experience your Director recommend the appointment of Mr. Sushil R. Kejriwal and Mr. Rajeev M. Chhajer as Director.

**ITEM NO. 7-8**

Mr. Sushil R. Kejriwal and Mr. Rajeev M. Chhajer are looking after day to day affairs of the company on full time basis. They are therefore required to pay necessary remuneration as set out in the Agreement.

None of the Director is interested in the Resolution.

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30th July, 1999

**By order of the Board**

S.K. ADHVARYU  
Co. Secretary &  
Finance Manager

**EUREKA INDUSTRIES LTD.****DIRECTORS' REPORT**

Dear Members,

Your Directors Present their Seventh Annual Report for the year ended 31st March, 1999.

During the year the performance of the company has not been satisfactory but has improved compared to last year. The general recession in the market is continuing but your Company has put its efforts to overcome this recession by increasing spinning capacity and also by producing finer count of yarn having a large domestic market. As mentioned in the last Directors' report the Company has installed 3 nos. BD-200 RN Spinning Machines in the month of August 98 and further 4 No. LR-M-1/2 spinning machines and 1 no. LR DO-6 Draw frame Machines in the last quarter of the year. After installation of these machines the company is now able to utilise its back process capacity fully. However the company can not get the full benefit of the above machines as major machines were installed in the last quarter of the year, but in the current year as all machines are working satisfactorily the company has started to make cash accruals. Looking to such results, the company expects better results in the current year.

**FINANCIAL RESULTS**

The working results of the company are summarized as under :- (Rs. in Lacs)

	Current year 1998-99	Previous year 1997-98
Sales	963.29	938.82
Interest & other income	2.57	5.50
Gross Profit \ (loss) before interest & depreciation	(15.17)	(64.41)
Interest	31.61	41.67
Depreciation	72.73	67.83
Net Profit/(loss)	(119.51)	(173.91)

**DIVIDEND**

Your Directors do not recommend any Dividend for the year under review.

**DIRECTORS**

Mr. Rohit C. Mehta and Mr. Inder P. Choudhrie, Directors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

During the year Mr. Sushil R. Kejriwal and Mr. Rajeev M. Chhajer were appointed as Additional Directors of the Company.

**STATUS OF YEAR 2000 (Y2K) PREPAREDNESS**

The Company commences the work of year 2000 Y2K Compliance under supervision of its Executives. After assessing the effect of Y2K change all equipments and software programmes that are likely to be effected by Millennium Bug are identified.

Manufacturing process and process control equipments which are used by the Company at plant level does not have any process or equipment having computer system and therefore, the company does not envisage any production problem due to Y2K.

All financial accountig and other data processing system are to be made comparable with Y2K requirements. Some of the old PCs and older version of Operating System would be replace by October 99 at an estimated cost of Rs. 1.50 Lacs. Any delay in this account will not effect the main processing and hence there is no need for any contingency plan in this regard.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure 1 and forms part of this Report.

**PARTICULARS OF EMPLOYEES**

There is no employee covered under section 217 (2A) of the Companies Act, 1956.

**AUDITORS**

M/s.C. C. Chokshi & Co., Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. You are requested to reappoint the Auditors and fix their remuneration.

**ACKNOWLEDGMENT**

Your Directors place on record their appreciation for the co-operation received from the Banks and services rendered by the employees of the Company and look forward to their continued support in the years to come.

For and on Behalf of the Board

Ahmedabad  
30th July, 1999

Rohit C. Mehta  
Chairman

**ANNUAL REPORT - 1998 - 99****ANNEXURE - I**

**INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**I CONSERVATION OF ENERGY**

	Year ended 31-3-99	Year ended 31-3-98
<b>(A) POWER AND FUEL CONSUMPTION</b>		
(1) ELECTRICITY		
(a) Purchased		
Unit-Kwh	22,12,488	17,34,918
Total Amount Rs.	72,11,398	52,21,944
Rate/Unit Rs.	3.26	3.01
(b) Own generation		
Units Produced	2,84,812	5,54,142
Total Litres of		
Diesel consumed	87,700	1,68,000
Total Amount Rs.	8,54,112	14,31,088
Litre/Unit	0.31	0.30
Rate/Unit Rs.	3.00	2.58
(2) FUEL	Nil	Nil
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity Kwh Rs.	5.81	4.91
Fuel	Nil	Nil

**II TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R & D)**

- |   |  |
|---|--|
| 1. Specific areas in which R & D carried out by the Company.  | : The Company is concentrating on better quality of yarn which gives better efficiency.    |
| 2. Benefits derived as a result of above.                     | : Reduction in manufacturing costs, customers' wider acceptability                         |
| 3. Future plan of action                                      | : The company proposes to install value addition machines to have wider range of products. |
| 4. Expenditure on R & D                                       | Rupees   |
| (a) Capital   | : Nil  |
| (b) Recurring   | : Nil  |
| (c) Total   | : Nil  |
| (d) Total R & D Expenditure as a percentage of total turnover | : N.A.   |

**III FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |   |            |
|---|------------|
| (a) Earnings                            | : Nil      |
| (b) Outgo                               | :          |
| Raw Materials                           | : Nil      |
| Components, Spare Parts & Chemicals Rs. | : 4,24,935 |
| Others Rs.                              | : Nil      |
| Total Rs.                               | : 4,24,935 |

**EUREKA INDUSTRIES LTD.****AUDITORS' REPORT****TO THE MEMBERS OF  
EUREKA INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of EUREKA INDUSTRIES LIMITED as at 31st March, 1999 and also the Profit & Loss Account of the Company for the year ended on that date and we report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, We give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our Comments in the Annexure referred to in paragraph 1 above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- (c) The balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance sheet and the Profit & Loss Account comply with the Accounting Standards referred in section 211 (3C) of the Companies Act, 1956 which have been made mandatory by the Institute of Chartered Accountants of India.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes there on give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - (i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
  - (ii) in case of the Profit & Loss Account, of the loss for the year ended on that date.

**For, C. C. CHOKSHI & CO.**  
Chartered Accountants

Ahmedabad  
30th July, 1999

**GAURAV J. SHAH**  
PARTNER



**ANNUAL REPORT - 1998 - 99****ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 of our report of even date on the accounts of EUREKA INDUSTRIES LIMITED for the year ended 31st March, 1999.)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the year. We are informed that no discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year under review.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals.
4. In our opinion, the procedures of physical verification of the stocks followed by the managements are reasonable and adequate in relation to the size of the company and nature of its business.
5. According to the information given to us, no discrepancies were noticed on physical verification of stocks compared to book records.
6. In our opinion and on the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has not taken any loan from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and company under the same management as defined under section 370 (1-B) of the companies Act, 1956.
8. The Company has not granted any loans to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. In respect of advances made by the company to its subsidiary company and to a company under the same management as defined under section 370 (1-B) of the companies Act, 1956, the terms and conditions of such advances are not prima facie prejudicial to the interest of the company.
9. The employees and other parties to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated and are regular in payment of interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions for purchase of goods and materials and sale of goods, materials and services made in pursuance of the contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. During the year under review, no unserviceable or damaged stores, raw materials and finished goods have been identified and question of provision for loss on that account does not arise.
13. The company has not accepted any deposits from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable waste. The company has no by-products.
15. The Company had no formal internal audit system during the year under review.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956, in regard to the products manufactured by the Company. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
17. We are informed that for the year under this report, provisions of the Employees State Insurance Scheme are not applicable to the Company. According to the records of the company Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom duty and Excise duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For, **C. C. CHOKSHI & CO.**  
Chartered Accountants  
**GAURAV J. SHAH**  
PARTNER

Ahmedabad  
30th July, 1999