

17TH

ANNUAL REPORT 2002-2003

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**EUROTEX INDUSTRIES AND
EXPORTS LIMITED**



EUROTEx INDUSTRIES AND EXPORTS LIMITED

100% EXPORT ORIENTED UNIT

and Government recognised Golden Trading House.

An ISO 9002 and Oeko-Tex Standard 100 Certificate Holder

BOARD OF DIRECTORS

Shri Krishan Kumar Patodia

Chairman and Managing Director

Shri Hariprasad Siotia

Shri Gopal Patodia

Shri Narayan Patodia

Managing Director

Shri Rajiv Patodia

Executive Director

Shri Gurmukh J. Mirchandani

Shri G. B. Marathe

Shri A. R. Garde

Shri Dharam Paul

Shri M. D. Sohani

Shri D. K. Patel

Shri V. K. Gupta

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

PRESIDENT

Shri S. K. Mukerjee

COMPANY SECRETARY AND COMPLIANCE OFFICER

Shri R. K. Agrawal

BANKERS

**STATE BANK OF INDIA
BANK OF INDIA**

AUDITORS

LODHA & COMPANY
Chartered Accountants
Mumbai.

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REGISTERED AND HEAD OFFICE

Raheja Chambers, 12th Floor,
213, Nariman Point, Mumbai - 400 021.

MILLS

E-23, MIDC Gokul Shirgaon,
Kolhapur - 416 234, Maharashtra.

E-1, MIDC Gokul Shirgaon,
Kolhapur - 416 234, Maharashtra.

SHARE TRANSFER AGENT

DATAMATICS FINANCIAL SOFTWARE AND SERVICES LIMITED
Plot No.A-16/17 MIDC, Part B, Cross Lane,
Marol, Andheri (East), Mumbai - 400 093.



NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Shareholders of EUROTEX INDUSTRIES AND EXPORTS LIMITED will be held at "The Residence", An Apartment Hotel, Saki Vihar Road, before Nitie, Powai, Mumbai 400 087 on Saturday, the 27th September, 2003 at 9.30 A.M. to transact, with or without modification, as may be permissible, the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2003.
- 2) To declare Dividend on Equity and Preference Shares.
- 3) To appoint a Director in place of Shri. Narayan Patodia who retires from office by rotation and, being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri. Gopal Patodia who retires from office by rotation and, being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Shri. G.J. Mirchandani who retires from office by rotation and, being eligible, offers himself for reappointment.
- 6) To appoint auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

- 7) **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 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Shri K.K. Patodia as Managing Director for a period of three years with effect from 1st October, 2003 till 30th September, 2006 on the terms of payment of remuneration specified as under:

Shri K.K. Patodia shall be paid the following remuneration by way of Salary, Incentive, Perquisites and Commission during his tenure as Managing Director

a) SALARY

Salary of Rs 1,25,000/- per month, with effect from 1st October, 2003.

b) INCENTIVE

Incentive Allowance up to 10% of the salary as may be determined by the Board from time to time at its own discretion.

c) PERQUISITES AS FOLLOWS

- i) Housing: Rent free accommodation will be provided to the appointee, the perquisite value of which will be considered as per Income Tax Rules. In case no accommodation is provided by the Company, House Rent Allowance subject to a ceiling of 60% of the salary per month shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
- ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- iii) All Medical Expenses incurred in India or abroad by the appointee for self and his family shall be reimbursed.
- iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.
- v) Fees of the clubs: Subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi) Personal Accident Insurance and Mediclaim Insurance for self and his family: The premium of which shall not exceed Rs.25,000 per annum.
- vii) Contribution to provident Fund @ 10% of the salary & contribution to Superannuation or Annuity Fund @ 15% of the salary.
- viii) Gratuity: Gratuity at the rate of one month's salary, for each completed year of service.
- ix) Free use of Company's car for Company's work as well as for personal purpose along with driver.
- x) Telephone at residence at Company's cost.
- xi) Leave Unavailed of to be allowed to be encashed as per the rules of the Company.
- xii) Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

d) COMMISSION

In addition to Salary, Incentive and Perquisites, Shri K. K. Patodia, Chairman and Managing Director shall also be entitled to commission, the amount of which will be determined by the Board from time to time based on the net profits of the Company subject to the ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

e) MINIMUM REMUNERATION

The above appointee shall be paid the remuneration as stated above as minimum remuneration, in the event of inadequacy of profit subject to the ceiling

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of minimum remuneration as stated in part II, Section II of Schedule XIII of the Companies Act, 1956 with such modifications as may be therein from time to time, being in force."

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

"RESOLVED THAT Shri M. D. Sohani be and is hereby appointed as the Director of the Company".

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

"RESOLVED THAT Shri Dilip K Patel be and is hereby appointed as the Director of the Company".

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

"RESOLVED THAT Shri Vinod K Gupta be and is hereby appointed as the Director of the Company".

11) **To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED THAT in terms of SEBI (Delisting of Securities) Guidelines, 2003, and also Guidelines / Notifications issued / to be issued by SEBI from time to time and subject to the provisions of the Companies Act, 1956 (including any Statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall deem to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to De-list Company's Equity Shares from The Stock Exchange of Ahmedabad (ASE)".

By Order of the Board

Mumbai
Dated : 29th July, 2003

R. K. Agrawal
*Company Secretary
and Compliance Officer*

Registered Office :

Raheja Chambers, 12th Floor,
213, Nariman Point, Mumbai - 400 021.

NOTES

a) 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

b) THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

c) Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business from Item No.7 to Item No.11 is annexed hereto.

d) Members holding more than one Share Certificate in the same number under different ledger folios are requested to apply for the consolidation of such folios and send the relevant Share Certificate to the Registrars, M/s. Datamatics Financial Software & Services Ltd, Plot No. A-16/17 MIDC, Part B, Cross Lane, Marol, Andheri(East), Mumbai 400 093.

e) Members are requested to notify immediately any change in their address to the Registrars at the address as mentioned above.

f) The Register of Members and the Transfer Books of the Equity shares will remain closed from 17th September, 2003 to 27th September, 2003 (Both days inclusive).

g) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 1997 and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1997 or any subsequent financial years are requested to make their claims to the registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie in respect of such amount.

h) As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form 2B prescribed by the Government can be obtained from the registrars and transfer Agents.



- i) Members are requested to note that the Company's equity shares are included in the SEBI specified scrips for settlement only in demat form for all investors, effective from 28th April, 2001. Members are requested to open Depository account in their names with a Depository participant to dematerialise their holdings. This would be necessary for facilitating the transfers of our Equity Shares in all the Stock Exchanges connected to the Depository System.
- j) Details of the Directors retiring by rotation and being proposed for re-appointment, as well as Directors being appointed under Section 257 of the Companies Act, 1956.
- i) Shri Narayan Patodia aged Fifty Two years is a Mechanical Engineer having vast experience in manufacturing activities of cotton spinning. The reappointment of Shri Narayan Patodia will be in the interest of the company and its Board of Directors.
- ii) Shri Gopal Patodia aged Fifty Seven years is a Chemical Engineer having rich experience in the field of cotton and yarn trading and vast experience in marketing and manufacturing activities of spinning mills. His appointment will be in the interest of the Company and its Board of Directors.
- iii) Shri G.J. Mirchandani aged Eighty years was a Textile consultant and an Ex-Director of TEXPROCIL. He is having vast experience in the field of Textiles and in Export business. His appointment will be in the interest of the Company and its Board of Directors.
- iv) Shri M.D. Sohani aged Forty Nine years, is a MSc. graduate and MBA in Finance. He is an experienced Banker having worked with SICOM Ltd. for twenty six years and now working with Indo European Credit Guarantee Ltd. as Vice President. The appointment of Shri. M.D. Sohani will be in the interest of the Company and its Board of Directors.
- v) Shri Dilip K Patel aged Fifty Six years, is a B.Tech (Chemical Engg) – IIT Kanpur. He has got rich experience of working in SICOM for a long time having retired therefrom as General Manager. The appointment of Shri. Dilip K Patel will be in the interest of the Company and its Board of Directors.
- vi) Shri Vinod K Gupta aged Sixty years, is a B.Sc (Textiles). He has got vast experience of working in Textile Industry in various sectors and as such his appointment will be very valuable and will be in the interest of the Company and its Board of Directors.

SHAREHOLDER INFORMATION

The Company's securities are listed at the following Stock Exchanges :

- 1) The Stock Exchange, Mumbai
1st Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400 001

- 2) The Stock Exchange, Ahmedabad
Kamdhenu Complex
Near Polytechnic Panjara Pole
Ahmedabad 380 015
- 3) National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G-Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051.

The Company has paid Annual Listing fees to each of the above Stock Exchanges for the Financial Year 2003-2004.

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

ITEM NO. 7

In terms of Govt. of India, Ministry of Law, Justice and Company Affairs, Department of Company affairs, Notification No G.S.R.36(E) dated 16th January, 2002, whereby they have amended the provision of Schedule XIII, part II, Section II. As per the amended provisions wherein any financial year, during the currency of tenure of the managerial person, a Company has no profit or its profits are inadequate, it may pay remuneration to a managerial person by way of Salary, Dearness Allowance, Perquisites and any other allowance in excess of Rs. 2,00,000 but not exceeding Rs 4,00,000/- per month without prior approval of the Central Government provided the following conditions are taken care of;

- i) Payment of remuneration is approved by a resolution passed by the Remuneration Committee
- ii) The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the appointment of such managerial person;
- iii) A special resolution has been passed at the general meeting of the company for payment of remuneration for a period not exceeding three years.
- iv) A statement along with a notice calling the general meeting referred to in clause (iii) is given to the shareholders containing certain information as required by the abovesaid notification.

Accordingly -

- a) The Remuneration Committee has approved payment of remuneration as per the above said resolution in their meeting held on 29th July, 2003.
- b) The Company has not made any default in its Loan obligations.
- c) The Special Resolution as needed by the above said notification is proposed for approval of the shareholders
- d) The details as required by the above said notification are given hereunder

Information required to be disclosed in terms of Notification No. G.S.R. 36 (E) dated 16th January, 2002 issued by Government of India under the provisions of the Schedule XIII of the Companies Act, 1956

I. General Information :

- 1) Nature of Industry :
Manufacturer and Exporter of Yarn and Knitted Fabrics. (100% EXPORT ORIENTED UNIT and Government recognised Golden Trading House as well as AN ISO 9002 and Oko-Tex Standard 100 Certificate Holder)
- 2) Date or expected date of commencement of commercial production :
Unit already in production.

- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

N.A

- 4) Financial performance based on given indicators:

The Company started its manufacturing and exports in the year 1989-1990 and since then, the Company is continuously earning profits and paying dividends, except for Financial year 2001-2002 when the Company did not pay dividend on Equity Shares. The Company's last five years performance is given hereunder :

	Rs. in lacs				
Particulars	98-99	99-00	00-01	01-02	02-03
Sales	19551	21262	24249	21818	22886
Other Income	57	73	70	63	218
Operating Profit	2728	2714	3089	2464	2636
Interest and					
Finance charges	1172	1345	1709	1540	1187
PBDT	1557	1369	1380	924	1449
Profit Before Tax	935	686	648	159	666
Profit After Tax	918	647	615	111	532
Amount of Equity	122	87	79	-	79*
Dividend Paid					
Rate of Dividend					
Declared	14%	10%	9%	-	9%*

* Recommended by the Board of Directors on 29th, July 2003.

- 5) Export performance :

The Company is 100% Export Oriented Unit and has shown continuous increase in exports year after year. The Company has received several prestigious awards for excellence in exports from TEXPROCIL, Government of Maharashtra and the coveted European Union Impresa Award.

- 6) Foreign Investments or collaborators, if any :
No foreign investments or collaborations.

II. Information about the appointee :

- 1) Background details :

Shri. K K Patodia is B.Sc Textiles (Hons) and a gold medallist from Punjab University, Chandigarh and having a rich and varied experience in the Textile Industry of more than 38 years. He is the promoter of Eurotex Industries And Exports Limited and its Managing Director from inception. Prior to that he was Managing Director in PBM Polytex Limited for eight years and earlier Managing Director in GTN Textiles Limited for fifteen years. He holds rich experience in the Textile Industry in all fields including raw material purchases, manufacturing, administration, finance



management and marketing. He has been instrumental in setting up this first 100% Export Oriented Unit in cotton spinning in private sector in India with the latest state of the art technology.

2) Past remuneration :

During the Financial year 2002-2003, Shri. K K Patodia was paid the following remuneration :

Rs. in lacs

Salary	Perquisites	PF/Superannuation	Commission	Total
8.70	7.12	0.09	15.00	30.91

3) Recognition or awards :

Shri. K. K. Patodia has been Vice President of Confederation of Export Units, Western Region. He is the Committee Member of The Cotton Textile Export Promotion Council.

4) Job profile and his suitability :

As the Managing Director of the Company, Shri. K K Patodia will have overall managerial responsibility and with his rich experience of more than 38 years of management at top levels in the Textile Industry, he is well suited for the post. He has been handling and monitoring all the activities of the Company including mill management, finance, administration, purchases and marketing. He has been the guiding force resulting in the steep increase of the turnover of the Company both in exports as well as in domestic. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

5) Remuneration proposed has already been given in detail in Special Resolution proposed earlier.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration Committee and the Board of Directors of the Company have recognised the profile and rich, diversified experience in the industry of Shri.K.K.Patodia and the increased job responsibilities. Accordingly the remuneration Committee and the Board of Directors have approved the remuneration of Shri. K.K.Patodia. His remuneration is comparable and in level with similar job in Textile industry.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

The Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with

the interest of the Company. Further, all transactions with the Related Parties were in the ordinary course of business and at arms length. Shri. Gopal Patodia, Shri. Narayan Patodia and Shri. Rajiv Patodia, the other directors of the Company are related to Shri. K K Patodia.

III. Other Information :

1) Reasons for loss or inadequate profits :

Not applicable as the Company is earning profits.

2) Steps taken or proposed to be taken for improvement :

Not Applicable

3) Expected increase in productivity and profits in measurable terms :

Not possible to quantify

Shri K.K.Patodia himself and Shri Gopal Patodia, Shri Narayan Patodia and Shri Rajiv Patodia, being the relatives of Shri K.K.Patodia, are concerned or interested in the passing of the abovesaid special resolution. Besides above no other director is concerned or interested in considering or passing the above said special resolution mentioned at item no. 7 of the Notice.

The draft agreement containing the terms of appointment and remuneration payable to Shri K. K. Patodia, Managing Director is available for inspection for the members of the Company on any working day (except on Saturday, Sunday and any public holiday) between 11.00 a.m. to 1.00 p.m. at the registered office of the Company upto the date of this AGM.

The disclosure of the terms of remuneration in the above said explanatory statement may be treated as disclosure to the members, an abstract of Director's interest in the contract appointing Managing Director under provisions of section 302 of the Companies Act, 1956.

ITEM NO 8

Shri. M.D. Sohani was appointed as an additional Director on 30th January 2003. Under section 260 of the Companies Act, 1956 and the Articles of Association of the Company, his appointment is valid only upto this Annual General Meeting.

Notice as required under Section 257 of Companies Act, 1956 together with the deposit of Rs.500/- has been received by the Company from a member signifying his intention to propose the appointment of Shri. M.D. Sohani as Director of the Company.

Shri. M.D. Sohani is interested in the resolution concerning his appointment.

Except him, no other Director is, in any way, concerned or interested in the resolution.

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ITEM NO 9

Shri Dilip K. Patel was appointed as an additional Director in the meeting held on 29th July 2003. Under Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, his appointment is valid only upto this Annual General Meeting.

Notice as required under Section 257 of Companies Act, 1956 together with the deposit of Rs.500/- has been received by the Company from a member signifying his intention to propose the appointment of Shri Dilip K. Patel as Director of the Company.

Shri Dilip K. Patel is interested in the resolution concerning his appointment.

Except him, no other Director is, in any way, concerned or interested in the resolution.

ITEM NO 10

Shri Vinod K. Gupta was appointed as an additional Director in the meeting held on 29th July 2003. Under section 260 of the Companies Act, 1956 and the Articles of Association of the Company, his appointment is valid only upto this Annual General Meeting.

Notice as required under Section 257 of Companies Act, 1956 together with the deposit of Rs.500/- has been received by the Company from a member signifying his intention to propose the appointment of Shri. Vinod K Gupta as Director of the Company.

Shri. Vinod K Gupta is interested in the resolution concerning his appointment.

Except him, no other Director is, in any way, concerned or interested in the resolution.

ITEM NO 11

Presently, the Company's Equity Shares are listed on the following Stock Exchanges :

1. The Stock Exchange, Mumbai
2. The Stock Exchange, Ahmedabad
3. National Stock Exchange of India Limited

As part of its cost reduction measures and in line with the Circular issued by SEBI for Voluntary Delisting of Company's Securities, your Company has proposed delisting of Equity Shares from the Stock Exchange, Ahmedabad. The members at its 14th Annual General Meeting held on 30th September, 2000 had approved the proposal to delist the shares by way of a Special Resolution. Though the Company had filed required documents, the Stock Exchange of Ahmedabad stipulated for an EXIT opportunity to the shareholders of the region alongwith few other requirement

which was not possible to comply with.

SEBI vide Circular SMD/Policy/Cir-7/2003 dated 17th February, 2003 issued fresh Guidelines for Delisting of Securities. Pursuant to Clause 5.2 relating to Delisting of Securities (Voluntary) of a Listed Company, an EXIT opportunity need not be given in cases where securities continue to be listed in a Stock Exchange having nationwide terminals viz. The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India (NSE).

With the net working facilities of BSE and NSE, the Members of the Company have access to on-line dealings in the Company's Equity Shares across the Country. Trading volumes on The Stock Exchange, Ahmedabad in the Company's Shares are negligible or nil for years together. Further the Company's Equity shares are compulsorily traded in demat form for all investors, effective from 28th April, 2001 and hence Investors including the members located in the above regions are dealing with the securities of the Company only with BSE and NSE in demat form. The proposed delisting of the Company's Equity Shares from The Stock Exchange, Ahmedabad will not therefore, adversely affect any Investor including the members located in the regions. Rather it will benefit the shareholders as the company will be able to reduce its administrative cost incurred on payment of listing fee to the Ahmedabad Stock Exchange and on sending various reports and returns which in any case will be sent to Bombay and National Stock Exchanges as usual. Company's equity Shares will continue to be listed on BSE and NSE.

In view of the above, your Board of Directors at their meeting held on July 29, 2003 have decided to voluntarily delist the shares of the Company from Ahmedabad Stock Exchange pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003.

None of the Directors are in any way concerned or interested in the special resolution.

By Order of the Board

Mumbai
Dated : 29th July, 2003

Registered Office :

Raheja Chambers, 12th Floor,
213, Nariman Point, Mumbai - 400 021.

R. K. Agrawal
Company Secretary
and Compliance Officer



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 17th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS	2002-2003 (Rs. in lacs)	2001-2002 (Rs. in lacs)
Profit before Interest, Depreciation and Tax	2635.67	2463.28
Less: Interest and Finance Charges	1186.56	1539.78
Profit before Depreciation	1449.11	923.50
Less: Depreciation	782.64	764.45
Profit Before Tax	666.47	159.05
Less: Provision for Income Tax	19.00	-
Less: Deferred Tax	115.62	48.13
Profit for the year	531.85	110.92
Balance brought forward for previous year	760.65	934.37
Less: Deferred Tax liabilities relating to earlier years	873.10	244.22
Profit available for Appropriation	419.40	801.07
Less: Interim Dividend Paid on Preference Shares	39.37	36.68
Less: Proposed Dividend on Equity Shares	78.75	-
Less: Corporate Dividend Tax Transferred to General Reserve	10.09	3.74
Balance Carried to Balance Sheet	291.19	760.65

OPERATIONS

During the year under review the Company's sales have increased from Rs. 218.18 crores to Rs. 228.86 crores showing a increase of about 5 % and the Net Profit after tax has increased from Rs. 110.92 lacs to Rs. 531.84 lacs showing a increase of 380%. The Company has been able to maintain its efficiency on all fronts.

DIVIDEND

Your Directors recommend a Dividend @9% on Equity Shares for the year ended 31st March, 2003.

AWARDS AND ACHIEVEMENTS

The time and efforts put in by us in exports has always given us good results as well as being honoured by our Government and various export promotion bodies.

We are pleased to inform this year also as in all the past years, our Company was honoured by being selected for various awards. The Government of Maharashtra awarded the Gold plaque and certificate to our company as a first award in recognition of our export performance for the year 2000-2001 in State of Maharashtra.

TEXPROCIL has awarded us two Gold Trophies for the year 2002 for first ranking in 100% EOU Category one for yarn exports and the other for fabric exports.

VOLUNTARY DELISTING OF SHARES

Your Company has proposed voluntary delisting of its Equity Shares from The Stock Exchange, Ahmedabad. A special resolution is proposed to be passed by the shareholders to comply with the provisions of the SEBI (Delisting of Securities) Guidelines, 2003

Details of the fact of delisting from The Stock Exchange, Ahmedabad together with a statement of reasons and justification thereof, have been given in the Explanatory Statement to Item No. 11 of the Notice of Annual General Meeting of even date.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last two years. The Committee renders valuable advice to the Board on several issues particularly on Internal Controls, Accounting Policies and Corporate Governance norms. The Board of Directors appointed Shri. Dharam Paul as Chairman of the Audit Committee in the meeting held on 29th July 2003, in place of Shri. K.L. Kapur.

Similarly, the Shareholders / Investors Grievance Committee met regularly through out the year and overiewed the operations of the Share Transfer Registrars, Response to Investor Grievances, progress of dematerialisation and other matters.

The Board had already constituted Remuneration Committee last year and appointed Shri. Dharam Paul as Chairman.

The Company has complied with clause 49 of the Listing Agreement pursuant to SEBI guidelines on corporate governance disclosures. Accordingly, reports on corporate governance and Management Discussion and Analysis are enclosed and form part of this Report.

INDUSTRIAL RELATIONS

The Company continued its endeavour in maintaining peace and harmony at all levels of employment in the Organisation in the year under review.

PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving information regarding particulars of employees required u/s 217(2A) of the Companies Act, 1956 and conservation of energy, technology absorption, foreign exchange earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 is annexed and forms part of this Report.