

# 11<sup>TH</sup>

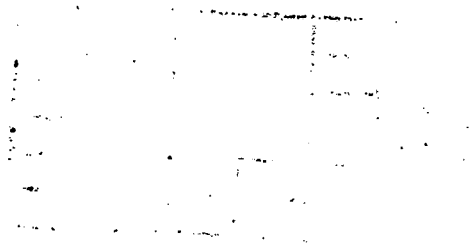
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ANNUAL REPORT  
1996-97

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**EUROTEX INDUSTRIES AND  
EXPORTS LIMITED**



**ELEVENTH  
ANNUAL REPORT  
1996-97**



**EUROTEx INDUSTRIES AND EXPORTS LIMITED**  
AN ISO 9002 COMPANY

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**BOARD OF DIRECTORS**

**Shri Krishan Kumar Patodia**

*Chairman and Managing Director*

**Shri Hariprasad Siotia**

**Shri Gopal Patodia**

**Shri Narayan Patodia**

*Managing Director*

**Shri Gurmukh J. Mirchandani**

**Shri G. B. Marathe**

**Shri K. C. Purohit**

*(Nominee of IDBI)*

**Shri P. Sitaram**

*(Nominee of SICOM)*

**Shri R. H. Pise**

**EXECUTIVES**

**Shri S. C. Pahuja**

*Senior President*

**Shri S. K. Mukerjee**

*President*

**COMPANY SECRETARY**

**Shri R. K. Agrawal**

**BANKERS**

**STATE BANK OF INDIA**

**AUDITORS**

**LODHA & COMPANY**

Chartered Accountants

Mumbai - 400 023.

**REGISTERED AND HEAD OFFICE**

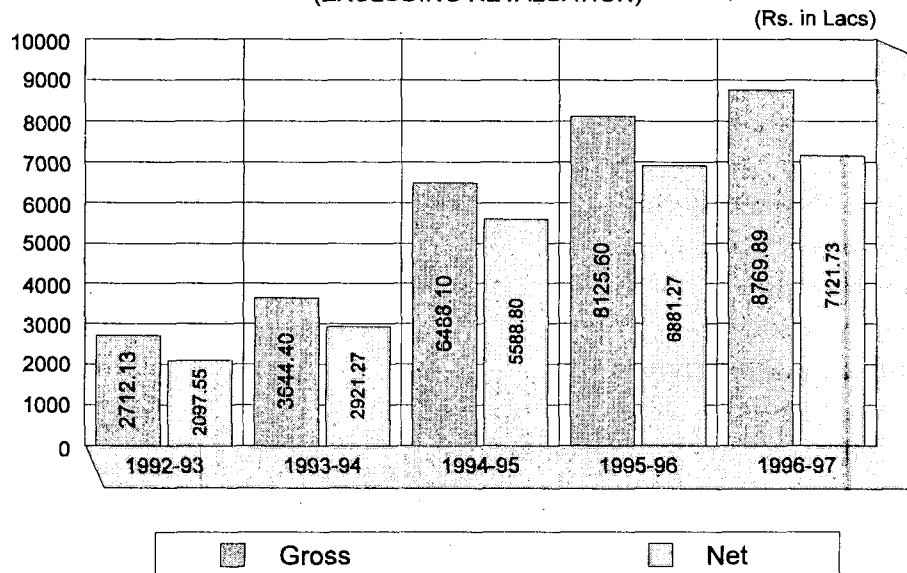
Raheja Chambers, 12th Floor,  
213, Nariman Point, Mumbai - 400 021.

**MILLS**

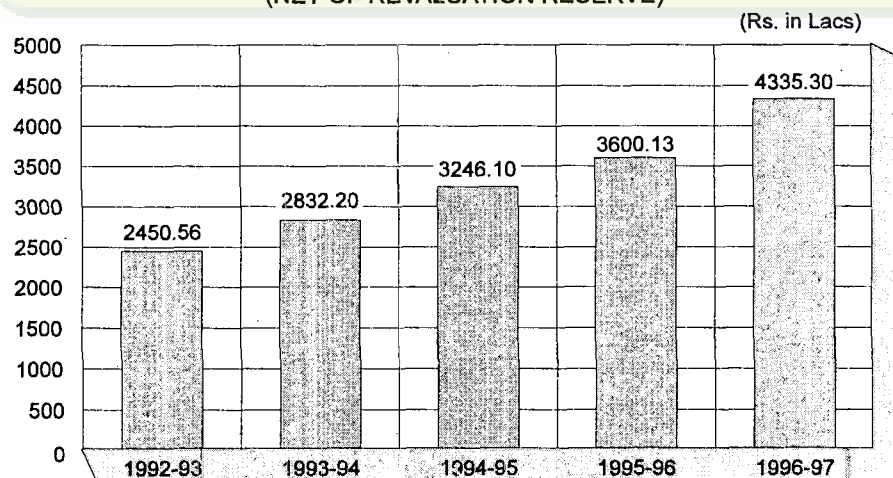
E-23, MIDC, Gokul Shirgaon,  
Taluka Karveer, District Kolhapur - 416 234  
Maharashtra.

**EUROTEx  
INDUSTRIES AND EXPORTS  
LIMITED**

**FIXED ASSETS**  
(EXCLUDING REVALUATION)



**NET WORTH**  
(NET OF REVALUATION RESERVE)



**SPECIAL NOTE :** THE SHAREHOLDERS MAY KINDLY NOTE THE NAME AND ADDRESS OF OUR REGISTRARS AND SHARE TRANSFER AGENT :

**DATAMATICS FINANCIAL SERVICES LIMITED**

Plot No. 16/17, MIDC, Part B, Cross Lane, Marol, Andheri (East), Mumbai 400 093.

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## NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Shareholders of EUROTEx INDUSTRIES AND EXPORTS LIMITED will be held at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai 400 021 on Saturday the 27th Day of September, 1997 at 10.00 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, 1997.
- 2) To declare Dividend on Equity 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 Hariprasad Siotia who retires from office by rotation and, being eligible, offers himself for reappointment.
- 5) To consider and, if thought fit, to pass the following Resolution as a Special Resolution :  
"RESOLVED THAT M/s. Lodha & Company, Chartered Accountants, Mumbai, the retiring Auditors of the Company be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

### SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass the following Resolution as a Special Resolution :  
"RESOLVED THAT in supersession of the earlier resolution passed in the Annual General Meeting held on 30th September, 1989 the Directors of the Company be and are hereby authorised to keep the Register of Members, Index of Members and copies of all Annual Returns together with the copies of certificates and documents required to be annexed thereto at the office of M/s. Datamatics Financial Services Limited, Plot No. A-16/17, MIDC, Part B, Cross Lane, Marol, Andheri (East), Mumbai - 400 093."

By order of the Board

Mumbai  
Dated : 23rd July, 1997

**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 THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- c) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Resolution as per Item No. 5 and 6 of the Notice set out above 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 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 addresses to the Registrars at the address as mentioned above.
- f) If Dividend on Shares as recommended by the Directors is declared at the Meeting, payment of such Dividend will be made within 42 days of the date of Annual General Meeting to those members whose names appear on the Register of Members of the Company as on 27th September, 1997.
- g) The Register of Members and the Transfer Books of the Equity Shares will remain closed from Tuesday, the 16th day of September, 1997 to Saturday, the 27th September, 1997 (Both days inclusive).
- h) Those members who have so far not encashed their Dividend Warrants for the Financial year ended 31st March, 1994 may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on or before 15th October, 1997.

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

#### ITEM NO. 5

Section 224 A of the Companies Act, 1956, provides that in the case of a Company of which not less than 25% of the Subscribed Capital is held either singly or in combination by Public Financial Institutions, Government Companies etc., the appointment or reappointment of an auditor of that Company has to be made by a Special Resolution.

In the case of the Company the holding of the Financial Institutions exceeds 25% of its Subscribed Capital. Hence a Special Resolution is required to be passed for reappointing M/s. Lodha & Company as Auditors.

#### ITEM NO. 6

Your Directors have appointed M/s. Datamatics Financial Services Limited, as the Company's Registrars and Share Transfer Agents in place of M/s. Datamatics Limited. Hence all the Members' Registers and other records will be kept at the office of Datamatics Financial Services Limited only. Under Section 163 of the Companies Act, 1956, the Company is required to pass a Special Resolution for keeping the Register of Members and other documents at a place other than the registered office of the Company. Accordingly the above resolution is recommended for your acceptance.

None of the Directors of the Company is concerned or interested in the resolution.

By order of the Board

Mumbai  
Dated : 23rd July, 1997

**R. K. Agrawal**  
Company Secretary

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 11th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 1997.

<b>FINANCIAL RESULTS</b>	<b>1996-97</b>	<b>1995-96</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
Profit before Interest, Depreciation and Tax	<b>2288.86</b>	1568.65
Less : Interest and Finance Charges	<b>871.04</b>	636.39
Profit before Depreciation	<b>1417.82</b>	932.26
Less : Depreciation	<b>409.47</b>	347.15
Profit before Tax	<b>1008.35</b>	585.11
Provision for Income Tax	<b>2.60</b>	—
Provision for Wealth Tax	<b>1.14</b>	0.74
Excess Provision written back	<b>(0.08)</b>	(0.36)
Profit for the year	<b>1004.69</b>	584.73
Balance brought forward from previous year	<b>518.48</b>	561.63
Profit available for Appropriation Transferred to:	<b>1523.17</b>	1146.36
Capital Redemption Reserve	<b>502.00</b>	332.00
Debenture Redemption Reserve	—	8.50
Interim Dividend Paid on Preference Shares	<b>147.50</b>	62.16
Proposed Dividend on Preference Shares	—	52.72
on Equity Shares	<b>122.50</b>	122.50
Corporate Dividend Tax	<b>12.25</b>	—
Transferred to General Reserve	<b>142.00</b>	50.00
Balance Carried to Balance Sheet	<b>596.92</b>	518.48

### DIVIDEND

Your Directors recommend a Dividend @ 14% on Equity Shares for the year ended 31st March, 1997. Dividend together with corporate dividend tax will absorb Rs. 134.75 Lacs. The Dividend will be Tax free in the hands of Shareholders and Company will bear the tax liability on dividends.

### OPERATIONS

The operating results of the Company in the year under review were encouraging with the turnover having gone up by 34% over the last year. Our products are being well received by very demanding foreign buyers all over the world.

### AWARDS AND ACHIEVEMENTS

In this year also the Company continued to win awards and laurels. During the year under review the Company won following trophies/awards ;

- The Cotton Textiles Export Promotion Council, Bombay awarded a Trophy for excellence in Exports of Cotton Yarn under its 100% EOU Category.
- The Government of Maharashtra awarded a merit recognition for excellence in Exports by way of a certificate.
- The Confederation of Export Units, New Delhi (An apex body of the 100% EOUs) awarded a Trophy in appreciation of excellence in Exports of Cotton Yarn.

- The Company received recognition of maintaining highest standards by way of a licence from Bureau of Indian Standards under its quality system in accordance with IS/ISO 9002 : 1994.

### EXTERNAL COMMERCIAL BORROWING

The Company has been sanctioned a foreign currency loan of US \$ 6.5 Million under External Commercial Borrowing Scheme. The amount will be availed by the Company for its ongoing projects as well as for meeting the long term working capital requirements. The Company has received the necessary approvals from Reserve Bank of India as well as Ministry of Finance for this ECB loan.

### SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the accounts of the subsidiaries of the Company i.e. Eurotex Leasing and Finance Limited and Euroweave Industries Limited are enclosed.

### MERGER

Directors have approved, in principle, the merger of Euroweave Industries Limited into our Company w.e.f. 1st April, 1997. The necessary legal formalities will be complied in consultation with Legal Advisors & Solicitors.

### INDUSTRIAL RELATIONS

The Company has had a cordial and harmonious Industrial Relations at all levels of 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 under Section 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 are annexed and form part of this Report.

### DIRECTORS

In terms of the provisions of the Companies Act, 1956 and Article 104 of the Articles of Association of the Company, Shri Narayan Patodia and Shri Hariprasad Siotia retire from office by rotation and, being eligible, offer themselves for reappointment.

### AUDITORS

The Shareholders are requested to appoint Statutory Auditors for the current year and fix their remuneration by passing Special Resolution u/s 224 A of the Companies Act, 1956.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thankful acknowledgement for various assistances received from the Financial Institutions viz. IDBI, ICICI, IFCI as well as SICOM, our Bankers State Bank of India, Bank of India and the Government of Maharashtra, MSEB and MIDC. Their utmost co-operation and assistance at all levels has contributed in the growth of the exports of the Company which has helped us in earning substantial Foreign Exchange for the country.

On behalf of the Board

Mumbai  
Dated : 23rd July, 1997.

**K. K. PATODIA**  
Chairman

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## 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 Proposals, 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 EARNING AND OUTGO:**

**(f) 1) Activity relating to Exports:  
Cotton Yarn and Fabric Export.**

**2) Initiative taken to increase Exports:**

The Company regularly invites its foreign buyers to visit its mills to show the facilities available therein for manufacturing a world class quality yarn.

**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 always endeavours to explore the possibility of finding new export markets as well.

**4) Export Plan:**

The Company has got its orders book full for the calendar year.

**(g) Total Foreign Exchange used and earned:**

(Rs. in Lacs)

i) CIF Value of Imports	317.01
ii) Expenditure in Foreign Currency	364.11
iii) Foreign Exchange Earned	11622.84

On behalf of the Board

Mumbai  
Dated : 23rd July, 1997.

**K. K. PATODIA**  
Chairman



**EUROTEx  
INDUSTRIES AND EXPORTS  
LIMITED**

**ANNEXURE "A" TO THE DIRECTORS' REPORT** (Contd.)

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

<b>FORM A</b>			
<b>Form for Disclosure of Particulars with respect to Conservation of Energy</b>			
	<b>Production Unit</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>A) POWER AND FUEL CONSUMPTION</b>			
<b>1) Electricity</b>			
a) Purchased Units		33802276	30321002
Total Amount (Rs.)		107,318,393	82080040
Rate/Unit (Rs.)		3.175	2.707
b) Own Generation			
i) Through Diesel Generator			
Units		70740	67060
Units per LTR. of Diesel Oil		3.05	3.02
Cost/Unit (Rs.)		2.23	2.18
ii) Through Steam Turbine/Generator			
Units		---	---
Units per LTR. of Fuel Oil/gas		---	---
Cost/Unit (Rs.)		---	---
<b>2) Coal</b>			
Quantity (in tonnes)		---	---
Total Cost		---	---
Average Rate (Rs.)		---	---
<b>3) Furnace Oil/L.S.H.S.</b>			
Quantity (in K. Ltrs)		---	---
Total Cost		---	---
Average Rate (Rs.)		---	---
<b>4) Others/Internal</b>			
Generation		---	---
Quantity		---	---
Total Amount		---	---
Rate/Unit		---	---
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>1) Electricity (KWH)</b>			
Yarn	Per Kg.	4.80	5.85
<b>2) Furnace Oil/L.S.H.S. (K. Ltrs.)</b>			
Yarn	Per Kg.	---	---
<b>3) Coal (M.T.)</b>			
Yarn	Per Kg.	---	---
<b>4) Others</b>			
Yarn	Per Kg.	---	---
On behalf of the Board			
Mumbai Dated : 23rd July, 1997		K. K. PATODIA Chairman	

<b>FORM B</b>	
<b>Form for Disclosure of Particulars with respect to Technology Absorption</b>	
<b>RESEARCH AND DEVELOPMENT (R &amp; D)</b>	
<b>1) Specific areas in which R &amp; D carried out by the Company:</b>	
R & D activities are being carried out continuously to produce a good quality of Yarn for export.	
<b>2) Benefits derived as a result of the above R &amp; D:</b>	
With the result of the R & D the Company has been able to produce quality Yarn to international standards.	
<b>3) Future Plan of Action:</b>	
The Company continues its efforts to maximise its productivity and also at the same time enhance quality of its products.	
<b>4) Expenditure on R &amp; D</b>	
Expenditure on R & D has been shown under respective heads of expenditure in the Profit and Loss Account as no separate account is maintained.	
<b>TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION</b>	
<b>1) Efforts, in brief, made towards technology absorption and innovation:</b>	
The Company has not utilised any imported technology.	
<b>2) Benefits derived as a result of the above efforts:</b>	
N.A.	
<b>3) Details about import of Technology during the last 5 years:</b>	
N.A.	
On behalf of the Board	
Mumbai Dated : 23rd July, 1997.	
K. K. PATODIA Chairman	



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## 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
<b>A)</b>								
1.	Shri K. K. Patodia	Chairman and Managing Director	53	21,58,375	B.Sc. Textiles (Hons.)	30	1st Oct. 1988	PBM Polytex Ltd. Managing Director
2.	Shri N. Patodia	Managing Director	46	10,42,936	B.E.(Hons) (Mech.)	22	1st Jan. 1990	PBM Polytex Ltd. Executive Director
<b>B) Employees who worked during part of the year and whose remuneration is not less than Rs. 25,000/- p.m.</b>								
Nil								
<b>NOTE :</b>								
1) Remuneration as above includes salary, allowance, commission and other perquisites as approved by the Shareholders of the Company.								
2) Shri K. K. Patodia and Shri Narayan Patodia are related to each other and also to Shri Gopal Patodia, Director of the Company.								
3) The conditions of employment of the Managing Directors are contractual.								
On Behalf of the Board								K. K. PATODIA Chairman
Mumbai Dated : 23rd July, 1997								

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Companies	EUROTEX LEASING AND FINANCE LIMITED	EUROWEAVE INDUSTRIES LIMITED
1) The financial year of the Subsidiary ended on	: 31st March, 1997	31st March, 1997
2) Holding Company's interest :		
Equity Shares of Rs. 10 each fully paid up		
a) Number of Shares	: 1,00,010	1,00,010
b) Extent of Holding	: 99.94%	99.94%
3) Net aggregate Profits or (Losses) for the current financial year since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company.	: (Rs. 2.23 lacs)	No Profit & Loss Account prepared as not required.
4) Net aggregate Profits or Losses for the previous financial year since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the accounts of the Holding Company.	: (Rs. 3.25 lacs)	No Profit & Loss Account prepared as not required.

On Behalf of the Board

**K. K. PATODIA**  
Chairman & Managing Director

**H. P. SIOTIA**  
Director

**G. J. MIRCHANDANI**  
Director

Mumbai  
Dated : 23rd July, 1997

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

**AUDITORS' CERTIFICATE**

We have examined the attached Cash flow Statement of EUROTEX INDUSTRIES AND EXPORTS LIMITED for the year ended 31st March, 1997. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with various stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For **LODHA & COMPANY,**  
Chartered Accountants

**N. KISHORE BAFNA**  
Partner

Mumbai, 23rd July, 1997.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1997 AS PER THE LISTING AGREEMENT**

	1996-97	1995-96
		(Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax and extraordinary items	1,008.35	585.11
<b>Adjustments for:</b>		
Depreciation	409.47	347.15
Interest & Finance Charges	871.04	636.39
Preliminary issue expenses w/off	12.74	12.74
(Profit)/Loss on Sale of Fixed Assets	0.55	(9.29)
Dividend earned	(13.31)	(16.80)
<b>Operating Profit before working capital changes</b>	<b>2,288.84</b>	<b>1,555.30</b>
<b>Adjustments for:</b>		
Trade and other receivables	(47.00)	(351.80)
Inventories	(965.80)	(676.98)
Trade payables	269.39	288.05
<b>Cash generated from operations</b>	<b>1545.43</b>	<b>814.57</b>
Interest and Finance Charges Paid	(871.04)	(636.39)
Direct Taxes paid	(3.66)	(0.38)
<b>Cashflow before extraordinary items</b>	<b>670.73</b>	<b>177.80</b>
Extraordinary items :		
Miscellaneous expenditure	—	(6.25)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>670.73</b>	<b>171.55</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(657.48)	(1,644.70)
Sale of Fixed Assets	6.98	14.38
Purchase of Investments	—	(38.47)
Sale of investments	—	0.01
Dividend received	13.31	16.80
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(637.19)</b>	<b>(1,651.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Equity Share Capital (call money)	—	0.19
Proceeds from issue of Preference Share Capital	—	500.00
Proceeds from long term borrowings	162.50	1,063.43
Dividend paid	(322.72)	(202.16)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(160.22)</b>	<b>1,361.46</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(126.68)</b>	<b>(118.97)</b>
Cash and cash equivalent (Opening)	181.91	300.88
Cash and cash equivalent (Closing)	55.23	181.91

On Behalf of the Board

**K. K. PATODIA**

**H. P. SIOTIA**

**NARAYAN PATODIA**

**G. B. MARATHE**

**K. C. PUROHIT**

**G. J. MIRCHANDANI**

Chairman & Managing Director

Director

Managing Director

Director

Director

Director

**R. K. AGRAWAL**  
Company Secretary

Mumbai, 23rd July, 1997.