



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 A. R. Garde

Shri Dharam Paul

Shri D. K. Patel

Shri V. K. Gupta

Shri Pratap Padamshi Dundh

Shri M. L. Bagaria

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

COMPANY SECRETARY

Shri Rahul Rawat

BANKERS

**STATE BANK OF INDIA
BANK OF INDIA
IDBI LIMITED
STATE BANK OF PATIALA
PUNJAB NATIONAL BANK
EXPORT IMPORT BANK OF INDIA**

AUDITORS

LODHA & COMPANY
Chartered Accountants
Mumbai.

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 26th 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 15th September, 2012 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, 2012.
2. To appoint a Director in place of Shri Pratap Padamshi Dundh who retires from office by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri M. L. Bagaria who retires from office by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri A R. Garde 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, 2012 to 30th September, 2015 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, 2012.
- b) **INCENTIVE**
Incentive 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 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.

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 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 reappointment of Shri Narayan Patodia as Managing Director of the Company for a period of three years with effect from 1st January, 2013 to 31st December, 2015 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, 2013.

b) INCENTIVE

Incentive 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 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 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 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.”

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 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 Rajiv Patodia as Executive Director of the Company for a period of three years with effect from 1st October, 2012 to 30th September, 2015 on the terms of payment of remuneration specified hereinafter:

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

a) SALARY

Salary of Rs.75,000/- per month, with effect from 1st October, 2012.

b) INCENTIVE

Incentive 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 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.30,000/- 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 Rajiv 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.

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 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 May, 2012

Rahul Rawat
Company Secretary

Registered Office :

809, Raheja Chambers, 8th 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/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 & 8 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 Registrar, 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 Registrar at the address as mentioned above.
- f) The Register of Members and Transfer Books of Equity shares will be closed from 3rd September, 2012 to 15th September, 2012 (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, 2001, 2003 and 2004 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 are as below:

Sr. No.	Year ended	Date of Declaration	Due Date of transfer to IEPF
1.	31.03.2005	24.09.2005	23.10.2012
2.	31.03.2006	30.09.2006	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 Registrar 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 Pratap P. Dundh	Shri M. L. Bagaria	Shri A. R. Garde
Date of Birth	11.08.1937	04.04.1943	17.08.1936
Date of Appointment	30.09.2006	30.10.2009	20.03.1988
Qualification	B.Com., LLB	B. Sc. Textiles	B.Text from Mumbai University.
Expertise in specific functional area	He has a vast experience in Textile Industry in areas of Purchase, Imports and Exports.	He has sound experience in Textile Industry and associated for the last 27 years with the expansion, modernisation and project implementation in the Industry. He has instrumental in conducting PARTA (Budgetary Controls) Conference of group textile units covering 14 Indian Companies and Overseas Units.	40 years experience in R & D in textile and 20 years of consultancy in technical and managerial areas of cotton based textiles. He was Director of ATIRA and now is advisor to Textile Industries.
List of Other Directorship held	Patodia Syntex Ltd. Maharashtra Fibre and Syntax Ltd.	Shrishti Textiles Pvt. Ltd. Shrishti Tours & Travels Pvt. Ltd.	Nil
Chairman/Member of the Committees of the Board of Directors of the Company	Member Remuneration Committee.	Member Remuneration Committee.	Nil
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director	Nil	Nil	Nil
Shareholding in the Company	1,000	-	1,200

SHAREHOLDERS' INFORMATION

The Company's securities are listed at the following Stock Exchanges :

- Bombay Stock Exchange Ltd.
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai 400 001.
- 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 2012-13.

By Order of the Board

Place : Mumbai
Dated : 26th May, 2012

Rahul Rawat
Company Secretary

Registered Office :

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



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

ITEM NO. 6, 7 & 8

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;

- 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 above said notification.

Accordingly –

- a) The Remuneration Committee has approved reappointment and payment of remuneration to Shri K. K. Patodia, Shri Narayan Patodia and Shri Rajiv Patodia in their meeting held on 26th May, 2012.
- 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 Yarn and Knitted Fabrics. (Government of India recognised Trading 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:*

Not Applicable

- 4) *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, 2008-09, 2009-10 and 2010-11 when the Company did not pay dividend on Equity Shares. The Company's last five years' performance is given hereunder:

(Rs. in lacs)

Particulars	07-08	08-09	09-10	10-11	11-12
Sales	13839	12447	17510	20743	24539
Other Income	559	512	1279	550	3526
PBIDT	1333	667	2237	2677	2955
Interest and					
Finance charges	904	1111	1038	1108	1211
PBDT	429	(444)	1199	1569	1744
Depreciation	929	962	996	992	1003
Profit Before Tax	(500)	(1406)	203	577	741
Profit After Tax	(343)	(1415)	203	574	834
Amount of Equity					
Dividend Paid	-	-	-	-	-
Rate of Dividend					
Declared	-	-	-	-	-

- 5) *Export performance and net foreign exchange collaborations:*

(Rs. in Crores)

Particulars	2011-12	2010-11
Export	172.91	164.02
Sales	245.39	207.43
Export as Percentage of Sales	70.46%	79.08%

- 6) *Foreign Investments or collaborators, if any:*
No Foreign Investments or 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 medallist from Punjab University, Chandigarh having a rich and varied experience in the Textile Industry for more than 48 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 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 2011-12, Shri K. K. Patodia was paid the following remuneration:

(in Rs.)

Salary	Perqui- sites	PF/Super- annuation	Commi- ssion	Total
21,00,000	18,94,002	5,25,000	-	45,19,002

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 48 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 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 one of the promoters 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 2011-12, Shri Narayan Patodia was paid the following remuneration:

(in Rs.)

Salary	Perqui- sites	PF/Super- annuation	Commi- ssion	Total
15,00,000	4,35,382	3,75,000	-	23,10,382

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 of more than 32 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 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 commensurate with his experience in the industry 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 directors of the Company are related to Shri Narayan Patodia.

C) Shri Rajiv Patodia

- 1) *Background details:*

Shri Rajiv Patodia is B.Sc. (Finance) from Babson College, U.S.A. He is having a rich and varied experience in the Textile Industry for more than 20 years. He is one of the Promoters of Eurotex Industries And Exports Limited and is Executive Director. 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 2011-12, Shri Rajiv Patodia was paid the following remuneration:

(in Rs.)

Salary	Perqui-sites	PF/Super-annuation	Comm-ssion	Total
9,00,000	11,02,757	2,25,000	–	22,27,757

- 3) *Job profile and his suitability:*

As Executive Director of the Company, Shri Rajiv Patodia will have overall responsibility and with his rich experience of more than 20 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.

- 4) *Remuneration proposed* has already been given in detail in Special Resolution proposed.
- 5) *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 recognized the profile and rich, diversified experience in the industry of Shri Rajiv Patodia. His remuneration is commensurate with his experience in the industry 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 Narayan Patodia and Shri Gopal Patodia, the directors of the Company are related to Shri Rajiv Patodia.

III. Other Information:

- 1) Reasons for loss or inadequate profits:

The operational loss is mainly due to volatility in cotton prices, decline in sale prices on account of global recession and increase in power cost as well as Manpower Cost.

- 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, Shri Narayan Patodia and Shri Rajiv 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, 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 of the notice.

Shri Narayan Patodia himself, Shri K. K. Patodia, 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.

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

The draft agreements containing the terms of appointment and remuneration payable to Shri K. K. Patodia, Shri Narayan Patodia, Managing Directors and Shri Rajiv Patodia, Executive Director 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 and Executive Director under provisions of Section 302 of the Companies Act, 1956.

By Order of the Board

Place : Mumbai
Dated : 26th May, 2012

Rahul Rawat
Company Secretary

Registered Office :

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



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 26th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2012.

	2011-12	2010-11
	(Rs. in lacs)	(Rs. in lacs)
FINANCIAL RESULTS		
Profit before Finance Cost, Depreciation, Tax (excluding profit on sale of Assets at Calicut)	775.28	2677.18
Less: Finance Costs	1211.22	1107.87
Profit/(Loss) before Depreciation	(435.94)	1569.31
Less: Depreciation	1002.51	992.36
	(1438.45)	576.95
Add: Profit on Sale of Assets at Calicut	2179.27	-
Profit/(Loss) Before Tax	740.82	576.95
Less: Provision for Income Tax	154.85	63.61
Add: Deferred Tax Assets	220.56	-
Add: MAT Credit Entitlement	27.13	61.01
Profit/(Loss) for the year	833.66	574.35
Balance brought forward from previous year	504.26	(70.09)
Balance of Profit/(Loss) Carried to Balance Sheet	1337.92	504.26

OPERATIONS

During the year the turnover of the Company was Rs.245.39 Crores as compared to Rs.207.43 Crores in the previous year. There is a net loss before tax of Rs.14.38 Crores as compared to profit of Rs.5.76 Crores in the previous year from manufacturing operations. However on account of Sale of Assets at Calicut there is a net profit after tax for the year of Rs.8.34 Crores.

AWARDS

Your Directors are pleased to inform you that your Company has been awarded State Level Award by Maharashtra Energy Development Agency (A Government of Maharashtra Institution) for excellence in Energy Conservation and Management in the Textile Sector for the year 2009-10.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last eleven years. The Committee renders valuable services 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 Registrar, response to Investors Grievances, progress of dematerialisation and other matters.

The Company has complied with clause 49 of the Listing Agreement pursuant to SEBI guidelines. Accordingly, report 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 across 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 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 the 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 P. P. Dundh, Shri M.L. Bagaria and Shri A. R. Garde retire from office by rotation and, being eligible, offer themselves for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

prudent so as to give a true and fair view of the State of Affairs of the Company as at March 31, 2012 and of the Net Profit of the Company for the period from April 1, 2011 to March 31, 2012;

3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Lodha & Co., the Statutory Auditors of the company, will retire at the forthcoming Annual General Meeting of the company and, being eligible, offer themselves for re-appointment.

Your Directors request the Shareholders to appoint Statutory Auditors of the Company for the Current Year.

COST AUDITORS

Pursuant to a directive of the Central Government, the

Company is required to subject its Cost Records to Cost Audit in respect of its manufacturing operations every year. Accordingly, M/S A. G. Anikhindi & Co., qualified Cost Auditors have been appointed to carry out audit of the cost accounts maintained by the Company for the year ended 31st March, 2012.

INSURANCE

The Company has taken comprehensive risk cover to insure all the properties of the Company.

ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation and thankful acknowledgement for valuable assistance the Company received from all Lending Bankers.

On behalf of the Board

Place : Mumbai
Date : 26th May, 2012

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 minimize energy cost at all levels. The Company is installing latest energy efficient equipment and motors in place of old ones to reduce energy consumption. The Company has taken the assistance of an expert team of SITRA (South India Textile Research Association), Coimbatore for Energy Conservation.

(b) Additional Investments and Proposal, if any, being implemented for reduction of consumption of energy:

The Company as a policy takes necessary steps for investment in energy saving devices wherever applicable. The Company has conducted a Energy Audit for the entire plant and Baseline Energy Audit under PAT Scheme through ZENITH ENERGY SERVICES appointed by the Bureau of Energy Efficiency (BEE), New Delhi for achieving PAT Targets.

(c) Impact of measures as (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 has derived significant reduction in energy consumption.

(d) Total energy consumption and consumption per unit of production in the prescribed Form "A" attached.

(B) TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption :

Details are provided in Form "B" annexed hereto.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) 1) Activity relating to Exports:

The Company is engaged in Raw cotton, Yarn and Fabric Exports.

2) Initiative taken to increase Exports:

The Company regularly explores possibility of developing new qualities to help increase its exports and find new buyers and new market for its high quality products.

3) Development of new export markets for products and services:

The Company keeps a close association with its traditional and new buyers and explores continuously the possibility of penetration into finding new export markets.

4) Export Plan:

The order books of the Company are sufficiently full at present.

(b) Total Foreign Exchange used and earned:

	(Rs. in Lacs)
i) CIF Value of Imports	517.99
ii) Expenditure in Foreign Currency	305.15
iii) Foreign Exchange Earned (70% of the total sales)	17290.93

On behalf of the Board

Place : Mumbai
Date : 26th May, 2012

K. K. PATODIA
Chairman



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

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

FORM A		
Form for Disclosure of Particulars with respect to Conservation of Energy		
	Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION		
1) Electricity		
a) Purchased Units	4,36,82,790	4,41,56,010
Total Amount (Rs.)	26,79,54,659	23,45,32,448
Rate/Unit (Rs.)	6.13	5.31
b) Own Generation		
i) Through Diesel Generator Units	3,63,650	4,93,230
Units per LTR. of Diesel/Furnace Oil	3.65	3.70
Cost/Unit (Rs.)	47.54	40.48
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		
Per Kg.		
1) Electricity (KWH)		
Yarn	6.26	6.08
2) Furnace Oil/L.S.H.S.		
3) Coal (M.T.)		
4) Others		
On behalf of the Board		
Place : Mumbai	K. K. PATODIA	
Date : 26th May, 2012	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 carried out continuously to produce good quality of Yarns and Fabrics for exports.	
2) Benefits derived as a result of the above R & D:	
With the result of the R & D activities carried out, the Company has been able to produce quality Yarns and Fabrics to international standards.	
3) Future Plan of Action:	
The Company continues its efforts to maximise its productivity and at the same time enhance quality of its products.	
4) Expenditure on R & D:	
N.A.	
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION	
1) Efforts, in brief, made towards technology absorption and innovation:	
The Company has not utilised any imported technology.	
2) Benefit 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	
Place : Mumbai	K. K. PATODIA
Date : 26th May, 2012	Chairman

ANNEXURE "B" TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES - THE INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 OF 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.60 lacs or more per year: NIL								
B) Employees who worked during the part of the year and whose remuneration is not less than Rs. 5 Lacs or more per month: NIL								

On behalf of the Board

Place : Mumbai
Date : 26th May, 2012

K. K. PATODIA
Chairman

Declaration regarding compliance with the Code of Conduct and Ethics Policy of the Company by Board members and senior management personnel

This is to confirm that the Company has adopted Code of Conduct and Ethics Policy for the Board of Directors and Associates of the Company, which is available at our website - www.eurotexgroup.com.

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of

Conduct and Ethics policy of the Company.

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 26th May, 2012

CHIEF EXECUTIVE OFFICER'S CERTIFICATION

To,

The Board of Directors

Eurotex Industries And Exports Limited,

I, the undersigned, in my capacity as Chief Executive Officer of Eurotex Industries And Exports Limited ("the Company"), to the best of my knowledge and belief certify that:

- (a) I have reviewed financial statements and cash flow statement for the year ended 31st March, 2012 and to the best of my knowledge and belief, state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) I further state that, to the best of my knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct as adopted by the Company.
- (c) I am responsible for establishing and maintaining internal controls for financial reporting and I have

evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

- (d) I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and Audit Committee
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 26th May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Development:

The Company is having cotton spinning and knitted fabrics manufacturing unit. Textile is the oldest and most important industry with a high employment potential. The textile industry provides jobs for semi-skilled and unskilled labourers, women in particular, on a large scale in the country.

Eurotex has a state of art modern spinning mills manufacturing and exporting cotton yarn all over the world.

b) Opportunities and Threats:

In the post quota regime, the Indian textile exporters have got very good opportunity for increasing their export of cotton yarn and value added products. Due to very good demand from domestic export oriented garment manufacturers, the cotton yarn manufacturers have got good opportunities in local markets also.

At the same time the Indian textile industry is facing threat from other textile exporting countries due to high power cost, cost of raw materials and rigid labour laws of our country.

c) Segment or productwise performance:

The Company operates primarily in one business segment viz cotton yarn and knitted fabric and has its production facilities and assets located in India. Hence segment-wise or product-wise performance is not given.

d) Outlook, Risks and Concern:

The Company has invested substantially in modernization and upgradation of its production facilities and the Company is poised to take maximum advantage of demand in quality goods in post quota regime.

The exchange rate fluctuations, power cost increase due to increase in oil prices and state grid power rates are the risks and the matters of concern and may adversely affect its profitability.

e) Internal control systems and their adequacy:

The Company has got adequate internal control systems commensurate with its size of all departments.

f) Financial performance with respect to operational performance:

The financial and operational performance are already elaborated in the Directors' Report.

g) Development in Human Resources / Industrial Relations Front:

The Company continued its endeavour in maintaining peace and harmony at all levels of employment in the organization in the year under review.

h) Cautionary Statement:

The statements in the report may be forward looking within the meaning of applicable laws or regulations. These statements are made on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors.

The Company and its Directors assume no responsibility in respect of the forward looking statements herein which may undergo changes in the future on the basis of subsequent developments, information or events.

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 26th May, 2012



CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY OF THE COMPANY ON THE CODE OF CORPORATE GOVERNANCE

The Company believes in highest standards of Corporate Governance and has put in place the systems to comply with all the rules, regulations and requirements mentioned in clause 49 of Listing Agreement. For us effective Corporate Governance is about commitment to values and ethical business conduct which alone can guarantee business success in the long run.

We understand that Corporate Governance is a continuous journey and not a destination. The Company endeavors to achieve transparency, accountability, integrity and responsibility and continues to focus on good Corporate Governance.

Corporate Ethics:

The Company adheres to highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

a. Code of Conduct for Board Members and Senior Management:

The Board of Directors has adopted the Code of Conduct for its members and senior management. The Board highlights Corporate Governance as the cornerstone for the sustained Management Performance, for serving all the stakeholders and for instilling pride in its business dealings.

The Code is applicable to all the Directors and specified Senior Management Executives. The Code impresses upon the Directors and Senior Management Executives to uphold the interest of the Company and its Stakeholders and endeavors to fulfill the fiduciary obligation towards them. The Code also mandates that Directors and Senior Management Executives would uphold highest standards of integrity, honesty and ethical conduct and fairness in their dealings and shall exercise utmost good faith, due care and integrity in performing their duties. The Code of Conduct is posted at the Company's website at www.eurotexgroup.com

b. Code of Conduct for prevention of Insider Trading:

The Company has adopted a Code of Conduct for prevention of insider trading for its Directors and Senior Management Personnel. The Code lays down the guidelines and procedures to be followed, disclosures to be made while dealing with the Shares of the Company. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

2. BOARD OF DIRECTORS

The business of the Company is managed by the Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors and Executive Director manage the day to day operations of the Company.

The Board of Directors comprises of three Executive Directors and Eight Non-Executive Directors. Six of the Directors are Independent Directors.

Name of the Director	Position
----------------------	----------

Shri Krishan Kumar Patodia	Chairman and Managing Director
Shri Narayan Patodia	Managing Director
Shri Rajiv Patodia	Executive Director

Non Executive

Shri H. P. Siotia
Shri Gopal Patodia

Non-Executive & Independent

Shri Dharam Paul
Shri Pratap P. Dundh
Shri D. K. Patel
Shri V. K. Gupta
Shri M. L. Bagaria
Shri A. R. Garde

Total No. of Directors = 11

A. Board Procedure

Board members are given appropriate documents and information in advance of each Board and Committee Meeting to enable the Board to discharge its responsibilities effectively by taking well informed decisions. To enable the Board to discharge its responsibilities effectively, the Managing Director reviews Company's overall performance. The functions performed by the Board includes, in addition to the legal matters compulsorily required to be performed by it, review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Compliance with statutory/regulatory requirements and review of major legal issues
- Approval of quarterly/annual results
- Review of the minutes of the Audit Committee, Shareholders and Investors Grievance Committee and Board Committees
- Matters relating to Foreign Exchange Exposure.

B. Board Meetings and Attendance

During the Financial Year 2011-12 Four Board Meetings were held on 28th May, 2011; 30th July, 2011; 5th November, 2011 & 11th February, 2012. Details of attendance at the Board Meetings, Directorship in other Companies and Membership in Committees thereof of each Director are as follows:

Name of Director	Attendance at the Board Meeting	Attendance at last AGM	Directorship of other Companies	Committee Memberships *Mem- Chamber - irman	
Shri K. K. Patodia Chairman & Managing Director	4	No	10	1	-
Shri H. P. Siotia	3	No	6	3	2
Shri Gopal Patodia	-	No	6	-	-
Shri Narayan Patodia Managing Director	3	No	5	1	-
Shri Rajiv Patodia Executive Director	4	Yes	4	2	-
Shri A. R. Garde	-	No	-	-	-
Shri Dharam Paul	4	Yes	1	2	1
Shri Pratap P. Dundh	2	Yes	2	1	-
Shri D. K. Patel	4	Yes	7	-	-
Shri V. K. Gupta	4	No	-	1	-
Shri M. L. Bagaria	4	No	2	1	-

3. AUDIT COMMITTEE

Board of Directors has formed an Audit Committee which has the following powers:

- a. To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- b. To investigate any activity within its terms of reference.
- c. To Oversee of the Company's Financial Reporting process and the disclosure of its financial statement to ensure that the financial statement is correct, sufficient and credible.
- d. To recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- e. Reviewing with the Management the annual financial statements before submission to the Board.
- f. Reviewing with the Management, external and internal auditors, the adequacy of internal control systems.

- g. Reviewing the Company's Financial and Risk Management policies.
- h. To look into the reasons for substantial defaults in the payment to the depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.
- i. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

MEMBERS: Shri Dharam Paul, Shri H. P. Siotia and Shri V. K. Gupta

CHAIRMAN: Shri Dharam Paul

The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors, Internal Auditors and Cost Auditors attend the Audit Committee Meeting by invitation.

Amongst the Board of Directors, two independent Directors are members of Audit Committee. The Committee has members with sound knowledge of finance, accounting and law. The Committee deals with all matters relating to financial reporting, internal controls, risk management etc. The power and role of the Audit committee is as per guidelines set out in the listing agreement. It meets at least four times in a year and reviews the quarterly and annual financial statements before they are submitted to the Board. The Committee monitors any proposed changes in accounting policy, accounting implications of major transactions, etc. The Committee also closely reviews the adequacy of internal audit controls, formulates and monitors the annual audit plan.

Four Audit Committee meetings were held during the financial year 2011-12. These meetings were held on 28th May, 2011, 30th July, 2011, 5th November, 2011 and 11th February, 2012. The attendance at the meeting is as under:

Name of Members	No. of Meetings Attended
Shri Dharam Paul	4
Shri H. P. Siotia	3
Shri V. K. Gupta	4

Chairman of the Meeting attended the Annual General Meeting held on Saturday, 10th September 2011.

4. REMUNERATION COMMITTEE

MEMBERS : Shri Dharam Paul, Shri H P Siotia, Shri Rajiv Patodia, Shri Pradap P. Dundh (from 30.07.2011) and Shri M. L. Bagaria (from 30.07.2011)

CHAIRMAN : Shri H. P. Siotia (From 11.02.2012)

The Company Secretary acts as the Secretary to the Committee.

Name of Members	No. of Meetings Attended
Shri Dharam Paul	1
Shri H. P. Siotia	1
Shri Rajiv Patodia	1
Shri Pradap P. Dundh	1
Shri M. L. Bagaria	-

(a) Remuneration Policy :

The Remuneration Committee is responsible for devising policy for compensation and benefits of Executive Directors. The remuneration of Managing Directors and Executive Director has been approved under Section 269 read with Schedule XIII of the Companies Act, 1956. The remuneration paid to the Managing Directors and Executive Director is in line with the standards of Textile Industry.

The Executive Directors are paid remuneration in terms of

resolution passed by the members at the General Meeting.

(b) Remuneration paid to Non-Executive Directors for the year ended 31st March, 2012.

The Non-Executive Directors have been paid sitting fees for attending Board/Committee Meeting, at the rate of Rs.5000/- per meeting. No sitting fee is paid for attending Shareholders'/ Investors' Grievance Committee Meeting.

The details of fees paid for attending Board Meeting and Audit Committee for the year ended 31st March, 2012 to the Directors are as follows:

(Amount in Rs.)

Sr. No.	Name of Directors	Board Meeting	Audit Committee
1	Shri H. P. Siotia	15,000/-	15,000/-
2	Shri Dharam Paul	20,000/-	20,000/-
3	Shri D. K. Patel	20,000/-	-
4	Shri V. K. Gupta	20,000/-	20,000/-
5	Shri P. P. Dundh	10,000/-	-
6	Shri M. L. Bagaria	20,000/-	-

(c) Remuneration paid to Executive Directors for the year ended 31st March, 2012;

Name	Shri K. K. Patodia Chairman and Managing Director	Shri Narayan Patodia Managing Director	Shri Rajiv Patodia Executive Director
Salary (Rs.)	21,00,000	15,00,000	9,00,000
Others	24,19,002	8,10,382	13,27,757
Appointment valid upto	30/09/2012	31/12/2012	30/09/2012
Stock Option Details	NIL	NIL	NIL

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

Members : Shri K. K. Patodia, Shri H. P. Siotia, Shri Narayan Patodia and Shri Rajiv Patodia.

Chairman: Shri H. P. Siotia.

The Company Secretary acts as the Secretary to the Committee.

The functions of the Committee include redressal of investors' grievance pertaining to:

- Transfer/transmission of shares.
- Issue of duplicate share certificates.
- Review of shares dematerialised.
- Dividend
- All other matters related to shareholders

During the year 2011- 2012, four meetings were held.

Total number of service requests, enquiries, queries received during the year was twenty five and all of them were resolved. Total number of investor complaints received during the year was three and all of them have been resolved.

Total number of meetings attended by members:

Name of Members	No. of Meetings Attended
Shri K. K. Patodia	4
Shri H. P. Siotia	4
Shri Narayan Patodia	Nil
Shri Rajiv Patodia	4



6. GENERAL BODY MEETINGS :

Details of Annual General Meetings held during the last three years:

Year	AGM/EGM	Location	Date	Time
2011	AGM	"The Shalimar Hotel" August Kranti Marg, Mumbai 400 036	10.09.11	9.30 AM
2010	AGM	"The Residence" An Apartment Hotel Saki Vihar Road Before Nitie, Powai, Mumbai 400 087	04.09.10	9.30 AM
2009	AGM	"The Residence" An Apartment Hotel Saki Vihar Road Before Nitie, Powai, Mumbai 400 087	26.09.09	9.30 AM

Whether special Resolutions :

- | | |
|--|-------|
| (a) Were put through postal ballot last year - | No |
| (b) Details of voting pattern - | N. A. |
| (c) Person who conducted the postal ballot exercise- | N. A. |
| (d) Are proposed to be conducted through postal allot- | No |
| (e) Procedure for postal ballot - | N. A. |

7. DISCLOSURES

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management having potential conflict with the interests of Company at large.

There has not been any non-compliance by the Company and no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, or any matter related to Capital Markets, during the last three years.

Compliance with Clause 49 of the Listing Agreement:

Pursuant to sub-clause VII of clause 49, the Company confirms that it has complied with all mandatory requirements prescribed in Clause 49 of the Listing Agreement. As regards non mandatory requirement the Company has complied with the requirement of Remuneration Committee.

8. MEANS OF COMMUNICATION:

The Company generally publishes the quarterly, half-yearly, nine months and annual audited financial results in *Free Press Journal (National)* and *Nava Shakti (Regional (Marathi) News Papers.*

All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's shares are listed and released to the press

As required by sub-clause IV(F) of clause 49 of the Listing Agreement, Management Discussion and Analysis is provided elsewhere in the Annual Report.

9. SHAREHOLDER'S INFORMATION

1. Annual General Meeting:

- Day, Date and Time : Saturday 15th September, 2012 at 9.30 a.m.
- Venue 'The Residence', An Apartment Hotel, Saki Vihar Road, Before Nitie, Powai, Mumbai – 400 087.

2. Financial Calendar (tentative)

Annual General Meeting: 15th September, 2012

Results for quarter ending 30th June, 2012: First week of August, 2012

Results for quarter ending 30th September, 2012: First week of November, 2012

Results for quarter ending 31st December, 2012: First week of February, 2013

Results for year ending 31st March, 2013: Last week of May, 2013

3. Book closure Date : 3rd September, 2012 to 15th September, 2012 (Both days inclusive)

4. Registered Office : **EUROTEX INDUSTRIES AND EXPORTS LTD.**
809, Raheja Chambers, 8th Floor
213, Nariman Point,
Mumbai 400 021.

5. Listing Details of Equity Shares : a) Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
b) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

Listing fees for the Financial Year 2012-13 has been paid to the Stock Exchanges where the shares of the Company are listed

6. Stock Code 1) 521014 at Bombay Stock Exchange Ltd.
2) EUROTEXIND at National Stock Exchange of India Ltd.

7. Depositories for Equity Shares :

National Securities Depository Ltd. : ISIN
Central Depository Services (India) Ltd.: INE022C01012

8. Stock Performance Stock price Data:

Bombay Stock Exchange Ltd. (BSE)		(In Rs.)
Year	High	Low
April 2011	32.95	27.00
May 2011	34.95	24.05
June 2011	31.10	21.15
July 2011	27.90	21.80
August 2011	25.90	18.05
September 2011	23.80	17.60
October 2011	21.60	16.50
November 2011	23.70	17.55
December 2011	22.30	17.35
January 2012	23.60	18.15
February 2012	25.15	19.85
March 2012	26.00	18.50
National Stock Exchange of India Ltd. (NSE)		(In Rs.)
Year	High	Low
April 2011	33.95	25.75
May 2011	32.75	21.55
June 2011	27.80	21.00
July 2011	27.75	21.00
August 2011	27.00	17.35
September 2011	22.85	17.90
October 2011	20.55	17.05
November 2011	23.95	17.55
December 2011	21.40	17.35
January 2012	22.50	18.25
February 2012	25.40	18.75
March 2012	25.25	19.00

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

9. Comparison of share prices with broad based index like BSE SENSEX: Since the company is in the Textile Industry which does not have proper representation in the BSE SENSEX, the comparison of share prices with BSE SENSEX movement is not given.

10. Registrar & Transfer Agents: Datamatics Financial Services Ltd.
Plot No. A-16/17, MIDC Part B, Marol, Andheri (E) Mumbai 400 093
Phone No.: 022 - 66712156
Fax No.: 022 - 66712161

11. Share Transfer System:

Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agents within 21 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

12. Distribution of shareholding as on March 31, 2012:

No. of Equity Shares	No. of Shareholders	No. of Shares held	% of Share holding
Upto 500	7,128	9,82,064	11.22
501 to 1000	375	3,04,408	03.48
1001 to 2000	149	2,22,920	02.55
2001 to 3000	64	1,60,355	01.83
3001 to 4000	28	97,259	01.11
4001 to 5000	28	1,28,448	01.47
5001 to 10,000	32	2,28,838	02.62
10,001 to 50,000	19	3,83,042	04.38
50,001 and above	8	62,42,531	71.34
Total	7,831	87,49,865	100.00

13. Categories of shareholding as on March 31, 2012:

Category	No. of Shares held	% of Shareholding
Promoters	56,86,599	64.99
Indian Financial Institutions, Banks, Mutual Funds	53,880	0.62
NRIs/OCBs	63,731	0.72
Others	29,45,655	33.67
Total	87,49,865	100.00

14. Dematerialisation of shares and liquidity:

94.65% of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2012. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. April 28, 2001 as per notification issued by Securities and Exchange Board of India (SEBI)

15. The Company promotes ethical behaviour in all business activities and has put in place Whistle Blower Policy.

16. The CEO and the CFO of the Company give certification on financial reporting and internal controls to the Board in terms of Clause 49.

17. Plant Locations : Plot E-23 and Plot E-1, MIDC, Gokulshirgaon, Taluka - Karveer, Kolhapur, 416 234, Maharashtra.

18. Address for correspondence : Eurotex Industries And Exports Ltd. 809, Raheja Chambers, 8th Floor 213, Nariman Point, Mumbai 400 021
Phone : 22041408
Fax : 022-22044139
Email: eurotex@bom3.vsnl.net.in

19. Compliance Officer : Rahul Rawat
Company Secretary
809, Raheja Chambers, 8th Floor 213, Nariman Point, Mumbai 400 021
Phone : 22041408
Fax : 022-22044139

For and on behalf of the Board of Directors

K. K. Patodia
Chairman

Place : Mumbai
Date : 26th May, 2012

and Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
CERTIFICATE**

To The Members of

M/s. Eurotex Industries And Exports Ltd.

We have examined the compliance of the conditions of Corporate Governance by **M/s. Eurotex Industries And Exports Limited ("The Company")**, for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and

according to the explanations given to us and based on the representation given by the management of the Company. we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & CO
Chartered Accountants

A. M. HARIHARAN
Partner

Place : Mumbai
Date : 26th May, 2012

(M. No. 38323)
Firm Regn. No. 301051E



AUDITORS' REPORT

TO

THE MEMBERS

EUROTEX INDUSTRIES AND EXPORTS LIMITED

1. We have audited the attached Balance Sheet of **EUROTEX INDUSTRIES AND EXPORTS LIMITED** as at 31st March, 2012 and also the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the "Act"), we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules 2006, to the extent applicable.
 - e) On the basis of the written representations received from directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director of the Company in term of clause (g) of sub-section (1) of section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accompanying notes to financial statement, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Profit and Loss Statement, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **LODHA & COMPANY**
Chartered Accountants

(A. M. HARIHARAN)
Partner

(M. No. 38323)

Firm Regn. No. 301051E

Place: Mumbai
Date : 26th May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 OF EUROTEX INDUSTRIES AND EXPORTS LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management according to the regular programme of periodical verification in a phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. There were no discrepancies noticed on such physical verification. The Company has disposed off land, buildings and other assets of Calicut unit during the year.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory in-transit have been verified by the management with reference to confirmations or statement of accounts or subsequent receipt of goods.
(b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. There were no discrepancies noticed on verification between the physical stock and book records.
3. The Company has not taken / granted any loans, secured or unsecured, from / to Companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in the Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion, having regard to our comments in para 4 above, the transactions of purchase of inventory and services and sale of inventory/ fixed assets made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 5 lacs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such inventory/ services or the prices at which transactions for similar inventory/ services have been made with other parties.
6. No deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and rules framed there under have been accepted by the company.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. No undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of



more than six months from the date they become payable.

- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following :

Particulars	Forum where the dispute is pending	Year	Amount (in Rs.)
Custom Duty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)	2001, 2004 & 2005	5,31,257
Excise Duty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)	2000 2002 & 2006	13,90,28,284
	Supreme Court of India	2002	2,00,827
Income Tax	Commissioner of Income Tax (Appeals)	A. Y. 2005-06	30,71,506
	High Court, Mumbai	A. Y. 1997-98 2004-05	32,99,287
Sales Tax	Deputy Commissioner (Appeal)	2002 to 2003	63,89,639
	Sales Tax Tribunal	2000	13,03,056
	Joint Commissioner of Sales Tax (Appeal)	2004 to 2005	3,82,20,374

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks & financial institutions during the year.
12. During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
13. The Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
15. During the year, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, in our opinion, the term loans were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the cash flow statements and balance sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. During the year or in the recent past, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the Register maintained under section 301 of the Act.
19. During the year or in the recent past, the Company has not raised any money by way of issue of debentures.
20. The Company has not raised any money by way of public issue during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For **LODHA & COMPANY**
Chartered Accountants

(A. M. HARIHARAN)
Partner

(M. No. 38323)

Firm Regn. No. 301051E

Place : Mumbai
Date : 26th May, 2012.

BALANCE SHEET

As at 31st March, 2012

	<u>Note No.</u>	As at 31st March, 2012 Amount in ₹	As at 31st March, 2011 Amount in ₹
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	8,74,01,835	8,74,01,835
(b) Reserves and Surplus	2	57,44,74,162	49,38,76,502
		66,18,75,997	58,12,78,337
2 NON-CURRENT LIABILITIES			
(a) Long Term Borrowings	3	23,30,76,726	48,97,78,566
(b) Deferred Tax Liabilities (Net)		15,97,24,013	18,17,80,018
3 CURRENT LIABILITIES			
(a) Short Term Borrowings	4	42,33,36,913	47,53,17,458
(b) Trade payables		33,13,82,733	24,51,23,168
(c) Other Current Liabilities	5	7,74,82,898	7,85,97,221
(d) Short Term Provisions	6	1,45,04,678	1,00,86,180
TOTAL		1,90,13,83,958	2,06,19,60,948
II ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	7		
(i) Tangible Assets		85,60,75,456	98,58,12,650
(ii) Capital Work-in-Progress		42,55,262	3,76,873
(b) Non-Current Investments	8	3,18,26,600	3,18,26,600
(c) Long-Term Loans and Advances	9	1,62,56,096	2,52,98,221
(d) Other Non-Current Assets	10	6,10,17,115	5,75,34,115
2 CURRENT ASSETS			
(a) Inventories	11	60,08,95,262	76,94,88,513
(b) Trade Receivables	12	19,81,96,295	9,84,80,464
(c) Cash and Bank Balances	13	3,93,01,894	78,36,345
(d) Short-Term Loans and Advances	14	2,05,82,939	83,98,339
(e) Other Current Assets	15	7,29,77,039	7,69,08,828
TOTAL		1,90,13,83,958	2,06,19,60,948

SIGNIFICANT ACCOUNTING POLICIES AND
OTHER NOTES TO FINANCIAL STATEMENTS

25 & 26

Notes referred to above form an integral
part of the Financial Statements

As per our attached report of even date

For LODHA & COMPANY

Chartered Accountants

(A. M. HARIHARAN)
Partner

(M. No. 38323)
(Firm No. 301051E)

RAHUL RAWAT
Company Secretary

K. K. PATODIA
RAJIV PATODIA
H. P. SIOTIA
DHARAM PAUL
P. P. DUNDH
D. K. PATEL
M. L. BAGARIA

Chairman and Managing Director (CEO)
Executive Director
Director
Director
Director
Director
Director

Mumbai, 26th May, 2012

Mumbai, 26th May, 2012



PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2012

	Note No.	For the Year ended 31st March, 2012 Amount in ₹	For the Year ended 31st March, 2011 Amount in ₹
I REVENUE FROM OPERATIONS	16	2,57,87,27,894	2,11,76,94,168
II OTHER INCOME	17	22,76,09,387	1,15,27,567
III TOTAL REVENUE (I + II)		2,80,63,37,281	2,12,92,21,735
IV EXPENSES :			
Cost of Materials Consumed	18	1,28,51,09,991	1,11,43,05,799
Purchase of Stock-in-Trade	19	43,65,14,061	38,32,15,018
Manufacturing and Operating Costs	20	42,35,82,661	39,04,92,034
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	9,75,55,871	(26,75,10,807)
Employee Benefits Expense	22	17,17,23,849	15,11,74,954
Finance Costs	23	12,11,21,514	11,07,86,692
Depreciation and Amortisation Expense		10,30,04,828	10,21,53,836
Amount Withdrawn from Revaluation Reserve		(27,52,932)	(29,17,856)
Other Expenses	24	9,63,94,932	8,98,27,184
TOTAL EXPENSES		2,73,22,54,775	2,07,15,26,854
V PROFIT FOR THE YEAR		7,40,82,506	5,76,94,881
VI PROFIT FOR THE YEAR BEFORE TAX			
Tax Expenses			
Provision for Taxation		1,54,85,000	63,61,000
Deferred Tax Asset		(2,20,56,005)	-
MAT Credit Entitlement		(27,13,000)	(61,01,000)
Net Tax Expenses		(92,84,005)	2,60,000
VII PROFIT FOR THE YEAR AFTER TAX		8,33,66,511	5,74,34,881
VIII Earnings per Share (of the face value of Rs.10 per equity share)			
Basic and Diluted earning per share		9.53	6.56

SIGNIFICANT ACCOUNTING POLICIES AND
OTHER NOTES TO FINANCIAL STATEMENTS

25 & 26

Notes referred to above form an integral
part of the Financial Statements

As per our attached report of even date

For LODHA & COMPANY

Chartered Accountants

(A. M. HARIHARAN)
Partner

(M. No. 38323)
(Firm No. 301051E)

RAHUL RAWAT
Company Secretary

K. K. PATODIA
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P. P. DUNDH
D. K. PATEL
M. L. BAGARIA

Chairman and Managing Director (CEO)
Executive Director
Director
Director
Director
Director
Director

Mumbai, 26th May, 2012

Mumbai, 26th May, 2012

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(₹ in Lacs)

	2011 - 12	2010 - 11
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax	740.83	576.95
Adjustments for:		
- Depreciation	1,002.52	992.36
- Loss on Dimunation of Fixed Assets (held for disposal)	-	2.75
- Interest & Finance Charges paid	1,211.22	1,107.87
- (Profit)/Loss on Sale of Fixed Assets	(2,190.08)	(7.45)
- Dividend earned	(16.41)	(31.97)
- Provision for wealth-tax	1.89	1.83
Operating Profit before working capital changes	749.97	2,642.34
Adjustments for:		
- Decrease/(Increase) in Trade and other receivables	(1375.44)	(404.57)
- Decrease/(Increase) in Inventories	1,685.93	(2,206.62)
- Increase/(Decrease) in Trade and other payables	914.52	725.89
Cash generated from operations	1,974.98	757.04
Direct Taxes paid	(70.28)	(11.65)
NET CASH FROM OPERATING ACTIVITIES	1,904.70	745.39
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(246.69)	(55.20)
Sale of Fixed Assets	2,665.15	12.89
Dividend received	16.41	31.97
NET CASH USED IN INVESTING ACTIVITIES	2,434.87	(10.34)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
- (Repayment) of Long-Term Borrowings (Net)	(2,586.00)	(22.18)
- (Repayment) / Proceeds of Short-Term Borrowings (Net)	(519.80)	310.75
- Interest and Finance Charges	(1,211.22)	(1,107.87)
NET CASH FROM FINANCING ACTIVITIES	(4,317.02)	(819.30)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22.55	(84.25)
Cash and cash equivalents (Opening)	27.72	111.97
Cash and cash equivalents (Closing)	50.27	27.72

Note:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

2. Previous year's figures have been regrouped / rearranged wherever necessary.

SIGNIFICANT ACCOUNTING POLICIES AND
OTHER NOTES TO FINANCIAL STATEMENTS 25 & 26

Notes referred to above form an integral
part of the Financial Statements

As per our attached report of even date

For LODHA & COMPANY

Chartered Accountants

(A. M. HARIHARAN)
Partner

(M. No. 38323)
(Firm No. 301051E)

Mumbai, 26th May, 2012

RAHUL RAWAT
Company Secretary

K. K. PATODIA
RAJIV PATODIA
H. P. SIOTIA
DHARAM PAUL
P. P. DUNDH
D. K. PATEL
M. L. BAGARIA

Chairman and Managing Director (CEO)

Executive Director

Director

Director

Director

Director

Director

Mumbai, 26th May, 2012



NOTES TO FINANCIAL STATEMENTS

Forming Part of the Balance Sheet as at 31st March, 2012

As at 31st March, 2012	As at 31st March, 2011
Amount in ₹	Amount in ₹

SHAREHOLDERS' FUND

NOTE - 1

SHARE CAPITAL

Share Capital	As at 31st March, 2012		As at 31st March, 2011	
	Number	Rs.	Number	Rs.
Authorised :				
Equity Shares of Rs.10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Preference Shares of Rs.10 each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Issued, Subscribed and Paid-up :				
Equity Shares of Rs. 10 each	87,49,865	8,74,98,650	87,49,865	8,74,98,650
Less : Allotment money receivable (Other than from directors)	-	96,815	-	96,815
	87,49,865	8,74,01,835	87,49,865	8,74,01,835

Right of Equity Shareholders:

Company has only one class of equity shares of par value Rs.10. The holder of this equity share is entitled to one vote per share. In the event of liquidation of the company the holder of equity share will be entitled to receive any of the remaining assets of the company after distribution of the preferential payments. However, no such preferential amounts exist currently. The distribution will be in proportion to the nos. of equity shares held by the shareholders.

Reconciliation of Shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	87,49,865	8,74,98,650	87,49,865	8,74,98,650
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	87,49,865	8,74,98,650	87,49,865	8,74,98,650

Shareholders holding more than 5% Shareholding

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Patodia Syntex Limited	37,07,272	42.37	37,05,772	42.33
PBM Polytex Limited	17,94,490	20.51	13,58,500	15.52

Note:

During previous five years, the company has not issued bonus shares/bought back shares/issued shares for consideration other than cash

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2012

	As at <u>31st March, 2012</u> Amount in ₹	As at 31st March, 2011 Amount in ₹
NOTE - 2		
RESERVES AND SURPLUS		
a) Capital Reserve (Special Capital Incentive) As per last Balance Sheet	40,00,000	40,00,000
b) Capital Redemption Reserve As per last Balance Sheet	32,75,10,000	32,75,10,000
c) Securities Premium Account As per last Balance Sheet	10,05,06,675	10,05,06,675
d) Revaluation Reserve As per last Balance Sheet	1,14,33,893	1,44,07,445
Less : Adjustment on account of revalued assets sold Transferred to Profit and Loss Statement on account of depreciation on revalued amount	15,919	55,696
	<u>27,52,932</u>	29,17,856
	<u>27,68,851</u>	29,73,552
	<u>86,65,042</u>	1,14,33,893
e) Surplus		
Opening Balance	5,04,25,934	(70,08,947)
Add: Profit for the year	8,33,66,511	5,74,34,881
Closing Balance	<u>13,37,92,444</u>	5,04,25,934
	<u>57,44,74,162</u>	49,38,76,502

NOTE - 3
LONG TERM BORROWINGS

a) Secured Loans:

i) Term Loan from Financial Institutions	40,00,000	2,31,27,657
ii) Term Loan from Banks	22,87,76,726	46,63,50,909

b) Unsecured Loans:

Promoter's Contribution	3,00,000	3,00,000
	<u>23,30,76,726</u>	48,97,78,566

Notes:

- 1) Term Loans in (a) (i) and (ii) above are secured by way of first mortgage on immovable properties of the Company, both present and future and a first charge by way of hypothecation of all movable properties of the Company (save and except book debts), both present and future, ranking pari passu interse, and second charge created on some immovable properties at Kolhapur, subject to prior charges created in respect of borrowings from banks.

2) Maturity Profile and Rate of interest on Loans are Set out below:

	Maturity Profile			
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-15</u>	<u>2015-17</u>
Term-Loans - From Financial Institutions Carrying interest rate @3.50% below BPLR	2,96,65,379	1,91,27,657	40,00,000	-
Term Loan From Banks				
Interest Rate @ 1.5% below BPLR	1,20,00,000	2,20,00,000	5,20,00,000	1,95,00,000
Interest Rate @ 3.5% above Base Rate	52,00,000	1,20,00,000	4,00,00,000	5,36,32,109
Interest Rate @ 0.75% below BPLR	60,00,000	1,60,00,000	3,20,00,000	3,16,44,617
Others	1,80,00,000	-	-	-
Total	4,12,00,000	5,00,00,000	12,40,00,000	10,47,76,726
Vehicle Loan	1,60,477	-	-	-
Grand Total	<u>7,10,25,856</u>	<u>6,91,27,657</u>	<u>12,80,00,000</u>	<u>10,47,76,726</u>



NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2012

	As at 31st March, 2012	As at 31st March, 2011
	Amount in ₹	Amount in ₹
CURRENT LIABILITIES		
NOTE - 4		
SHORT TERM BORROWINGS		
a) Working Capital Facilities from Banks	42,33,36,913	47,53,17,458
TOTAL	42,33,36,913	47,53,17,458

Notes:

Working Capital Facilities and non-fund limits of Rs.144.22 lacs (Previous Year Rs.1000.56 lacs) are secured by way of hypothecation of, both present and future, inventories and book debts as well as by way of mortgage of some immovable properties at Kolhapur and second charge created on Company's immovable and other movable assets.

Notes: The above Working Capital Facilities carries interest @ 12% to 17.5%

NOTE - 5

OTHER CURRENT LIABILITIES

a) Current Maturities of Long-Term Debts	6,91,27,657	7,10,25,856
b) Unclaimed Dividend	2,52,288	4,12,800
c) Other Liabilities:		
i) Statutory Dues	24,71,050	30,21,363
ii) Others	31,46,441	21,62,509
d) Interest accrued but not due on loans	87,442	1,82,244
e) Deposits and Credit balance of customers	23,98,020	17,92,449
	7,74,82,898	7,85,97,221

NOTE - 6

SHORT-TERM PROVISIONS

a) Provision for Employees Benefits:		
i) Leave Entitlement	58,89,531	53,52,793
ii) Gratuity Payable	84,36,342	45,64,313
b) Others:		
Provision for Wealth Tax (Net of Advance)	1,78,805	1,69,074
	1,45,04,678	1,00,86,180

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2012

As at
31st March, 2012
Amount in ₹

As at
31st March, 2011
Amount in ₹

NOTE - 7

FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK (At Book Value)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1-4-2011	Add./Adj. during the year	Ded./Adj. during the year	As at 31-03-2012	Upto 01-04-2011	During the year	Ded./Adj. during the year	Upto 31-03-2012	As at 31-03-2012	As at 31-03-2011
1	2	3	4	5	6	7	8	9	10	11
(1) Tangible Assets										
Land : Freehold	4,23,14,107	-	2,99,50,870	1,23,63,237	-	-	-	-	1,23,63,237	4,23,14,107
Land : Leasehold	1,83,91,212	16,75,800	-	2,00,67,012	17,17,891	1,99,984	-	19,17,875	1,81,49,137	1,66,73,321
Buildings	39,69,04,683	12,20,817	1,87,19,287	37,94,06,213	14,81,37,258	1,04,10,141	19,22,448	15,66,24,951	22,27,81,262	24,87,67,425
Plant & Equipment	1,57,91,84,594	1,60,44,213	1,10,89,269	1,58,41,39,538	95,87,74,611	8,47,17,364	1,03,25,371	1,03,31,66,604	55,09,72,934	62,04,09,983
Furniture & Fittings	2,88,29,352	3,68,419	37,553	2,91,60,218	2,23,37,067	11,80,288	32,987	2,34,84,368	56,75,850	64,92,285
Electrical Installations	11,55,12,686	9,42,469	-	11,64,55,155	7,07,28,769	51,69,549	-	7,58,98,318	4,05,56,837	4,47,83,917
Office Equipment	1,69,22,406	5,36,550	29,653	1,74,29,303	1,33,05,638	7,85,900	22,192	1,40,69,346	33,59,957	36,16,768
Vehicles	93,46,233	3,000	7,664	93,41,569	65,91,389	5,41,602	7,664	71,25,327	22,16,242	27,54,844
Total of Tangible Assets	2,20,74,05,273	2,07,91,268	5,98,34,296	2,16,83,62,245	1,22,15,92,623	10,30,04,828	1,23,10,662	1,31,22,86,789	85,60,75,456	98,58,12,650
(2) Capital Work-in-Progress for Tangible Assets										
Previous Year	2,20,81,65,013	56,43,785	64,03,525	2,20,74,05,273	1,12,52,41,958	10,21,53,836	58,03,171	1,22,15,92,623	98,58,12,650	3,76,873

Note:

a) Capital Work-in-Progress comprises

- i) Building Under Constructions
- ii) Pre-operative Expenses

	31,61,323	3,76,873
	10,93,939	-
	42,55,262	3,76,873

b) Leasehold Land and Buildings include Rs.6,77,766; Previous Year Rs.6,77,766 and Rs.11,08,380; Previous Year Rs.11,08,380, respectively being cost of premises in a Co-operative Society held in the name of Managing Director on behalf of the Company.

c) Buildings include Rs.500; Previous Year Rs.500 being the value of ten Shares in a Co-operative Society.

NOTE - 8

NON-CURRENT INVESTMENTS: INVESTMENTS (LONG TERM)

a) **Trade: Quoted**

15,82,347 Equity Shares of Rs.10 each fully paid up in
PBM Polytex Ltd. (At Cost)

	3,09,55,600	3,09,55,600
--	--------------------	-------------

b) **Non-Trade: Quoted**

10,720 Equity Shares of Rs.10 each fully paid up in
IDBI Limited. (At Cost)

	8,71,000	8,71,000
--	-----------------	----------

	3,18,26,600	3,18,26,600
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Notes: Aggregate Market value of quoted investments
Rs.3,95,73,416 (Previous Year Rs.7,67,67,664)



NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2012

	As at 31st March, 2012	As at 31st March, 2011
	Amount in ₹	Amount in ₹
NOTE - 9		
LONG-TERM LOANS AND ADVANCES		
(Unsecured, Considered good) :		
a) Capital Advances	30,65,964	34,71,570
b) Advance Tax / Tax Deducted at Source Net of Provisions for Taxation of Rs.5,85,02,495 (Previous Year Rs.4,30,17,495)	1,11,40,132	1,97,76,651
c) Balance with Government Departments	20,50,000	20,50,000
	1,62,56,096	2,52,98,221

NOTE - 10
OTHER NON-CURRENT ASSETS

a) Security Deposits	3,14,96,820	3,07,26,820
b) Load Factor Incentives / Other Refund Receivable	1,78,06,295	1,78,06,295
c) MAT Credit Receivable	1,17,14,000	90,01,000
	6,10,17,115	5,75,34,115

CURRENT ASSETS

NOTE - 11
INVENTORIES*

(As taken, valued and certified by the management)

a) Raw Materials (Including Goods-in-transit Rs.Nil; Previous Year Rs.Nil)	25,40,57,331	32,60,06,280
b) Stock-in-Process	7,69,26,542	7,34,54,134
c) Finished Goods (Including finished Goods-in-transit for exports Rs.1,88,55,789; Previous Year Rs.1,37,46,493)	22,35,31,122	32,89,17,048
d) Stores, Spares and Fuel (Including Goods-in-transit Rs.Nil; Previous Year Rs.2,16,218)	2,51,08,396	2,29,10,071
e) Packing Materials (Including Goods-in-transit Rs.Nil; Previous Year Rs.Nil)	36,27,146	49,13,902
f) Waste	1,76,44,725	1,32,87,078
	60,08,95,262	76,94,88,513

* Valuation of Inventories : Refer Note 25(7) of Significant Accounting Policies

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2012

	As at 31st March, 2012	As at 31st March, 2011
	Amount in ₹	Amount in ₹
NOTE - 12		
TRADE RECEIVABLES		
(Secured, Considered Good)		
(i) Debts Outstanding for a period exceeding six months from the date they are due for payment	-	-
(ii) Others - Outstanding for the period less than six months from the date they are due for payment	11,04,09,923	7,00,32,119
(Unsecured, Considered Good)		
(i) Debts Outstanding for a period exceeding six months from the date they are due for payment	-	-
(ii) Others - Outstanding for the period less than six months from the date they are due for payment	8,77,86,372	2,84,48,345
	19,81,96,295	9,84,80,464
NOTE - 13		
CASH AND BANK BALANCES		
a) Cash and Cash Equivalents :		
i) Cash in hand	1,96,543	93,290
ii) Balances with Scheduled Banks in Current Account	48,30,063	26,78,555
b) Other Bank Balances :		
i) Unpaid Dividend Account	2,52,288	4,12,800
ii) Margin Money with Banks	-	46,51,700
iii) Fixed Deposits with Banks	3,40,23,000	-
	3,93,01,894	78,36,345
Note: Fixed Deposit kept with banks as collateral security against their term loans		
NOTE - 14		
SHORT-TERM LOANS AND ADVANCES		
(Unsecured and Considered good unless otherwise stated)		
a) Advances to Suppliers	2,05,54,396	83,96,907
b) Balances with Government Authorities	28,543	1,432
	2,05,82,939	83,98,339
NOTE - 15		
OTHER CURRENT ASSETS		
a) Export Incentive Receivable	1,84,18,833	83,12,028
b) MVAT Refund / Sales Tax Refund Receivable	2,73,07,207	3,29,65,289
c) Interest Rebate Receivable	1,10,56,083	1,65,66,315
d) Interest and Other Income Receivable	44,83,553	33,77,736
e) Cenvat Credit Refund Receivable	44,84,245	26,98,116
f) Prepaid Expenses	72,27,118	1,03,64,344
g) Assets Held for Disposal	-	26,25,000
	7,29,77,039	7,69,08,828



NOTES TO FINANCIAL STATEMENTS

Forming Part of the Profit and Loss Account for the year ended 31st March, 2012

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	Amount in ₹	Amount in ₹
NOTE - 16		
REVENUE FROM OPERATION		
1. Sale of Products		
a) Manufactured Goods*	2,00,46,70,347	1,65,14,28,543
b) Traded Goods*	44,91,81,414	42,28,59,119
	2,45,38,51,761	2,07,42,87,662
Less : Excise Duty	80,190	50,829
	2,45,37,71,571	2,07,42,36,833
2. Other Operating Revenue		
a) Export Incentives	9,65,94,037	3,04,31,684
b) Scrap Sales	26,76,780	20,08,991
c) Job Work Processing Charges	2,56,85,506	1,10,16,660
	12,49,56,323	4,34,57,335
	2,57,87,27,894	2,11,76,94,168

* Note: Foreign Exchange Gain included in sales Rs.1,26,62,001;
Previous Year Rs.2,38,49,598

Manufactured Goods:

Yarn	1,77,28,12,327	1,44,13,86,514
Knitted Fabric	3,75,07,619	3,84,38,105
Cotton Waste	19,43,50,401	17,16,03,924

Total Manufactured Goods

2,00,46,70,347 1,65,14,28,543

Traded Goods:

Yarn	36,78,53,099	38,26,21,715
Cotton	6,59,25,158	67,70,601
Cotton Waste	1,54,03,157	3,34,66,803

Total Traded Goods

44,91,81,414 42,28,59,119

NOTE - 17

OTHER INCOME

a) Dividend on Long Term Trade Investments	16,41,307	31,97,304
b) Profit on Sale of Fixed Assets*	21,83,82,541	7,44,507
c) Lease Charges Received	21,51,000	21,96,000
d) Miscellaneous Income	54,34,539	53,89,756
	22,76,09,387	1,15,27,567

* Include profit on sale of Land & Building of Calicut Unit Rs.21,79,27,291

NOTES TO FINANCIAL STATEMENTS

Forming Part of the Profit and Loss Account for the year ended 31st March, 2012

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	Amount in ₹	Amount in ₹
NOTE - 18		
COST OF MATERIALS CONSUMED		
Raw Materials Consumed		
Opening Stock	32,60,06,280	37,06,92,074
Add: Purchases	1,21,31,61,042	1,06,96,20,005
	1,53,91,67,322	1,44,03,12,079
Less: Closing Stock	25,40,57,331	32,60,06,280
	1,28,51,09,991	1,11,43,05,799
Raw Material:		
a) Yarn	1,44,08,502	2,10,65,260
b) Cotton	1,27,07,01,489	1,09,32,40,539
	1,28,51,09,991	1,11,43,05,799
NOTE - 19		
PURCHASE OF STOCK-IN-TRADE		
a) Yarn	35,88,00,840	35,35,28,979
b) Cotton	6,41,54,589	60,86,610
c) Cotton Waste	1,35,58,632	2,35,99,429
	43,65,14,061	38,32,15,018
NOTE - 20		
MANUFACTURING AND OPERATING COSTS		
Stores and Spares Consumed	4,48,52,057	4,73,64,845
Packing Material Consumed	3,07,08,242	2,67,71,445
Power and Fuel	27,24,33,182	23,89,60,774
Freight and Forwarding	6,79,70,108	7,07,02,422
Repairs and Maintenance		
a) Plant and Machinery	41,96,493	33,25,461
b) Buildings	34,22,579	33,67,087
	76,19,072	66,92,548
	42,35,82,661	39,04,92,034
NOTE - 21		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Stock as at Close:		
a) Finished Goods	22,35,31,122	32,89,17,048
b) Stock-in-Process	7,69,26,542	7,34,54,134
c) Waste	1,76,44,725	1,32,87,078
	31,81,02,389	41,56,58,260
Less: Stock as at commencement:		
a) Finished Goods	32,89,17,048	10,43,37,262
b) Stock-in-Process	7,34,54,134	3,91,75,870
c) Waste	1,32,87,078	46,34,321
	41,56,58,260	14,81,47,453
	9,75,55,871	(26,75,10,807)



NOTES TO FINANCIAL STATEMENTS

Forming Part of the Profit and Loss Account for the year ended 31st March, 2012

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	Amount in ₹	Amount in ₹
NOTE - 22		
EMPLOYEES BENEFITS EXPENSE		
Payments to and Provisions for Employees:		
a) Salary, Wages and Bonus	15,35,93,625	13,58,01,356
b) Contribution to Provident and other Funds	1,52,84,959	1,26,64,651
c) Welfare expenses	28,45,265	27,08,947
	17,17,23,849	15,11,74,954
NOTE - 23		
FINANCE COSTS		
a) Interest		
Interest on Loans	12,24,75,690	10,55,45,087
Less: Interest Received	(97,29,576)	(14,70,821)
	11,27,46,114	10,40,74,266
b) Finance Charges	83,75,400	67,12,426
	12,11,21,514	11,07,86,692
NOTE - 24		
OTHER EXPENSES		
Rent	28,08,643	26,18,366
Insurance	79,56,692	65,64,752
Rates and Taxes	21,89,753	22,49,555
Travelling and Conveyance	73,68,922	69,66,143
Brokerage and Commission on Sales	3,33,87,680	2,98,19,821
Directors' Sitting Fees	1,85,000	1,95,000
Repairs and Maintenance: Others	8,39,625	10,46,336
Auditors Remuneration*	5,24,614	4,24,655
Miscellaneous Expenses	4,11,34,003	3,99,42,556
	9,63,94,932	8,98,27,184
* Auditors Remuneration		
i) Statutory Auditor's Remuneration:		
Audit Fees	2,24,720	1,81,995
Tax Audit Fees	56,180	38,605
Certification Fees	96,513	1,04,785
	3,77,413	3,25,385
ii) Cost Auditor's Remuneration:		
Cost Audit Fees	1,12,360	99,270
Certification Fees	34,841	-
	1,47,201	99,270
Total Remuneration	5,24,614	4,24,655

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2012

NOTE - 25

SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention (except for certain revalued fixed assets) on the accounting principles of a going concern and the Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2. Revenue Recognition:

Sale is recognised on the basis of date of dispatch / Bill of lading and as and when significant risks and rewards of ownership are transferred to the customers.

Sales include excise duty and freight, wherever applicable. Claims and Rebates are excluded therefrom.

3. Use of estimates:

The presentation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP), requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of financial statements. Actual results may differ from these estimates. Any revision to accounting estimates is recognised prospectively.

4. Fixed Assets:

a) Buildings, Plant and Machinery and Electrical Installations acquired up to 31st March, 1993 were revalued on 1st April, 1993 and are stated at updated book value less depreciation. Other assets are stated at cost less accumulated depreciation.

b) Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.

5. Depreciation / Amortisation and Impairment loss:

a) Depreciation (including on revalued assets) is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on the amounts 'capitalised during the year on account of foreign exchange fluctuation is provided prospectively over' the residual life of the assets.

b) Leasehold premium is being amortised over the remaining period of lease after the commencement of production.

c) The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is charged to Profit & Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

6. Investments:

Long-Term Investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such Investments.

7. Valuation of Inventories:

a) Inventories are valued at the lower of the cost and net realisable value.

b) Cost of raw materials is determined on specific identification basis.

c) Cost of stores, spares, packing materials and fuel is determined on weighted average basis.

d) Finished goods and work-in-progress include conversion and other costs incurred in bringing the inventories to their present location and condition.



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2012

NOTE - 25 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

8. Employee benefits:

Employee Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

9. Transaction of Foreign Currency Items:

Transaction in Foreign Currency is recorded at the rate of exchange in force at the date of transaction. Foreign Currency assets and liabilities are stated at the rate of exchange prevailing at the year end and resultant gains / losses are recognised in the Profit and Loss Account. Premium / Discount in respect of forward foreign exchange contracts is recognised over the life of the contracts.

10. Government Grants:

Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets and Capital grants for Project Capital Subsidy are credited to Capital Reserve. Other revenue grants are credited to Profit & Loss account or deducted from the related expenses.

11. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

12. Taxation:

Provision for current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable/virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

13. Provisions, Contingent Liabilities and Contingent Assets:

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Contingent Liabilities under various fiscal laws include those in respect of which the Company/ Department is in appeal. Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised or disclosed in the financial statement.

NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

As at
31st March, 2012 As at
31st March, 2011
Amount in ₹ Amount in ₹

NOTE - 26

OTHER NOTES TO FINANCIAL STATEMENTS

1. **Contingent liabilities :**

Contingent liabilities not provided for in respect of :

- a) Amount outstanding in respect of Bills discounted under Export Letter of Credit (Since realised Rs.1032.93 lacs; Previous Year Rs.1548.98 lacs)
- b) Disputed Statutory claims / levies, including, those pending in court and other claims not acknowledged as debts (excluding interest where not ascertained / demanded) in respect of:

22,58,96,119 24,09,97,631

(Amount in Rs. Lacs)

Sr. No.	Particulars	Current Year	Previous Year
a	Sales Tax	461.13	461.13
b	Income Tax	217.02	284.54
c	Excise Duty	1411.79	1411.79
d	Custom Duty	5.31	9.25

2. Commitments:

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs.30,65,964; Previous Year Rs.34,71,570)

3,14,83,676 2,19,11,120

- b) Forex Derivative Instruments:

- i) Details of foreign currency balances hedged:

Particulars	Current Year			Previous Year	
	Foreign Currency Denomination	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs
Assets (Trade Receivable)	USD	21.61	1,104.10	15.69	700.00

- c) Other Significant Commitments: Nil

3. a) The Company's case in the matter of Electricity Charges wrongly claimed by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) from November, 1998 to June, 2008 has been decided favourably by Maharashtra Electricity Regulatory Commission (MERC) and Appellate Tribunal, New Delhi. MSEDCL has filed an appeal before the Supreme Court.
- b) Similarly the High Court of Mumbai has in the matter of Electricity duty on Captive Power Generation has decided in Company's favour and the Government has filed an appeal before the Supreme Court.
- c) The Management foresees only a remote possibility of an outflow of/adjustments to the resources embodying economic benefits, in view of the expert legal opinion in the matters obtained by the Company.



NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

	As at 31st March, 2012	As at 31st March, 2011			
	Amount in ₹	Amount in ₹			
NOTE - 26 (contd.)					
4. Deferred Tax Liability / (Assets) at the year end comprises of timing differences on account of :					
Depreciation	16,59,34,293	19,18,03,777			
Expenditure / Provisions allowable	(62,10,280)	(1,00,23,759)			
Net Deferred Tax Liability	15,97,24,013	18,17,80,018			
5. a) In the opinion of Board, the assets other than Fixed Assets and non-current Investment have a value Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance sheet. The provision for depreciation and other known liabilities is adequate and not in excess of what is required.					
b) The account of certain Trade Receivables loans and advances given / received. Trade Payables and bank accounts are, however, subject to formal conformations and reconciliations, if any. The management, however, is confident that the impact whereof for the year on the financial statements will not be material.					
6. Buildings, Plant & Machinery and Electrical Installations were revalued as on 1st April, 1993 on the basis of reports of approved valuer on market value / replacement cost basis using standard indices after considering the obsolescence and age of individual assets. The revalued amounts (Net of withdrawals) remaining substituted for the historical cost in the gross block of fixed assets at the close of the year are :					
Buildings	7,63,85,599	7,63,85,599			
Plant & Machinery	10,58,09,548	11,45,99,039			
Electrical Installations	1,29,99,743	1,29,99,743			
7. a) Loans & Advances include amount receivable from employees against interest free loan given to them in the ordinary course of business and as per rules of the Company. No repayment schedule or repayment is beyond seven years.	6,84,523	5,45,534			
(Maximum amount due at any time during the year)	8,96,873	9,56,026			
Number of Equity Shares of the Company held by such employees	408	408			
b) Employees Benefits Expense includes one time exgratia paid Rs.53,63,703 (Previous Year Rs.Nil) on account of wage agreement/ Settlement with Unions.					
8. Rates and Taxes (Note 24) include : Provision for Wealth Tax	1,88,856	1,82,981			
9. a) Foreign Exchange difference (net) credited/(debited) to Profit and Loss Account (Included in Sales Rs.126.62 lacs; Previous Year included in sales Rs.238.50 lacs in respect of Packing Credit Facilities / Export bill discounting)	94,23,327	2,45,93,660			
b) Foreign Exchange difference (net) in respect of Foreign Exchange contracts to be Credited/(Debited) to subsequent year's Profit and Loss Account.	60,46,630	28,89,619			
c) Derivative Instruments :					
i) Details of foreign currency balances not hedged:					
	<u>Current Year</u>	<u>Previous Year</u>			
Particulars	Foreign Currency Denomi- nation	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs	Foreign Currency Amount in Lacs	Indian Rupees Equivalent in Lacs
Advances to	USD	2.01	102.49	0.01	0.26
Vendors	EURO	0.39	26.32	0.68	42.64
	JPY	-	-	15.54	8.39
	CHF	-	-	0.05	2.23

NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

NOTE - 26 (contd.)

10. Employee Benefits:

Defined Benefit Plans as per actuarial valuations as on 31.03.2012

Details of Gratuity plan are as follows:

Description	₹ in Lacs	₹ in Lacs
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at 01.04.2011	355.87	321.82
b. Current Service Cost	32.91	30.54
c. Interest Cost	29.90	25.55
d. Actuarial (Gain) / Loss	(15.63)	(17.17)
e. Benefits Paid	(12.23)	(4.87)
f. Obligation as at 31.03.2012	390.82	355.87
2. Change in Plan Assets (Reconciliation of opening and closing balances)		
a. Fair Value of plan assets as at 01.04.2011	310.23	296.36
b. Actual Company Contributions	-	-
c. Expected return on plan assets	24.35	23.55
d. Benefits Paid	(12.23)	(4.87)
e. Actuarial Gain / (Loss)	(16.14)	(5.28)
f. Fair Value of plan assets as at 31.03.2012	306.46	310.23
3. Reconciliation of fair value of assets and obligations		
a. Present value of obligation as at 31.03.2012	390.82	355.87
b. Fair Value of plan assets as on 31.03.2012	306.46	310.23
c. Net liability recognized in the Balance Sheet	(84.36)	(45.64)
4. Expense recognized in the period		
a. Current service cost	32.91	30.54
b. Interest cost	29.90	25.55
c. Expected return on plan assets	(24.35)	(23.55)
d. Actuarial (Gain) / Loss	0.51	(11.89)
e. Expense recognized till 31.03.2012	38.97	20.65
5. Investment Details		
The full amount has been invested in cash accumulation scheme of Insurer Managed Funds		
6. Assumptions	31/03/2012	31/03/2011
a. Discount rate (per annum)	8.70%	8.30%
b. Estimated rate of return on plan assets (per annum)	8.00%	8.00%
c. Rate of escalation in salary (per annum)	5.00%	5.00%



NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

NOTE - 26 (contd.)

11. Related Party disclosures pursuant to Accounting Standard '18':

1. Name of the Parties:

(i) Key Management Personnel:

Shri Krishan Kumar Patodia (Chairman and Managing Director)

Shri Narayan Patodia (Managing Director)

Shri Rajiv Patodia (Executive Director)

(ii) Other Related Parties (Associates), where transactions have taken place during the year:

PBM Polytex Limited

Patodia Syntex Limited

Eurospin Industries Limited

2. Transactions with Related Parties :

(₹ in Lacs)

Sr. No.	NAME OF PARTIES	2011-12	2010-11
1	KEY MANAGERIAL PERSONNEL :		
	DIRECTORS REMUNERATION		
	Shri Krishan Kumar Patodia	45.19	45.25
	Shri Narayan Patodia	23.10	23.31
	Shri Rajiv Patodia	22.28	20.87
2	OTHER RELATED PARTIES (ASSOCIATES) :		
	PURCHASE OF GOODS & MATERIAL		
	PBM Polytex Ltd.	2,638.34	1,919.56
	SALE OF GOODS AND MATERIAL		
	PBM Polytex Ltd.	3.69	12.05
	Patodia Syntex Ltd.	1.20	76.52
	DIVIDEND INCOME ON SHARES		
	PBM Polytex Ltd.	15.82	31.65
	PURCHASE OF FIXED ASSETS		
	PBM Polytex Ltd.	41.00	-
	RENT RECEIVED		
	PBM Polytex Ltd.	0.36	0.36
	Eurospin Industries Ltd.	0.15	0.60
	PRESSING CHARGES PAID		
	Patodia Syntex Ltd.	40.43	33.16
	JOB WORK CHARGES RECEIVED		
	Patodia Syntex Ltd.	7.64	12.28
	REIMBURSEMENT OF EXPENSES		
	Eurospin Industries Ltd.	0.65	2.68

NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

NOTE - 26 (contd.)

(₹ in Lacs)

Sr. No	CLOSING BALANCE OF RELATED PARTIES	2011-12	2010-11
	PAYABLE :		
	PBM Polytex Ltd.	0.04	0.09
	Patodia Syntex Ltd.	3.80	5.91
	Eurospin Industries Ltd.	-	0.09
	Patodia Syntex Ltd. (Promoter's Contribution)	3.00	3.00
	RECEIVABLE :		
	Patodia Syntex Ltd.	-	0.08
	INVESTMENT :		
	PBM Polytex Ltd.	309.56	309.56

Note : 1. Related party relationship is as identified by the Company and relied upon by the Auditors.

2. No amounts in respect of related parties have been written off/written back during the year, nor any provision has been made for doubtful debts/receivables.

12. In terms of Accounting Standard 17, the Company operates primarily only in one business segment Viz. Cotton yarn and has its production facilities and all other assets located in India. Sales comprises exports sales of Rs.17,637.48 lacs (Previous year Rs.16,818.30 lacs) and Domestic sales of Rs.6,927.81 lacs (Previous year Rs.3,944.67 lacs).

13. Earnings per share (EPS) is calculated as under:

	As at 31st March, 2012 Amount in ₹	As at 31st March, 2011 Amount in ₹
Basic and Diluted EPS after Taxation		
Numerator:		
Net Profit after Taxation as disclosed in Profit & Loss account	8,33,66,511	5,74,34,881
Denominator:		
Average No. of Equity Shares outstanding during the year	87,49,865	87,49,865
Earnings Per Share (EPS)	9.53	6.56
The nominal value per Equity Share is Rs.10		

14. **Additional Information pursuant to Revised Schedule VI to the Companies Act, 1956:**

	2011 - 12			2010 - 11		
	Percentage	Kgs.	Amount in ₹	Percentage	Kgs.	Amount in ₹
a) Consumption of Raw Material (Indigenous)						
Cotton	95.52	1,00,14,454	1,22,75,65,827	90.80	1,02,35,112	1,01,17,65,608
Cotton Yarn (Imported)	1.12	53,205	1,44,08,502	1.89	89,824	2,10,65,260
Cotton Yarn	3.36	4,13,236	4,31,35,662	7.31	8,24,877	8,14,74,931
	0.00	-	-	0.00	-	-
	100.00	1,04,80,895	1,28,51,09,991	100.00	1,11,49,813	1,11,43,05,799
b) Stores, Spares and Packing Material Consumed:						
Imported	24.18		1,82,69,178	18.96		1,40,55,944
Indigenous	75.82		5,72,91,121	81.04		6,00,80,346
	100.00		7,55,60,299	100.00		7,41,36,290



NOTES

Forming Part of the Accounts for the year ended 31st March, 2012

NOTE - 26 (contd.)

	<u>2011 - 12</u> Amount in ₹	<u>2010 - 11</u> Amount in ₹
c) Value of Imports Calculated on CIF basis :		
Raw Materials	2,72,55,461	4,76,60,819
Components and spare parts	1,78,26,096	96,12,350
Capital Goods	67,17,226	-
	<u>5,17,98,783</u>	<u>5,72,73,169</u>
d) Earnings in Foreign Exchange :		
F.O.B. value of goods exported	1,72,90,93,171	1,64,01,75,247
e) Expenditure in Foreign Currency :		
Commission	2,72,00,526	2,87,01,307
Others	33,14,129	41,51,537
	<u>3,05,14,655</u>	<u>3,28,52,844</u>

15. Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

		(Amount in ₹)	
Sr.No.	Particulars	2011-12	2010-11
a)	Principal amount remaining unpaid	18,33,806	18,31,936
b)	Interest paid in terms of Section 16	-	-
c)	Interest due and payable for the period of delay in payment	-	-
d)	Interest accrued and remaining unpaid	-	-
e)	Interest due and payable even in succeeding years	-	-

The Company has compiled the above information based on verbal/written confirmations from suppliers. As at the year end, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration under the Micro, Small and Medium Enterprises Development Act, 2006.

16. Previous years' figures have been regrouped / rearranged wherever necessary to conform with current year's presentation.

Signatures to Notes '1' to '26'

RAHUL RAWAT
Company Secretary

K. K. PATODIA
RAJIV PATODIA
H. P. SIOTIA
DHARAM PAUL
P. P. DUNDH
D. K. PATEL
M. L. BAGARIA

Chairman and Managing Director (CEO)
Executive Director
Director
Director
Director
Director
Director

Mumbai, 26th May, 2012

Mumbai, 26th May, 2012