

# **23<sup>RD</sup>**

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## **ANNUAL REPORT 2008 - 2009**

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**EUROTEX INDUSTRIES AND  
EXPORTS LIMITED**



## **EUROTEX INDUSTRIES AND EXPORTS LIMITED**

**An ISO 9001 and Oko-Tex Standard 100 Certificate Holder**

**SA 8000 Certified Company**

### **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** *(Upto 28.04.2009)*

**Shri D. K. Patel**

**Shri V. K. Gupta**

**Shri Pratap Padamshi Dundh**

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

## **BANKERS**

**STATE BANK OF INDIA  
BANK OF INDIA  
IDBI BANK LIMITED  
STATE BANK OF PATIALA  
PUNJAB NATIONAL BANK  
STATE BANK OF HYDERABAD  
EXPORT IMPORT BANK OF INDIA  
STATE BANK OF INDORE  
THE DHANALAKSHMI BANK LIMITED**

## **AUDITORS**

**LODHA & COMPANY**  
Chartered Accountants  
Mumbai.

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## **REGISTERED AND HEAD OFFICE**

809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.

## **MILLS**

E-23 & E-1, MIDC, Gokul Shirgaon,  
Kolhapur - 416 234,  
Maharashtra.

## **SHARE TRANSFER AGENTS**

**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 23rd 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 26th September, 2009 at 9.30 A.M. to transact 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, 2009.
2. To appoint a Director in place of Shri Gopal Patodia who retires from office by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri G. J. Mirchandani who retires from office by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Pratap P. Dundh who retires from office by rotation and, being eligible, offers himself for reappointment.
5. 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

6. **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 Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves re- appointment of Shri K.K. Patodia as Managing Director of the Company for a period of three years with effect from 1st October, 2009 to 30th September, 2012 on the terms of payment of remuneration specified hereinafter:

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

a) **SALARY**

Salary of Rs. 1,75,000/- per month, with effect from 1st October, 2009.

b) **INCENTIVE**

Incentive Allowance up to 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 furniture 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.
- 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 and 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 K. K. Patodia 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.

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LIMITED**

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."

7. **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 Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment of Shri Narayan Patodia as Managing Director of the Company for a period of three years with effect from 1st January, 2010 to 31st December, 2012 on the terms of payment of remuneration specified hereinafter:

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

a) **SALARY**

Salary of Rs 1,25,000/- per month, with effect from 1st January, 2010.

b) **INCENTIVE**

Incentive Allowance up to 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 furniture 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.
- 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. 35,000/- per annum.

vii) **Contribution to provident Fund and 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 shall also be entitled to commission, the amount of which will be determined by the Board from time to time based on the net profit 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

Place : Mumbai  
Dated : 26th June, 2009

**G. S. Ramakrishnan**  
Company Secretary

**Registered Office :**  
809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.

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ANNUAL REPORT  
2008-2009**



## 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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- b) THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN 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. 6 & 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 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 Equity shares will be closed from 16th September, 2009 to 26th September, 2009 (Both days inclusive).
- g) Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividends upto Financial Year ended 31st March, 1999 have been transferred to the General Revenue Account of the Central Government.
- h. The Unclaimed Dividends for the financial years ended 31st March, 2000 and 2001 have been transferred to Investor Education and Protection Fund. 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.

Details of Unclaimed Dividend with it's due date of transfer to Investors Education and Protection Fund is as below:

Sr. No.	Year ended	Date of Declaration	Amount in Rs.	Due Date of transfer to IEPF
1.	31.03.2003	27.09.2003	1,46,976.70	26.10.2010
2.	31.03.2004	04.09.2004	1,61,960.00	03.10.2011
3.	31.03.2005	24.09.2005	1,46,834.00	23.10.2012
4.	31.03.2006	30.09.2006	1,24,148.40	29.10.2013

- i. As per the provisions of the Companies Act, 1956, facility for making nominations is 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. Details of the Directors retiring by rotation and seeking re-appointment (in pursuance of Clause 49

of the Listing Agreement) :

Name of Director	Shri Gopal Patodia	Shri G.J.Mirchandani	Shri Pratap Dundh
Date of Birth	12.12.1946	15.09.1923	11.08.1937
Date of Appointment	16.02.1987	17.01.1989	30.09.2006
Qualification	B.E.(Chem.)(Hons)	Graduate	B.Com, LLB
Expertise in specific functional area	He has a vast experience 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.	He has vast experience in Textile Industry in areas of Purchase, Imports and Exports.
List of Other Directorship held.	Shashank Investments Pvt. Ltd. PBM Polytex Ltd. Patodia Syntex Ltd Trikon Investments Pvt. Ltd. VEE PEE Intrades Pvt. Ltd. Patodia Company Pvt. Ltd.	Nil	Patodia Syntex Ltd Maharashtra Fibre and Syntex Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company.	Nil	<b>Member</b> Remuneration Committee. <b>Member</b> Shareholders and Investors Grievance Committee.	Nil
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.	<b>Member</b> Shareholders & Investors' Grievance Committee of PBM Polytex Ltd.	Nil	Nil
Shareholding in the Company	Nil	Shareholder	Shareholder

## 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 Ltd.  
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 2009-2010.

By Order of the Board

Place : Mumbai  
Dated : 26th June, 2009

**G. S. Ramakrishnan**  
Company Secretary

### Registered Office :

809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.



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

**ITEM NO. 6 & 7**

In terms of Govt. of India, Ministry of Law, Justice and Company Affairs, Notification No G.S.R.36(E) dated 16th January, 2002, the provisions of Schedule XIII, Part II, Section II have been amended. As per the amended provisions wherein any financial year, during the currency of 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;

- Payment of remuneration is approved by a resolution passed by the Remuneration Committee;
- 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;
- A special resolution has been passed at the general meeting of the company for payment of remuneration for a period not exceeding three years;
- 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 above said notification.

Accordingly -

- The Remuneration Committee has approved reappointment and payment of remuneration to Shri K. K. Patodia and Shri Narayan Patodia in its meeting held on 26th June, 2009.
- The Company has not made any default in its Loan obligations.
- The Special Resolutions as needed by the above said notification are proposed for approval of the shareholders.
- 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 :**

- Nature of Industry :**  
Manufacturer and Exporter of Yarn and Knitted Fabrics. (Government recognised Three Star Export House as well as AN ISO 9001 and Oko-Tex Standard 100 Certificate Holder)
- Date or expected date of commencement of commercial production :**  
Unit already in production.

- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**  
Not Applicable

- Financial performance based on given indicators:**

The Company started its manufacturing and exports in the year 1989-1990 and since then, the Company is continuously earning profits and paying dividends, except for Financial year 2001-02, 2006-07, 2007-08 and 2008-09 when the Company did not pay dividend on Equity Shares. The Company's last five years' performance is given hereunder:

(Rs. in lacs)

Particulars	04-05	05-06	06-07	07-08	08-09
Sales	18427	14848	16324	13738	12440
Other Income	153	138	389	452	511
Operating Profit	2029	2061	1935	1333	667
Interest and					
Finance charges	812	758	807	904	1111
PBDT	1217	1303	1128	429	(444)
Depreciation	795	815	866	929	962
Profit Before Tax	422	488	262	(500)	(1406)
Profit After Tax	444	318	121	(343)	(1415)
Amount of Equity	87	52	-	-	-
Dividend Paid					
Rate of Dividend					
Declared	10%	6%	-	-	-

- Export performance and net foreign exchange collaborations:**

(Rs. in Crores)

Particulars	2008-09	2007-08
Export	75.74	97.93
Sales	124.47	138.39
Export as Percentage of Sales	60.85%	70.76%

- Foreign Investments or collaborators, if any:**  
No Foreign Investments or firm collaboration so far.

**II. Information about the appointees:**

**A) Shri K. K. Patodia**

- Background details:**

Shri. K K Patodia is B.Sc Textiles (Hons.) and a gold medallist from Punjab University, Chandigarh having a rich and varied experience in the Textile Industry for more than 45 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 8 years and earlier has been Managing Director of GTN Textiles Limited for 15 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 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 2008-09, Shri K. K. Patodia was paid the following remuneration:

(in Rs.)

Salary	Perquisites	PF/Superannuation	Commission	Total
21,00,000	17,90,525	5,25,000	-	44,15,525

3) *Recognition or awards:*

Shri K. K. Patodia has been Vice President of Confederation of Export Units, Western Region. He was also the Managing Committee Member of The Cotton Textile Export Promotion Council. He is also a member of the Managing Committee of TITS College, Bhiwani.

4) *Job profile and his suitability:*

As Managing Director of the Company, Shri K. K. Patodia will have overall managerial responsibility and with his rich experience for more than 45 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.*

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 with respect to the country of his origin)*

The remuneration Committee and the Board of Directors of the Company have recognised the profile and rich, diversified experience in the industry of Shri K. K. Patodia. His

remuneration is commensurate with his experience in the industry 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.

2) *Past remuneration:*

During the Financial year 2008-09, Shri Narayan Patodia was paid the following remuneration :

(in Rs.)

Salary	Perquisites	PF/Superannuation	Commission	Total
15,00,000	3,46,305	3,75,000	-	22,21,305

3) *Job profile and his suitability:*

As Managing Director of the Company, Shri Narayan Patodia will have overall managerial responsibility and with his rich experience for more than 29 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. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

4) *Remuneration proposed has already been given in detail in Special Resolution proposed.*

5) *Comparative remuneration profile with*



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*respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)*

The remuneration Committee and the Board of Directors of the Company have recognised 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.

- 6) *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 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:  
*The loss incurred is mainly due to rise in cotton prices and decline in sale prices on account of global recession and due to wide fluctuation in the foreign exchange.*
- 2) Steps taken or proposed to be taken for improvement:  
*Cost control measures including reduction in input costs, labour and other manufacturing costs.*
- 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, bonus, stock options, pension, etc., of all the directors;
  - ii. Details of fixed component and performance

linked incentives along with 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. 6.

Shri Narayan Patodia himself and Shri K. K. Patodia and Shri Gopal Patodia and Shri Rajiv Patodia being the relatives of Shri Narayan Patodia are concerned or interested in the passing of the abovesaid special resolution at item no. 7 of the notice.

Besides above, no other Director is concerned or interested in considering or passing the abovesaid special resolutions mentioned at item no. 6 & 7 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

Place : Mumbai  
Dated : 26th June, 2009

**G. S. Ramakrishnan**  
Company Secretary

**Registered Office :**  
809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are hereby presenting their 23rd Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2009.

	<b>2008-09</b> <b>(Rs. in lacs)</b>	2007-08 (Rs. in lacs)
<b>FINANCIAL RESULTS</b>		
Profit before Interest, Depreciation and Tax	<b>668.17</b>	1332.32
Less: Interest and Finance Charges	<b>(1111.49)</b>	903.65
Profit/(Loss) before Depreciation	<b>(443.32)</b>	428.67
Less: Depreciation	<b>962.31</b>	928.58
Profit/(Loss) Before Tax	<b>(1405.63)</b>	(499.91)
Less: Provision for Income Tax	-	-
Less: Fringe Benefit Tax	<b>9.79</b>	9.16
Less: Deferred Tax Asset	-	(165.67)
Add: MAT Set off	-	-
Profit/(Loss) for the year	<b>(1415.42)</b>	(343.40)
Balance brought forward from previous year	<b>929.51</b>	1272.91
General Reserve Transferred to Profit & Loss Account	<b>212.95</b>	-
Balance of Profit/(Loss) Carried to Balance Sheet	<b>(272.96)</b>	929.51

## OPERATIONS

During the year the turnover of the Company was Rs.124.47 Crores as compared to Rs.138.38 Crores in the previous year. The Company has suffered a net loss of Rs.14.15 Crores after tax as against a net loss of Rs.3.43 Crores after tax in the previous year. Increase in the loss in the current year is mainly due to a sudden and heavy fluctuation in the exchange rates and also due to rise in cotton prices and decline in sale prices on account of an unprecedented global recession.

## AWARDS

Your Directors are pleased to inform you that your Company has been awarded gold trophy "IMPRESA AWARD-2008". The award was presented by Shri Azeez Khan, Principal Secretary (Industries), Govt. of Maharashtra at a glittering function in Mumbai.

## REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

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

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 form 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 Gopal Patodia, Shri G. J. Mirchandani and Pratap P. Dundh retire from office by rotation and, being eligible, offer themselves for re-appointment.

Appropriate resolutions for the reappointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting which the Board recommends for your approval.

Shri M. D. Sohani, an independent Director has resigned from the Board with effect from 28th April, 2009. The Company is thankful for his able guidance during his tenure as a Director.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent