

20TH

ANNUAL REPORT

2005 - 2006

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 A. R. Garde

Shri Dharam Paul

Shri M. D. Sohani

Shri D. K. Patel

Shri V. K. Gupta

Shri Pratap Padamshi Dundh

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

COMPANY SECRETARY AND COMPLIANCE OFFICER

Shri R. K. Agrawal

BANKERS

**STATE BANK OF INDIA
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 & E-1, MIDC, Gokul Shirgaon,
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.



NOTICE

NOTICE is hereby given that the 20th 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, 2006 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, 2006.
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. Gopal Patodia who retires from office by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. G. J. Mirchandani who retires from office by rotation and, being eligible, offers himself for reappointment.
6. To appoint auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri. Pratap Padamshi Dundh be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment of Shri K.K. Patodia as Managing Director of the Company for a period of 3 years with effect from 1st October, 2006 to 30th September, 2009 on the terms of payment of remuneration specified hereinafter:

Shri K.K. Patodia shall be paid the following remuneration by way of Salary, Perquisites and

Commission during his tenure as Managing Director:

- a. **SALARY**
Salary of Rs. 1,75,000/- per month, with effect from 1st October, 2006.
- b. **INCENTIVE**
Incentive Allowance upto 10% of the salary as may be determined by the Board from time to time at its own discretion.
- c. **PERQUISITES AS FOLLOWS**
 - i) **Housing:** Rent free accommodation will be provided to the appointee, the perquisite value of which will be considered as per Income Tax Rules. In case no accommodation is provided by the Company, House Rent Allowance subject to a ceiling of 60% of the salary per month shall be paid. In addition, the appointee shall be allowed Company owned furnitures and fixtures, if required.
 - ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
 - iii) All Medical Expenses incurred in India or abroad by the appointee for self and his family shall be reimbursed.
 - iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the rules of the Company.
 - v) Fees of the clubs: Subject to a maximum of two clubs will be allowed. This will not include admission and Life Membership Fees.
 - vi) Personal Accident Insurance and Mediclaim Insurance for self and his family: The premium of which shall not exceed Rs. 40,000 per annum.
 - vii) Contribution to Provident Fund & Contribution to Superannuation or Annuity Fund not exceeding in total @ 25% of the salary.
 - viii) Gratuity: Gratuity at the rate of one month's salary, for each completed year of service.
 - ix) Free use of Company's car for Company's work as well as for personal purpose along with driver.
 - x) Telephone at residence at company's cost.
 - xi) Leave unavailed of to be allowed to be encashed as per the rules of the Company.
 - xii) Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

d. COMMISSION

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

e. MINIMUM REMUNERATION

The above appointee shall be paid the remuneration as stated above as minimum remuneration, in the event of inadequacy of profit subject to the ceiling of minimum remuneration as stated in part II, Section II of Schedule XIII of the Companies Act, 1956 with such modifications as may be therein from time to time, being in force."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment of Shri Narayan Patodia as Managing Director of the Company for a period of 3 years with effect from 1st January, 2007 to 31st December, 2009 on the terms of payment of remuneration specified hereinafter:

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

a. SALARY

Salary of Rs. 1,25,000/- per month, with effect from 1st January 2007.

b. INCENTIVE

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

c. PERQUISITES AS FOLLOWS

i) Housing: Rent free accommodation will be provided to the appointee, the perquisite value of which will be considered as per Income Tax Rules. In case no accommodation is provided by the Company, House Rent Allowance subject to a ceiling of 60% of the salary per month shall be paid. In addition, the appointee shall be allowed Company owned furnitures and fixtures, if required.

ii) The expenditure incurred by the appointee on gas, electricity and water shall reimbursed by the Company.

iii) All Medical Expenses incurred in India or abroad by the appointee for self and his family shall be reimbursed.

iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the rules of the Company.

v) Fees of the clubs: Subject to a maximum of two clubs will be allowed. This will not include admission and Life Membership Fees.

vi) Personal Accident Insurance and Medclaim Insurance for self and his family: The premium of which shall not exceed Rs. 35,000 per annum.

vii) Contribution to Provident Fund & Contribution to Superannuation or Annuity Fund not exceeding in total @ 25% of the salary.

viii) Gratuity: Gratuity at the rate of one month's salary, for each completed year of service.

ix) Free use of Company's car for Company's work as well as for personal purpose along with driver.

x) Telephone at residence at company's cost.

xi) Leave unavailed of to be allowed to be encashed as per the rules of the Company.

xii) Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

d. COMMISSION

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

e. MINIMUM REMUNERATION

The above appointee shall be paid the remuneration as stated above as minimum remuneration, in the event of inadequacy of profit subject to the ceiling of minimum remuneration as stated in part II, Section II of Schedule XIII of the Companies Act, 1956 with such modifications as may be therein from time to time, being in force."

By Order of the Board

Mumbai
Date : 24th June, 2006

R. K. Agrawal
Company Secretary
and Compliance Officer

Registered Office :

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



NOTES

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER
- b. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS 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 Item no. 7, 8 and 9 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 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 19th September, 2006 to 30th September, 2006 (Both days inclusive). For the shares held in dematerialized form, those members whose names appear as beneficial owners as at the closure of the business hours on Monday the 18th September, 2006 as per the details to be furnished by depositories shall be entitled to receive the dividend if sanctioned by the Annual General Meeting.
- g. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividend upto Financial Year ended 31st March, 1997 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet 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, 1999 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, 2000 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	Narayan Patodia	Gopal Patodia	G.J.Mirchandani
Date of Birth	30.10.1951	12.12.1946	15.09.1923
Date of Appointment	16.02.1987	16.02.1987	17.01.1989
Qualification	B.E (Mech.) (Hons.)	B. E. (Chem.) (Hons.)	Graduate
Expertise in specific functional area	He has a vast expertise in manufacturing activities of cotton spinning	He has a vast expertise in cotton & yarn trading. Rich experience in marketing and manufacturing activities of spinning mills.	He is a Textile consultant and an Ex-Director of TEXPROCIL. He has vast experience in the field of Textiles and Export business.
List of Other Directorship held.	Chandramauli Investment Private Limited. Patodia Syntax Limited Suragini Investment Private Ltd.	Shashank Investments Pvt. Ltd. PBM Polytex Ltd. Patodia Syntax Ltd. Trikon Investments Pvt. Ltd. VEE PEE Intradex Pvt. Ltd. Patodia Company Pvt. Ltd.	Nil

Chairman/Member of the Committees of the Board of Directors of the Company. **Member** Shareholders & Investors Grievance Committee

Nil

Member Remuneration Committee
Member Shareholders & Investors Grievance Committee
Nil

Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director.

Nil

Member Shareholders & Investors Grievance Committee

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 2006-2007.

By Order of the Board

Mumbai

Date : 24th June, 2006

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**

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

ITEM NO. 7

Shri Pratap Padamshi Dundh was appointed as an additional Director in the board meeting held on 30th January, 2006. Under section 257 of the Companies Act, 1956 and the Articles of Association of the Company, his appointment is valid only upto this Annual General Meeting.

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

Shri Pratap Padamshi Dundh is interested in the resolution concerning his appointment

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

ITEM NO. 8 & 9

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

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

Accordingly-

- a) The Remuneration Committee has approved re-appointment and payment of remuneration to Shri K.K. Patodia and Shri Narayan Patodia as per the abovesaid special resolutions in their meeting held on 23rd June, 2006.
- b) The Company has not made any default in its Loan obligations.

- c) The Special Resolutions as needed by the above said notification are proposed for approval of the shareholders
- d) The details as required by the above said notification are given hereunder

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

I. General Information:

- 1) *Nature of Industry:*
Manufacturer and Exporter of Cotton Yarn and Knitted Fabrics. (100% EXPORT ORIENTED UNIT and Government recognized Three Star Export House as well as AN ISO 9001 and Oko-Tex Standard 100 Certificate Holder)
- 2) *Date or expected date of commencement of commercial production:*
Unit already in production
- 3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:*
N.A.
- 4) *Financial performance based on given indicators:*
The company started its manufacturing and exports in the year 1989-90 and since then, the Company is continuously earning profits and paying dividends, except for Financial Year 2001-2002 when the Company did not pay dividend on Equity Shares. The Company's last five year's performance is given hereunder:

(Rs. in Lacs)

Particulars	01-02	02-03	03-04	04-05	05-06
Sales	21818	22886	23698	18427	14848
Other Income	63	218	260	153	138
Operating Profit	2464	2636	2607	2029	2056
Interest and Finance Charges	1540	1187	880	812	791
PBBDT	924	1449	1727	1217	1265
Profit Before Tax	159	666	921	422	450
Profit after Tax	111	532	796	444	293
Amount of equity Dividend Paid	-	79	87	87	-
Rate of Dividend declared	-	9%	10%	10%	6%*

* Recommended by the Board of Directors on 24th June, 2006.

- 5) *Export performance and net foreign exchange collaborations:*
The Company is 100% EOU
- 6) *Foreign investments or collaborators, if any:*
No foreign investment. A firm collaboration so far.



II. Information about the appointees:

A. Shri K.K. Patodia

1) *Background Details:*

Shri K.K. Patodia is B.Sc. Textiles (Hons.) and a gold medalist from Punjab University, Chandigarh having a rich and varied experience in the Textile Industry of more than 42 years. He is the Chief Promoter of Eurotex Industries And Exports Limited and is Managing Director from the inception. Prior to this he was Managing Director in PBM Polytex Limited for eight years and earlier has been Managing Director of GTN Textiles Limited for fifteen years. He holds rich experience in the Textile Industry in all the fields including raw material purchases, manufacturing, administration, finance, management and marketing. He has been instrumental in setting up this first 100% Export Oriented Unit in cotton spinning in private sector in India with the latest state of the art technology.

2) *Past remuneration:*

During the Financial Year 2005-06, Shri K.K. Patodia was paid the following remuneration:

Salary	Perqui- sites	P.F./Super- annuation	Comm- ission	Total
15,00,000	13,18,488	3,75,000	-	31,93,488

3) *Recognition or awards:*

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

4) *Job profile and his suitability*

As the Managing director of the Company, Shri K.K. Patodia will have overall managerial responsibility and with his rich experience of more than 42 years of management at top levels in the Textile Industry, he is well suited for the post. He has been handling and monitoring all the activities of the Company including mill management, finance, administration, purchases and marketing. He has been the guiding force resulting in the good performance of the Company both in exports as well as in domestic market. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

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

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

The remuneration committee and the Board of directors of the Company have recognized the profile and rich, diversified experience in the industry of Shri K.K. Patodia. His remuneration is comparable and in level with similar job in Textile industry

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

The Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the Related Parties were in the ordinary course of business and at arms length basis. Shri Gopal Patodia, Shri Narayan Patodia and Shri Rajiv Patodia, the other Directors of the Company are related to Shri K.K. Patodia.

B. Shri Narayan Patodia

1) *Background Details:*

Shri Narayan Patodia is BE Mech. from BITS Pilani. He is the promoter of Eurotex Industries And Exports Limited and its Managing Director from year 1990. Prior to that he was Executive Director in PBM Polytex Limited. He holds rich experience in the Textile Industry in all the fields including raw material purchases, manufacturing, administration, finance management and marketing. He has been instrumental in setting up this first 100% Export Oriented Unit in cotton spinning in private sector in India with the latest state of the art technology.

2) *Past remuneration:*

During the Financial Year 2005-06, Shri Narayan Patodia was paid the following remuneration:

Salary	Perqui- sites	P.F./Super- annuation	Comm- ission	Total
7,20,000	4,92,743	1,80,000	-	13,92,743

3) *Recognition or awards:*

Shri Narayan Patodia has been the Committee Member of Indian Cotton Mills Federation, New Delhi.

4) *Job profile and his suitability*

As the Managing director of the Company, Shri Narayan Patodia will have overall managerial responsibility and with his rich experience of more than 26 years of management at top levels in the Textile Industry, he is well suited for the post. He has been handling and monitoring all the activities of the Company including mill management, finance, administration, purchases and marketing. He has been the guiding force resulting in the good performance of the company both in exports

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

as well as in domestic markets. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

- 5) Remuneration proposed has already been given in detail in Special Resolution proposed earlier.
- 6) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)*

The remuneration committee and the Board of directors of the Company have recognized the profile and rich, diversified experience in the industry of Shri Narayan Patodia. His remuneration is comparable and in level with similar job in Textile industry

- 7) *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.*

The Company has not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the Related Parties were in the ordinary course of business and at arms length basis. Shri K.K. Patodia, Shri Gopal Patodia and Shri Rajiv Patodia, the other Directors of the Company are related to Shri Narayan Patodia.

III. Other Information:

- 1) *Reasons for loss or inadequate profits:*
Not Applicable as the Company is earning profits.
- 2) *Steps taken or proposed to be taken for improvement:*
Not Applicable
- 3) *Expected increase in productivity and profits in measurable terms*
Not possible to quantify

IV. Disclosures:

- 1) The shareholders of the company shall be informed of the remuneration package of the managerial person:
The remuneration package for Shri K. K. Patodia and Shri Narayan Patodia has been enumerated in their respective proposed special resolutions.
- 2) The following disclosures have been mentioned in the Board of Directors report under the heading "Corporate Governance", attached to the annual report:
 - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;

- ii) Details of fixed component and performance linked incentives alongwith the performance criteria;
- iii) Service contracts, notice period, severance fees;
- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;

Shri K. K. Patodia himself and Shri Gopal Patodia, Shri Narayan Patodia and Shri Rajiv Patodia, being the relatives of Shri K. K. Patodia, are concerned or interested in the passing of the abovesaid special resolution at item no. 8.

Shri Narayan Patodia himself and Shri K. K. Patodia and Shri Gopal Patodia being the relatives of Shri Narayan Patodia are interested in the passing of the abovesaid special resolution at item no. 9 of the notice.

Besides above, no other Director is concerned or interested in considering or passing the abovesaid special resolutions mentioned at item no. 8 and 9 of the Notice.

The draft agreements containing the terms of appointment and remuneration payable to Shri K. K. Patodia and Shri Narayan Patodia, Managing Directors are available for inspection by the members of the Company on any working day (except on Saturday, Sunday and any public holiday) at the registered office of the Company between 11:00 a.m. to 1.00 p.m. upto the date of this Annual General Meeting.

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

By Order of the Board

Mumbai
Date : 24th June, 2006

R. K. Agrawal
Company Secretary
and Compliance Officer

Registered Office :

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



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 20th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2006.

	2005-06 (Rs. in lacs)	2004-05 (Rs. in lacs)
FINANCIAL RESULTS		
Profit before Interest, Depreciation and Tax	2062.31	2029.30
Less: Interest and Finance Charges	758.46	811.78
Profit before Depreciation	1303.85	1217.52
Less: Depreciation	815.51	795.77
Profit Before Tax	488.34	421.75
Less: Provision for Income Tax	90.50	24.25
Less: Fringe Benefit Tax	12.64	-
Less: Deferred Tax	67.24	(46.66)
Profit for the year	317.96	444.17
Balance brought forward for previous year	893.79	699.62
Profit available for Appropriation	1211.75	1143.79
Less: Proposed Dividend on Equity Shares	52.50	87.50
Less: Corporate Dividend Tax Transferred to General Reserve	7.36 -	12.50 150.00
Balance Carried to Balance Sheet	1151.89	893.79

OPERATIONS

During the year under review, the Company's net profit after tax has decreased from Rs. 4.44 crores to Rs. 3.18 crores. This fall in profit is mainly due to substantial increase in fuel and energy charges. The Company is trying to evolve an alternate more economical energy policy to help increase the profitability.

On 27th April, 2006 there was a fire at one of its rented cotton Godown situated at Kolhapur. The Company has a full insurance cover for all the godowns. The Company has filed its claim for loss with the Insurance Company and hopes to get it settled soon.

DIVIDEND

Your Directors recommend a Dividend @ 6% on Equity Shares for the year ended 31st March, 2006.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last five 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 throughout the year and overviewed the operations of the Share Transfer Registrars, Response to Investor Grievances, progress of dematerialisation and other matters.

As per Schedule XIII Part II, Section II clause B (IV) the Company is required to provide the following disclosures

- i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;
- ii) Details of fixed component and performance linked incentives alongwith the performance criteria;
- iii) Service contracts, notice period, severance fees;
- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;

The disclosure has been given in the Corporate Governance Report attached to the annual report.

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 endeavor 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 G J Mirchandani, Shri. Narayan Patodia and Shri Gopal Patodia retire from office by rotation and, being eligible, offer themselves for re-appointment.

The Resolutions proposing to re-appoint Shri K.K. Patodia as Managing Director for a further period of three years