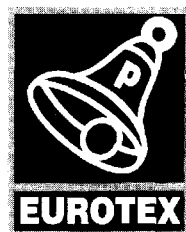


19TH

ANNUAL REPORT 2004 - 2005

Report  junction.com



**EUROTEX INDUSTRIES AND
EXPORTS LIMITED**



EUROTEX INDUSTRIES AND EXPORTS LIMITED

100% EXPORT ORIENTED UNIT

and Government recognised Three Star Export House.

An ISO 9001 and Oko-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.

Report  Junction.com

REGISTERED AND HEAD OFFICE

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

MILLS

E-23 & 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 19th 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 24th September, 2005 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, 2005.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri. H. P. Siotia who retires from office by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Rajiv Patodia who retires from office by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. M. D. Sohani 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 terms of Article 97 of the Articles of Association of the Company, Section 310 of the Companies Act, 1956 and as per SEBI Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 regarding revision in Clause 49 of the Listing agreement the sitting fees payable to the non-executive directors for attending the board meeting and other committee meetings, the approval of the members be and is hereby granted for payment of sitting fees to the Non Executive Directors of the company for

attending the meeting of the Board of Directors and Committees as may be constituted by the Board of Directors from time to time, not exceeding Rs.20000/- per meeting.

RESOLVED FURTHER THAT the actual amount to be paid as sitting fee for attending any Board Meeting and committee meetings would be decided by the Board Of Directors within the above said limit."

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

"RESOLVED THAT in terms of Section 149 (2A) of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 or any other applicable laws, the Company may pursue the following objects mentioned in the schedule of other objects in the Memorandum of Association of the Company at serial number 82 and 84 as its main objects:

Serial number 82: To carry on trade or business of manufacturer of all kinds of domestic and industrial and consumer products.

Serial number 84: To carry on all the business of general merchant, warehousemen, carriers, agents, commission agents, brokers, financiers, underwriters.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to file necessary form with Registrar of Companies in this behalf."

By Order of the Board

Mumbai
Date : 30th June, 2005

R. K. Agrawal
Company Secretary
and Compliance Officer

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

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

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 THAN 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 for Items no. 7 & 8 is annexed hereto.
- d. Members holding more than one Share Certificate in the same name under different ledger folios are requested to apply for the consolidation of such folios and send the relevant Share Certificates 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 15th September, 2005 to 24th September, 2005 (Both days inclusive).
- g. Pursuant to section 205A of the Companies Act, 1956, all Unclaimed Dividend upto Financial Year Ended 31st March, 1996 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not claimed their Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies by submitting an application in the prescribed Form.
- h. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1998 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 on expiry of seven years.
Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1999 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 against the company.
- i. 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.
- j. 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 DEMAT 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.

- k. Details of the Directors retiring by rotation and seeking re-appointment (in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri H. P. Siotia	Shri Rajiv Patodia	Shri M. D. Sohani
Date of Birth	03.05.1934	22.07.1969	04.07.1954
Date of Appointment	16.02.1987	01.10.1997	30.01.2003
Qualification	B.Com	B. Sc. Finance	M. Sc., MBA (Finance)

Expertise in specific functional area	More than 5 decades of rich experience in the field of cotton & yarn trading and manufacturing activities of cotton spinning.	He holds rich experience in textile industry and handles raw material purchases, production planning and exports.	He is an experienced banker having worked with SICOM Ltd for twenty six years and has wide knowledge in the field of Finance.
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List of Other Directorship held.	PBM Polytex Ltd. Patodia Syntex Ltd. Mercury Gems Pvt. Ltd. Eurospin Industries Ltd. Shree Janardana Mills Ltd. Gobse Plastics Pvt. Ltd.	Patodia Syntex Ltd Maharashtra Fibre and Syntex Ltd. Mercury Gems Pvt. Ltd. Gobse Plastics Pvt. Ltd.
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Chairman/Member of the Committees of the Board of Directors of the Company.	Chairman Shareholders / Investors Grievance Committee Member Audit Committee Remuneration Committee.
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Member
Audit Committee

Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.	Member Share Transfer & Investors' Grievance Committee of PBM Polytex Ltd.
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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) 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 2005-2006.

Mumbai
Date : 30th June, 2005

R. K. Agrawal
Company Secretary
and Compliance Officer

Registered Office :

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



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

ITEM NO. 7

As per SEBI Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 regarding revision in clause 49 of the listing agreement, all fees/compensation paid to the non-executive directors including independent directors shall be fixed by the Board of Directors and shall require approval of shareholders in General Meeting. The company pays to its non-executive Directors and independent directors by way of sitting fee for attending the Board Meetings and Committee Meetings. The company has therefore put before the members this Special Resolution for their approval.

All the directors of the Company other than Shri K.K.Patodia, Shri Narayan Patodia and Shri Rajiv Patodia, being Managing Directors and Executive Director and receiving no sitting fee for attending Board and Committee Meetings, are interested in the special Resolution.

ITEM NO. 8

The company is presently pursuing its main objects as textiles trading, manufacturing, exports and imports. With the globalisation of the economy, the Board of Directors has decided to also deal in other commodities by trading and manufacturing, import and export.

The Other Objects in the Memorandum of Association of the Company have got two clauses which permit the company to deal in commodities other than textiles.

Section 149(2A) of the Companies Act, 1956 provides that the company can commence any new business after passing special resolution under the provisions of Section 149(2A) of the Companies Act, 1956.

The Directors commend the special resolution for approval of the members as being in the interest of the company.

None of the directors are concerned or interested in the special resolution.

By Order of the Board

Mumbai

Date : 30th June, 2005

R. K. Agrawal

*Company Secretary
and Compliance Officer*

Registered Office :

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

Report Junction.com

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 19th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

	2004-05 (Rs. in lacs)	2003-04 (Rs. in lacs)
FINANCIAL RESULTS		
Profit before Interest, Depreciation and Tax	2029.31	2606.78
Less: Interest and Finance Charges	811.78	879.82
Profit before Depreciation	1217.52	1726.96
Less: Depreciation	795.77	806.34
Profit Before Tax	421.75	920.62
Less: Provision for Income Tax	24.25	74.50
Less: Deferred Tax	(46.66)	50.43
Profit for the year	444.17	795.69
Excess/(Short) Provision for Taxation for earlier Years	-	3.92
Balance brought forward for previous year	699.62	291.19
Profit available for Appropriation	1143.79	1090.80
Less: Interim Dividend Paid on Preference Shares	-	37.65
Less: Proposed Dividend on Equity Shares	87.50	87.50
Less: Corporate Dividend Tax	12.50	16.03
Transferred to General Reserve	150.00	250.00
Balance Carried to Balance Sheet	893.79	699.62

OPERATIONS

Though the Company has been able to maintain its efficiency in all fronts, due to uncertainties in International Market on account of removal of quotas as well as due to strengthening of rupee and weakening of dollar, the sales and profitability of the Company showed a decrease.

DIVIDEND

Your Directors recommend a Dividend @ 10% on Equity Shares for the year ended 31st March, 2005.

AWARDS AND ACHIEVEMENTS

The time and efforts put in by us in promoting exports of our products have continued to give us encouraging results. Every year we have been honoured by our Government and various export promotion bodies for our export performance. For the year 2003-04 TEXPROCIL has awarded us one Gold Trophy for excellence in export of Fabrics and one Bronze Trophy for excellence in export of yarn in 100% EOU Category.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last four 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.

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

The Company has complied with clause 49 of the Listing Agreement pursuant to SEBI guidelines. 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

Information relating to the conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo required under Section 217(1) (e) of the Companies Act, 1956, is set out in a separate statement attached to this report and forms part of it.

The particulars of employees, as required under section 217(2A) of the Companies Act, 1956, are given in a separate statement attached to this report and forms part of it.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and Article 104 of the Articles of Association of the Company, Shri H. P. Siotia, Shri Rajiv Patodia and Shri M. D. Sohani retire from office by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that :

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policy have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2005 and of the profit of the Company for the period April 1, 2004 to March 31, 2005;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

AUDITORS

M/S Lodha & Co., the statutory auditors of the company, will retire at the forthcoming Annual General Meeting of the company and, being eligible, offer themselves for re-appointment.

Your Directors request the Shareholders to appoint Statutory Auditors for the current year.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thankful acknowledgement for valuable assistance, the Company received from IDBI, EXIM Bank, SICOM, UTI Bank, our Bankers State Bank of India, Bank of India, State Bank of Patiala, State Bank of Hyderabad and The Dhanalakshmi Bank Ltd. as well as Development Commissioner SEEPZ. Their utmost co-operation and assistance has resulted in maintaining the exports of the Company, which helped us in earning substantial Foreign Exchange for the country.

On behalf of the Board

Mumbai
Dated : 30th June, 2005

K. K. PATODIA
Chairman



ANNEXURE "A" TO THE DIRECTORS' REPORT

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY :

(a) Energy Conservation Measures Taken:

The Company has been taking continuous steps to conserve the energy and minimise energy cost at all levels.

(b) Additional Investments and Proposal, if any, being implemented for reduction of consumption of energy:

The Company as a policy takes necessary steps for investments in energy saving devices.

(c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

With the above measures taken, the Company derives better quality of power resulting in better and optimum performance.

(d) Total energy consumption and consumption per unit of production in the prescribed Form "A" attached.

(B) TECHNOLOGY ABSORPTION:

(e) Efforts made in technology absorption :

Details are provided in Form "B" annexed hereto.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(f) 1) Activity relating to Exports:

Yarn and Fabric Export.

2) Initiative taken to increase Exports:

The Company regularly explores possibility of developing new qualities to help increase its exports.

3) Development of new export markets for products and services:

The Company keeps a close association with its traditional as well as new buyers and explores the possibility of finding new export markets.

4) Export Plan:

The Company's order books are full till the end of the third quarter of the calendar year.

(g) Total Foreign Exchange used and earned:

	(Rs. in Lacs)
i) CIF Value of Imports	1508.44
ii) Expenditure in Foreign Currency	245.45
iii) Foreign Exchange Earned	12149.55

On behalf of the Board

Mumbai

Dated : 30th June, 2005.

K. K. PATODIA

Chairman

REPORT OF CONSERVATION OF ENERGY ETC., Forming part of the Directors' Report

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

	Production Unit	Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION			
1) Electricity			
a) Purchased Units		15,97,950	10,73,007
Total Amount (Rs.)		1,28,32,236	1,06,80,833
Rate/Unit (Rs.)		8.03	9.95
b) Own Generation			
i) Through Diesel Generator Units		4,90,09,580	4,83,75,110
Units per LTR. of Diesel/Furnace Oil		4.04	4.01
Cost/Unit (Rs.)		2.86	2.90
ii) Through Steam Turbine/Generator Units		-	-
Units per LTR. of Fuel Oil/gas		-	-
Cost/Unit (Rs.)		-	-
2) Coal			
Quantity (in tonnes)		-	-
Total Cost		-	-
Average Rate (Rs.)		-	-
3) Furnace Oil/L.S.H.S.			
Quantity (in K. Ltrs.)		-	-
Total Amount		-	-
Average Rate		-	-
4) Others/Internal			
Generation		-	-
Quantity		-	-
Total Cost		-	-
Rate/Unit		-	-
B) CONSUMPTION PER UNIT OF PRODUCTION Per Kg.			
1) Electricity (KWH)			
Yarn		5.61	4.60
2) Furnace Oil/L.S.H.S.		-	-
3) Coal (M.T.)		-	-
4) Others		-	-

On behalf of the Board

Mumbai
Dated : 30th June, 2005

K. K. PATODIA
Chairman

FORM B

Form for Disclosure of Particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT (R & D)

1) Specific areas in which R & D carried out by the Company:

R & D activities are being carried out continuously to produce a good quality of Yarn and Fabric for export.

2) Benefits derived as a result of the above R & D:

With the result of the R & D activity carried out, the Company has been able to produce quality Yarn and Fabric to international standards.

3) Future Plan of Action:

The Company continues its efforts to maximise its productivity and also at the same time enhance quality of its products.

4) Expenditure on R & D:

Expenditure on R & D has been shown under respective heads of expenditure in the Profit and Loss Account as no separate account is maintained.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1) Efforts, in brief, made towards technology absorption and innovation:

The Company has not utilised any imported technology.

2) Benefit derived as a result of the above efforts:

N.A.

3) Details about import of technology during the last 5 years:

N.A.

On behalf of the Board

Mumbai
Dated : 30th June 2005

K. K. PATODIA
Chairman

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

ANNEXURE "B" TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES - THE INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 FOR THE EMPLOYEES OF THE COMPANY IS AS UNDER:

Sr. No.	Name	Designation/ Nature of Duties	Age (Years)	Remuneration received (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Service before this and designation
A) Employees who worked throughout the accounting year and whose remuneration aggregating Rs.24 lacs or more per year:								
1.	Shri K. K. Patodia	Chairman and Managing Director	60	47,70,343	B.Sc.Textiles (Hons.)	40	1st Oct. 1988	PBM Polytex Ltd. Managing Director
2.	Shri Narayan Patodia	Managing Director	54	24,10,756	B.E. Mech. (Hons.)	34	1st Jan. 1990	PBM Polytex Ltd. Executive Director
B) Employees who worked during part of the year and whose remuneration is not less than Rs. 2 Lacs or more per month								
NIL								

On behalf of the Board

Mumbai
Dated : 30th June, 2005

K. K. PATODIA
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Development:

The company is having 100% Export Oriented cotton spinning and knitted fabric manufacturing unit. Textiles is the oldest and most important industry for our country providing employment to millions of people and the exports from textile sector constitute major portion of India's total exports.

Eurotex has a state of art spinning and knitted fabric manufacturing unit and its products are exported all over the world.

b) Opportunities and Threats:

In the post quota regime the Indian textile exporters have got very good opportunity of increasing their export as in the last five years the textiles industry has spent significantly on adding their production capacity as well as on the modernization of the production facility.

At the same time the industry continues to face threat from other textile exporting countries due to rigid labour laws, very slow power sector reforms.

c) Segment or productwise performance:

The company operates primarily only in one business segment viz: cotton yarn and has its production facilities and other assets located in India. Hence segment or product wise performance is not given.

d) Outlook, Risks and Concern:

The Company has invested in modernization and upgradation of its production facilities, hence the company is poised to take maximum advantage of demand arising for its products in post quota regime.

The uncertainty of raw material prices due to cyclical nature of commodity prices and also uncertainty with respect to exchange rates is matter of risk as well as concern for the company's consistent profitability.

e) Internal control systems and their adequacy:

The company has got adequate internal control system commensurate with its size in all the departments.

f) Financial performance with respect to operational performance:

The financial and operational performance are already elaborated in the Directors' Report.

g) Development in Human Resources / Industrial Relations Front:

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

h) Cautionary Statement

The statements in this report may be forward looking within the meaning of applicable laws or regulations. These statements are made on certain assumptions and expectations of future events. Actual results could however differ materially from those stated above.

The Company and its Board of Directors assume no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.



CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY OF COMPANY ON CODE OF GOVERNANCE

The Company believes in highest standards of corporate governance and has put in place the systems to comply with all the rules, regulations and requirements mentioned in clause 49 of Listing Agreement.

2. BOARD OF DIRECTORS

The business of the Company is managed by the Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. Board is headed by an Executive Chairman. The Managing Directors and the Executive Director manage the day to day operations of the Company.

The Board of Directors comprises of three Executive Directors and nine Non-Executive Directors. Six of the Directors are independent Directors.

A. Board Procedure

Board members are given appropriate documents and information in advance of each Board and Committee meeting. To enable the Board to discharge its responsibilities effectively, the Managing Directors review the overall Company's performance. The functions performed by the Board includes, in addition to the legal matters compulsorily required to be performed by it, review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Compliance with statutory/regulatory requirements and review of major legal issues
- Approval of quarterly results/annual results
- Review of the minutes of the Audit Committee, Shareholders and Investors Grievance Committee and other Board Committees.
- Matters relating to Foreign Exchange Exposure.

B. Board Meetings

During the Financial Year 2004-05, six Board meetings were held on 29.6.2004, 30.7.2004, 15.10.2004, 29.10.2004, 24.12.2004 and on 27th January 2005. The maximum time gap between any two meetings was not more than three calendar months. Details of attendance at the Board Meetings, Directorship in other Companies and Membership in Committees thereof of each Director are as follows :

Name of Director	Brief Resume	Category	Attendance at the Board Meeting	Attendance at last AGM	Directorship of other Companies	Committee Memberships. Mem- Chairman
Shri K. K. Patodia Chairman & Managing Director	B. Sc. Textiles (Hons.)	E	4	No	13	2 1
Shri H. P. Siotia	Graduate	NE	5	Yes	6	3 1
Shri Gopal Patodia	B. E. Chemical (Hons.)	NE	-	No	6	1 0

Name of Director	Brief Resume	Category	Attendance at the Board Meeting	Attendance at last AGM	Directorship of other Companies	Committee Memberships. Mem- Chairman
Shri Narayan Patodia Managing Director	B. E. (Mech) (Hons.)	E	4	No	3	1 0
Shri Rajiv Patodia Executive Director	B. Sc. Finance	E	5	Yes	4	0 0
Shri G. J. Mirchandani	B. Sc. Dip. CBI (Hol.) A.M.I.E.T (Lon) Cert. IIFT	NE	5	Yes	-	2 0
Shri G. B. Marathe	Graduate Ex-SICOM	I & NE	-	No	-	0 0
Shri A. R. Garde	Graduate Ex-ATIRA	I & NE	5	No	3	1 0
Shri Dharam Paul	B. Sc. (Tex) Hons. MBA	I & NE	5	Yes	1	1 2
Shri M. D. Sohani	M. Sc. MBA (Fin.) Ex-SICOM	I & NE	6	No	-	1 0
Shri Dilip K. Patel	B. Tech (Chemical)	I & NE	4	No	2	0 0
Shri Vinod K. Gupta	B. Sc. Textile	I & NE	3	No	-	0 0

E - Executive Director NE - Non Executive Director I - Independent

3. AUDIT COMMITTEE

Board of Directors have formed an Audit Committee which has the following powers:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and creditable.
- To recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

MEMBERS : Shri Dharam Paul, Shri H P Siotia, Shri G. B. Marathe* and Shri M D Sohani

* Shri G. B. Marathe resigned from the Membership of Audit Committee on 5th October, 2004.

CHAIRMAN : Shri Dharam Paul

The Company Secretary acts as the secretary to the committee.