

14TH

ANNUAL REPORT 1999-2000

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**EUROTEX INDUSTRIES AND
EXPORTS LIMITED**



EUROTEX INDUSTRIES AND EXPORTS LIMITED

**100% EXPORT ORIENTED UNIT
and Government recognised Trading House.
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**

PRESIDENT

Shri S. K. Mukerjee

COMPANY SECRETARY

Shri R. K. Agrawal

BANKERS

STATE BANK OF INDIA

AUDITORS

LODHA & COMPANY
Chartered Accountants
Mumbai.

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

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

NOTICE

NOTICE is hereby given that the 14th 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 30th September, 2000 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, 2000.
- 2) To declare Dividend on Equity Shares 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 G. J. Mirchandani who retires from office by rotation and, being eligible, offers himself for reappointment.
- 5) 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

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

"RESOLVED THAT the equity shares of the Company be delisted from the Ahmedabad Stock Exchange in accordance with the provisions of the Listing Agreement

and all other relevant Laws, Rules, Regulations and Guidelines (including any statutory modification(s) or re-enactment thereof for the time being in force).

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to agree such terms and conditions which they may consider appropriate and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to the delisting of the Equity Shares from The Ahmedabad Stock Exchange."

- 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 the provisions of Section 81 (1A) of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 or any other Act, Listing Agreement, Rules or Guidelines which may be in force from time to time, the Board of Directors be and is hereby authorised to further issue Redeemable Preference Shares for an amount not exceeding Rs.10 crores on private placement basis to the Banks, Financial Institutions, Mutual Funds or any other investor(s) on such terms and conditions as may be mutually decided between the Company and the investor(s) as regards dividend percentage, duration of the Preference Share period, Redemption Premium or any other relevant terms and conditions.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide and settle all the relevant issues arising out of the above said private placement of Preference Shares."

By Order of the Board

Mumbai
Dated : 21st July, 2000

R. K. Agrawal
Company Secretary

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, 6 and 7 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 and 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 30th September, 2000.
- g) The Register of Members and the Transfer Books of the Equity Shares will remain closed from Friday, the 15th September, 2000 to Saturday, the 30th September, 2000 (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.
- i) Pursuant to the provisions of Section 205A of the Companies Act, 1956, amended, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 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, 1995, 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.
- j) As per the provisions of the amended 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.
- k) The Company intends to enter into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, thereafter, will have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.

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 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. 6

Presently the Company's equity shares are listed on the following Stock Exchanges:

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

Due to on-line dealing in Shares at Mumbai Stock Exchange and National Stock Exchange, the investors can easily deal in the Company's equity shares across the country. For past many years, there were no trading in the Company's equity shares at The Ahmedabad Stock Exchange. The Listing fees paid to The Ahmedabad Stock Exchange plus various other compliances have no resultant benefit for the Company as well as for the

shareholders.

Hence, it is advisable to get the Company's shares delisted from the Ahmedabad Stock Exchange. This will be in the interest of the Company and the Company's investors will not be affected by this move.

In view of the above, the Board recommends the Special Resolution for your approval.

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

ITEM NO. 7

The Company needs long term working capital finance for meeting its requirements of finance for increasing exports volume. In order to provide for long term working capital finance the Board of Directors feel necessary to pass Special Resolution under Section 81 (1A) for giving them the authority for issue of Preference Shares on private placement basis in future as and when required.

In view of the above, the Board recommends passing of the above said Special Resolution.

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

By Order of the Board

Mumbai
Dated : 21st July, 2000

R. K. Agrawal
Company Secretary

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 14th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2000.

	1999-2000 (Rs. in lacs)	1998-1999 (Rs. in lacs)
FINANCIAL RESULTS		
Profit before Interest, Depreciation and Tax	2713.84	2746.54
Less : Interest and Finance Charges	1345.30	1189.61
Profit before Depreciation	1368.54	1556.93
Less : Depreciation	682.85	621.87
Profit before Tax	685.69	935.06
Provision for Income Tax	36.00	16.60
Provision for Wealth Tax	2.18	0.67
Profit for the year	647.51	917.79
Provision for Taxation for earlier year	0.88	(0.24)
Net Profit	646.63	918.03
Balance brought forward from previous year	640.69	653.09
Profit available for Appropriation	1287.32	1571.12
Interim Dividend Paid on Preference Shares	168.99	210.87
Proposed Dividend on Equity Shares	87.50	122.50
Corporate Dividend Tax	37.84	34.56
Transferred to General Reserve	-	562.50
Balance Carried to Balance Sheet	992.99	640.69

DIVIDEND

Your Directors recommend a Dividend @ 10 % on Equity Shares for the year ended 31st March, 2000. Dividend together with Corporate dividend tax will absorb Rs. 106.75 Lacs. The Dividend will be tax free in the hands of Shareholders and the Company will bear the tax liability on such dividend.

OPERATIONS

The turnover in the year under review increased by 7 % over the previous year. However, the profits are under pressure due to increase in cost of raw materials, oil price and interest cost without corresponding increase in the sale price of finished products. The performance of the Company in the first quarter of

the current year has improved and outlook in the current year looks more optimistic.

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/recognitions :

- The Cotton Textiles Export Promotion Council, Mumbai has awarded the Company TEXPROCIL Gold Trophy (first rank) for outstanding Export performance in 100% EOU / EPZ Units category for the year 1998 - 99.
- Government of Maharashtra has awarded a Silver Plaque and a Certificate for outstanding Exports (first rank) in appreciation of the Company's export achievement in textile products during the year 1998 - 99.

Eurotex is accredited with ISO 9002 and Oko-Tex Standard 100 Certification.

PREFERENCE SHARES

During the year under review, the Company redeemed the Preference Shares of Rs.300 lacs.

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.

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 G. J. Mirchandani retire from office by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

The Shareholders are requested to appoint Statutory Auditors for the current year as per the Special Resolution under Section 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, 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 : 21st July, 2000

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 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 EARNINGS AND OUTGO:

(f) 1) Activity relating to Exports:

Cotton Yarn and Fabric Export.

2) Initiative taken to increase Exports:

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

(g) Total Foreign Exchange used and earned:

(Rs. in Lacs)

i) CIF Value of Imports	1264.18
ii) Expenditure in Foreign Currency	721.81
iii) Foreign Exchange Earned	19324.37

On behalf of the Board

Mumbai
Dated : 21st July, 2000.

K. K. PATODIA
Chairman

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

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

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		3,833,827	16,979,934
Total Amount (Rs.)		17,132,883	63,632,754
Rate/Unit (Rs.)		4.47	3.75
b) Own Generation			
i) Through Diesel Generator			
Units		40,407,158	25,581,840
Units per LTR. of Diesel/Furnace Oil		4.03	3.99
Cost/Unit (Rs.)		2.17	1.88
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			
1) Electricity (KWH)			
Yarn Per Kg.		3.72	4.10
2) Furnace Oil/L.S.H.S.		-	-
3) Coal (M.T.)		-	-
4) Others		-	-

On behalf of the Board

Mumbai
Dated : 21st July, 2000

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 Fabrics 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 Fabrics 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) Benefits 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 : 21st July, 2000

K. K. PATODIA
Chairman

**FOURTEENTH
ANNUAL REPORT
1999-2000**



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. 6 lacs or more per year:								
1.	Shri K. K. Patodia	Chairman and Managing Director	56	10,57,200	B.Sc. Textiles (Hons.)	35	1st Oct. 1988	PBM Polytex Ltd. Managing Director
2.	Shri Rajiv Patodia	Executive Director	31	7,49,700	B.Sc. (Finance) (Hons.)	9	1st Oct. 1997	Patodia Syntex Ltd. Managing Director
B) Employees who worked during part of the year and whose remuneration is not less than Rs. 50,000/- p.m. NIL								
NOTE :								
1) Remuneration as above includes salary, allowance, commission and other perquisites as approved by the Shareholders of the Company.								
2) (i) Shri K.K. Patodia is related to Shri Rajiv Patodia, Shri Narayan Patodia and Shri Gopal Patodia, Directors of the Company. (ii) Shri Rajiv Patodia is related to Shri K. K. Patodia, Director of the Company.								
3) The conditions of employment of the Managing Director is contractual.								
								On behalf of the Board
Mumbai Dated : 21st July, 2000								K. K. PATODIA Chairman

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

Name of the Subsidiary Company	EUROTEX LEASING AND FINANCE LIMITED
1) The financial year of the Subsidiary ended on	: 31st March, 2000
2) Holding Company's interest : Equity Shares of Rs. 10 each fully paid up	
a) Number of Shares	: 100070
b) Extent of Holding	: 99.99%
3) Net aggregate Profits or (Losses) for the current financial years since becoming subsidiary so far as concern the Members of the Holding Company, not dealt or provided for in the accounts of the Holding Company.	: (Rs. 0.10 Lacs)
4) Net aggregating Profits or (Losses) for the previous financial years 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. 9.13 Lacs)

On behalf of the Board

Mumbai
Dated : 21st July, 2000

K.K. PATODIA
NARAYAN PATODIA
M. D. SOHANI

Chairman and Managing Director
Managing Director
Director

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2000 AS PER THE LISTING AGREEMENT

	(Rs. in Lacs) 1999-2000	(Rs. in Lacs) 1998-99
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	685.70	935.06
Adjustments for:		
- Depreciation	682.84	621.87
- Foreign Exchange	(95.96)	(20.25)
- Interest & Finance Charges paid	1,345.30	1,189.61
- Preliminary expenses w/off	-	0.37
- (Profit)/Loss on Sale of Fixed Assets	5.25	18.01
- Dividend earned	(11.63)	(14.84)
Operating Profit before working capital changes	2,611.50	2,729.83
Adjustments for:		
- Trade and other receivables	(529.44)	(148.66)
- Inventories	(912.03)	167.27
- Trade payables	483.89	(45.64)
Cash generated from operations	1,653.92	2,702.80
Direct Taxes paid	(39.06)	(17.03)
Cash flow before extraordinary items	1,614.86	2,685.77
Extraordinary items :		
NET CASH FROM OPERATING ACTIVITIES	1,614.86	2685.77
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(971.92)	(1,951.97)
Sale of Fixed Assets	1.73	42.14
Acquisition of Companies	-	(19.85)
Purchase of Investments	-	(41.50)
Sale of investments	-	10.00
Dividend received	11.63	14.84
NET CASH USED IN INVESTING ACTIVITIES	(958.56)	(1,946.34)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
- Redemption of Preference Share Capital	(300.00)	(500.00)
- Proceeds from Preference Shares Application Money	500.00	-
- Proceeds from long term borrowings (Net)	725.59	1,232.51
- Foreign Exchange	95.96	20.25
- Interest and Finance Charges	(1,345.30)	(1,189.61)
- Dividend and Dividend Tax	(323.55)	(366.70)
NET CASH FROM FINANCING ACTIVITIES	(647.30)	(803.55)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9.00	(64.12)
Cash and cash equivalents (Opening)	59.92	124.04
Cash and cash equivalents (Closing)	68.92	59.92

Note: Previous Year's figures have been regrouped/rearranged wherever necessary.

On behalf of the Board

Kolhapur, 21st July, 2000

R. K. AGRAWAL
Company Secretary

K. K. PATODIA
NARAYAN PATODIA
M. D. SOHANI

Chairman and Managing Director
Managing Director
Director

AUDITORS' CERTIFICATE

We have examined the attached Cash flow Statement of EUROTEX INDUSTRIES AND EXPORTS LIMITED for the year ended 31st March, 2000. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement 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

Mumbai, 21st July, 2000.

(N. KISHORE BAFNA)
Partner