

## **EUROTEX INDUSTRIES AND EXPORTS LIMITED**

**100% EXPORT ORIENTED UNIT**

**AN ISO 9002 and**

**Oko-Tex Standard 100 Certificates 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 M. D. Sohani**

*(Nominee of SICOM)*

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

**EXECUTIVES**

**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.

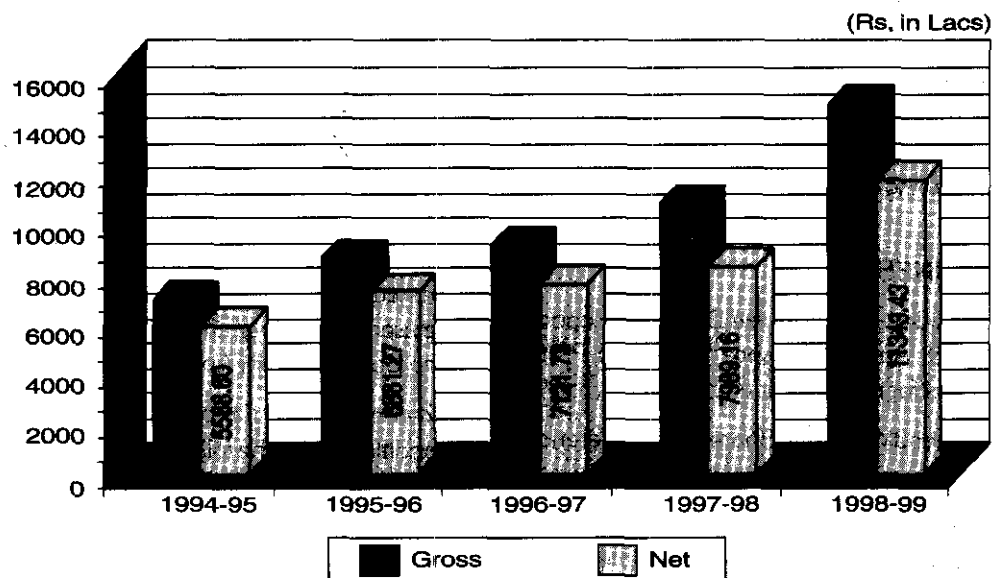
E-1, MIDC, Gokul Shirgaon,  
Taluka Karveer, District Kolhapur - 416 234.  
Maharashtra.

**SHARE TRANSFER AGENT**

**DATAMATICS FINANCIAL SERVICES LIMITED**

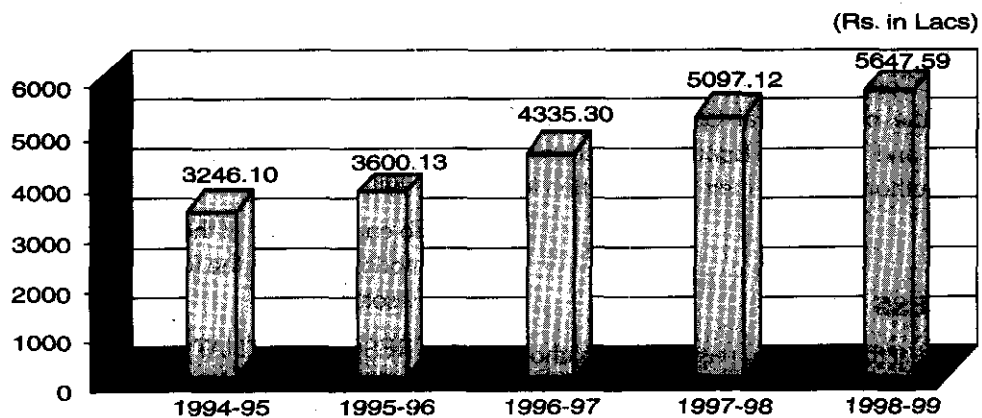
Plot No.A-16/17 MIDC, Part B, Cross Lane,  
Marol, Andheri (East), Mumbai - 400 093.

## FIXED ASSETS (EXCLUDING REVALUATION)



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## NET WORTH (NET OF REVALUATION RESERVE)



**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

## NOTICE

**NOTICE** is hereby given that the 13th Annual General Meeting of the Shareholders of EUROTEX INDUSTRIES AND EXPORTS LIMITED will be held at ISKCON Auditorium, Harekrishna Land, Juhu, Mumbai 400 049 on Saturday, the 25th September, 1999 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, 1999.
- 2) To declare Dividend on Equity Shares and Preference 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 A. R. Garde who retires from office by rotation and, being eligible, offers himself for reappointment.
- 6) To consider and, if thought fit to pass, with or without modification(s), 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

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

"RESOLVED THAT pursuant to provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment of remuneration not exceeding Rs. 19,000/- per month including usual allowances, benefits, amenities and facilities as per Company's Rules to Shri Amit Patodia, a relative of Shri Gopal Patodia, Director, who was appointed as Executive in the Company by the Board of Directors by their resolution passed in their meeting on 20th March, 1998 and whose revised terms of remuneration have been approved by the Board on 29th April, 1999."

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

"RESOLVED THAT in supersession of the Resolution passed in the Extra-Ordinary General Meeting of the Company on 26th October, 1997 and 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 Rajiv Patodia as an Executive Director for a period from 1st April, 1999 upto 30th September, 2002 on the terms of payment of remuneration as fixed in the Board Meeting held on 30th May, 1998.

FURTHER RESOLVED THAT the Board of Directors will have power to approve the change of designation of Shri Rajiv Patodia from time to time as may be decided.

FURTHER RESOLVED THAT the other terms of appointment and remuneration will remain unchanged and will be same as approved in the Company's Extra-Ordinary General Meeting held on 26th October, 1997."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") the existing

Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

The following new clauses be inserted as Articles 51A and 51B after clause 51 in the Articles of Association.

#### **Article 51A - Nomination Facility**

1. Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
2. Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of shareholder or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority.

#### **Article 51B - Transmission of Securities**

1. A nominee, upon production of such evidence as hereinafter provided, may elect, either
  - a. To register himself as holder of the share or debenture as the case may be ; or
  - b. To make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
2. If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a Notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
3. A nominee shall be entitled to the dividend on shares/interest on debentures and other advantages to which he would be entitled if he was the registered holder of the share or debenture, provided that he shall not, before registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with, within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with."

By Order of the Board

Mumbai  
Dated : 23rd July, 1999

**R. K. Agrawal**  
Company Secretary

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

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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) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Resolution as per Item No.6 and the Special Business as per Item No. 7, 8 and 9 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 25th September, 1999.
- g) The Register of Members and the Transfer Books of the Equity Shares will remain closed from Saturday, the 11th September, 1999 to Saturday, the 25th September, 1999 (Both days inclusive).
- h) Pursuant to Section 205A of the Companies Act, 1956 all Unclaimed Dividends upto the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

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

**ITEM NO. 6**

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 any combination by Public Financial Institutions, Government Companies etc., the appointment or re-appointment 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 re-appointing M/s. Lodha & Company as Auditors.

None of the Directors of the Company is in any way, concerned or interested in the Resolution.

**ITEM NO. 7**

The Board of Directors in their meeting held on 29th April, 1999 have passed necessary Resolution for increase in the remuneration payable to Shri Amit Patodia who is a relative of one of the Director of the Company and looks after Export Marketing of the Company. Under the provisions of

Section 314, the payment of remuneration exceeding Rs. 10,000/- per month requires approval of the Shareholders by way of Special Resolution. Hence the Special Resolution is being proposed for necessary approval of the Shareholders.

Shri Gopal Patodia, a Director of the Company being relative of Shri Amit Patodia is deemed to be interested in the Special Resolution. Besides him no other Director of the Company is in any way concerned or interested in the Resolution.

**ITEM NO. 8**

The Board of Directors in their meeting held on 30th March, 1999 have approved the designation of Shri Rajiv Patodia as Executive Director in place of Marketing Director with effect from 1st April, 1999. Since this appointment is within the meaning of provisions of Section 269 of the Companies Act, 1956, it requires approval of the Shareholders in the General Meeting also. The terms and conditions as regards payment of remuneration to Shri Rajiv Patodia will remain same as decided in the Board Meeting earlier held on 30th May, 1998.

The Board accordingly recommends the Resolution at Item No. 8. Shri Rajiv Patodia himself and Shri K. K. Patodia being the relative of Shri Rajiv Patodia are deemed interested in the above said Resolution.

None of the other Directors of the Company is in any way, concerned or interested in the Resolution.

#### **ITEM NO. 9**

The Companies (Amendment) Ordinance, 1999 has prescribed that the shareholders or debenture holders of the Company have an option to nominate a person for the purpose of getting the right of shareholder or debenture holder in the event of his death. Hence the Company is proposing to add the suitable clause for the purpose of

nomination facility in its Articles of Association by altering the Articles of Association.

Section 31 of the Companies Act, 1956, requires that the alteration of Articles of Association can be done only by passing a Special Resolution. Hence the Special Resolution as per Item No. 9 has been proposed.

None of the Directors of the Company is in anyway, concerned or interested in the Resolution.

By Order of the Board

Mumbai  
Dated : 23rd July, 1999

**R. K. Agrawal**  
*Company Secretary*

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 13th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 1999.

	<b>1998-99</b> (Rs. in lacs)	1997-98 (Rs. in lacs)
<b>FINANCIAL RESULTS</b>		
Profit before Interest, Depreciation and Tax	<b>2728.47</b>	2375.67
Less : Interest and Finance Charges	<b>1171.54</b>	858.01
Profit before Depreciation	<b>1556.93</b>	1517.66
Less : Depreciation	<b>621.87</b>	446.50
Profit before Tax	<b>935.06</b>	1071.16
Provision for Income Tax	<b>16.60</b>	1.70
Provision for Wealth Tax	<b>0.67</b>	1.12
Provision for Taxation for earlier year(+)	<b>(0.24)</b>	0.94
Profit for the year	<b>918.03</b>	1067.40
Balance brought forward from previous year	<b>653.09</b>	596.92
Profit available for Appropriation	<b>1571.12</b>	1664.32
Transferred to:		
Capital Redemption Reserve	-	166.00
Interim Dividend Paid on Preference Shares	<b>210.87</b>	191.35
Proposed Dividend on Equity Shares	<b>122.50</b>	122.50
Corporate Dividend Tax	<b>34.56</b>	31.38
Transferred to General Reserve	<b>562.50</b>	500.00
Balance Carried to Balance Sheet	<b>640.69</b>	653.09

### DIVIDEND

Your Directors recommend a Dividend @ 14 % on Equity Shares for the year ended 31st March, 1999. Dividend together with Corporate dividend tax will absorb Rs. 135.98 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 41% over the last year. Our products are being well received by very demanding foreign buyers all over the world.

### AWARDS AND ACHIEVEMENTS

This year too the Company continued to win awards and laurels in continuity. During the year under review, the Company won following trophies/awards/ recognition :

- The Cotton Textiles Export Promotion Council, Bombay has selected the Company for award of TEXPROCIL Silver Trophy for outstanding Export performance in 100% EOU / EPZ Units for the year 1997-98. This trophy is being received by the Company every year from time it was instituted.
- Government of Maharashtra has awarded a Silver Plaque and a Certificate for Export Recognition (first rank) in appreciation of the Company's export achievement in textile products during the year 1997-98.
- The Company has been awarded the Oeko-Tex quality certificate for Cotton Yarn and Knitted Fabric.

*The Company has already received ISO 9002 Certificate for both the Units.*

### PREFERENCE SHARES

During the year under review, the Company redeemed the Preference Shares of Rs. 5 crores to ICICI on due date.

### SUBSIDIARY

As required under Section 212 of the Companies, Act, 1956, the accounts of the subsidiary of the Company i.e. Eurotex Leasing and Finance Limited is enclosed.

As per the Order of Honourable High Court at Mumbai, Euroweave Industries Limited (erstwhile subsidiary) has been merged with our Company w.e.f. 1st April, 1997.

### REPORT OF Y2K COMPLIANCE

The Company has procured a certificate from its EDP Department confirming the Company's Computers' hardware and software system are fully compatible with the year 2000 requirements.

The Company's Registrars, Datamatics Financial Services Limited have also given the necessary Y2K Preparedness Certificate. This may be treated as the compliance by the Board of the Company of the amended provisions of clause no. 32 of the listing agreement with the Stock Exchange.



**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 H.P. Siotia, Shri Rajiv Patodia and Shri A. R. Garde retire from office by rotation and, being eligible, offer themselves for re-appointment.

During the year Shri K. C. Purohit resigned from his office due to his other preoccupations. The Directors place on record their appreciation of the services rendered by Shri K. C. Purohit during his tenure on the Board.

IDBI withdrew the nomination of Shri P. Sitaram from the Board w.e.f. 19th July, 1999. The Directors place on record their appreciation of the services rendered by Shri P. Sitaram during his tenure on the Board.

**AUDITORS**

The Shareholders are requested to appoint Statutory Auditors for the current year as per the Special Resolution u/s 224 A of the Companies Act, 1956, enclosed herewith in the Notice.

**ACKNOWLEDGMENT**

Your Directors wish to place on record their appreciation and thankful acknowledgment for various assistances received from the Financial Institutions viz. IDBI, ICICI, EXIM Bank as well as SICOM and Bank of India, our Bankers State Bank of India, the Government of Maharashtra, MSEB, MIDC and Development Commissioner SEEPZ. 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, 1999

**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.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### (f) 1) Activity relating to Exports:

Cotton Yarn and Fabric Export.

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

The Company regularly sees possibility of developing new qualities to enable 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 always endeavours to explore the possibility of finding new export markets as well.

#### 4) Export Plan:

The Company has got its order books full till the third quarter of the calendar year.

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

(Rs. in Lacs)

i) CIF Value of Imports	<b>640.16</b>
ii) Expenditure in Foreign Currency	<b>634.70</b>
iii) Foreign Exchange Earned	<b>18116.03</b>

On behalf of the Board

### B) TECHNOLOGY ABSORPTION:

#### (e) Efforts made in technology absorption :

Details are provided in Form "B" annexed hereto.

Mumbai

Dated : 23rd July, 1999.

**K. K. PATODIA**

Chairman