



EUROTEX INDUSTRIES AND EXPORTS LIMITED

An ISO 9001 and Oko-Tex Standard 100 Certificate Holder

SA 8000 Certified Company

BOARD OF DIRECTORS

Shri Krishan Kumar Patodia

Chairman and Managing Director

Shri Hariprasad Siotia

Shri Gopal Patodia

Shri Narayan Patodia

Managing Director

Shri Rajiv Patodia

Executive Director

Shri Gurmukh J. Mirchandani

Shri A. R. Garde

Shri Dharam Paul

Shri D. K. Patel

Shri V. K. Gupta

Shri Pratap Padamshi Dundh

Shri M. L. Bagaria

BANKERS

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

AUDITORS

LODHA & COMPANY
Chartered Accountants
Mumbai.

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 24th 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 4th September, 2010 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, 2010.
2. To appoint a Director in place of Shri A. R. Garde, who retires from office by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri D. K. Patel, who retires from office by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri V. K. Gupta, 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.

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 THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business for Item No. 6 is annexed hereto.
- d. Members holding more than one Share Certificate in the same name under different ledger folios are requested to apply for the consolidation of such folios and send the relevant Share Certificates to the Registrars, M/s. Datamatics Financial Services Ltd., Plot No. A-16/17 MIDC, Part B, Cross Lane, Marol, Andheri(East), Mumbai 400 093.
- e. Members are requested to notify immediately any change in their address to the Registrars at the address as mentioned above.
- f. The Register of Members and the Transfer Books of Equity Shares will be closed from 23rd August, 2010 to 4th September 2010 (Both Days inclusive).
- g. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividends upto Financial Year ended

SPECIAL BUSINESS

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

"RESOLVED THAT Shri M. L. Bagaria, who was appointed as an Additional Director with effect from 30th October, 2009 on the Board of the Company in terms of Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting, and in respect of whom a Notice has been received from a Member in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

Place: Mumbai
Date : 29th May, 2010

G. S. Ramakrishnan
Company Secretary

Registered Office :

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

31st March, 1999 have been transferred to the General Revenue Account of the Central Government.

- h. The unclaimed dividend for the financial years ended 31st March, 2000 and 2001 have been transferred to Investor Education and Protection Fund. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie in respect of such amount against the company.

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

Sr. No.	Year ended	Date of Declaration	Due Date of transfer to IEPF
1.	31.03.2003	27.09.2003	26.10.2010
2.	31.03.2004	04.09.2004	03.10.2011
3.	31.03.2005	24.09.2005	23.10.2012
4.	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 Registrars and Transfer Agents.
- j. Details of the Directors retiring by rotation and seeking

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

re-appointment (in pursuance of Clause 49 of the Listing Agreement):

Name of Director	Shri A. R. Garde	Shri D. K. Patel	Shri V. K. Gupta
Date of Birth	17.08.1936	20.10.1947	14.02.1943
Date of Appointment	20.03.1998	29.07.2003	29.07.2003
Qualification	B.TEXT from Mumbai University	B. E. Chemical Engineering from IIT, Kanpur.	B.TEXT and TEP from Darden University of Virginia
Expertise in specific functional area and Years	43 Years in R & D in Textile. 23 Years of consultancy in technical and managerial areas of cotton based textiles. He was Director of ATIRA for 7 yrs. and now is advisor to Textile Industries and author of books on Management.	He was General Manager SICOM Limited and now is Financial Advisor to various Companies.	44 years association with various Textile and Synthetic Fibre Industries at Senior level positions. Presently, Technical Advisor to Century Enka Ltd. and Century Rayon
List of Other Directorship held.	Nil	Malladi Drugs & Pharmaceuticals Ltd. Godavari Drugs Ltd. Celestial Biologicals Ltd. Polyster Plastics Pvt. Ltd. Minex Metallogical Co. Ltd. Solar Industries Ltd.	Nil
Chairman/Member of the Committees of the Board of Directors of the Company.	None	None	Audit Committee Member.
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.	None	Malladi Drugs & Pharmaceuticals Ltd. Remuneration Committee. Godavari Drugs Ltd., Polyster Plastics Pvt. Ltd. - Audit Committee Chairman. Shareholders & Grievance Committee - Member. Solar Industries Ltd.- Audit Committee Member.	None
Shareholding in the Company	Shareholder	Nil	Nil

SHAREHOLDER INFORMATION

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

- 1) The Stock Exchange, Mumbai
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001.
- 2) National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai 400 051.

The Company has paid Annual Listing fees to each of the above Stock Exchanges for the Financial Year 2010-2011.

By Order of the Board

Place : Mumbai
Dated : 29th May, 2010

G. S. Ramakrishnan
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

Shri M. L. Bagaria was appointed as Additional Director of the Company with effect from 30th October, 2009, in accordance with the provisions of Section 260 of the Companies Act, 1956. Pursuant to Section 260 of the Companies Act, 1956, Shri M. L. Bagaria holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice from a Member of the Company under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director.

Information about the appointee:

Background details:

Shri M. L. Bagaria is B.Sc Textiles, started his career with Shri B.K. Birla Group and later was transferred to A.V. Birla Group. He has worked in different units within the group from 1965 to 2002 and rose to the level of unit head. From May, 2002 to April, 2004 he worked as Director in Harshit Textiles/Takshila Pvt. Ltd. (formerly known as Gwalior Suitings - A Unit of Grasim Industries Ltd.) August, 2004 onwards he worked as Director in Shrishti Textiles Pvt. Ltd., doing job work for Aditya Birla Nuvo (Indian Rayon, Veraval).

Presently he is Director in Shrishti TEXCO, Mumbai, which is a textile consultancy and placement service for senior executives in the Textile Trade.

He has sound experience in Textile Industry and associated for the last 25 years with the expansion, modernization and project implementation in the industry. He was instrumental in conducting PARTA (Budgetary Controls) conferences of group textile units covering 14 Indian and Overseas units. He contributed to get National Energy Conservation Award for Vikram Woolens which got second prize in 2000-01.

By Order of the Board

Mumbai
Date : 29th May, 2010

G. S. Ramakrishnan
Company Secretary

Registered Office :

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



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 24th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Profit before Interest, Depreciation and Tax	1954.88	668.17
Less: Interest and Finance Charges	1038.14	1111.49
Profit/(Loss) before Depreciation	916.74	(443.32)
Less: Depreciation	995.68	962.31
Profit/(Loss) before Tax	(78.94)	(1405.63)
Add: Exceptional Item (Electricity Duty Liability Written back relating to earlier years on receiving High Court Order)	281.81	–
Less: Provision for Income Tax	–	–
Less: Fringe Benefit Tax	–	9.79
Add: Deferred Tax Assets	–	–
Add: MAT Set off	–	–
Profit/(Loss) for the year	202.87	(1415.42)
Balance brought forward from previous year	(272.96)	929.51
General Reserve transferred to Profit & Loss Account	–	212.95
Balance of Profit/(Loss) Carried to Balance Sheet	(70.09)	(272.96)

OPERATIONS

During the year, turnover of the Company was Rs.175.09 Crores as compared to Rs.124.47 Crores in the previous year. The Company has earned a Net Profit after Tax of Rs.2.03 Crores as against a Net Loss after Tax of Rs.14.15 Crores in the previous year.

AWARDS

Your Company conceived and implemented successfully an Energy Conservation project for our complete plant which resulted in substantial power saving. Your Directors are pleased to inform you that in appreciation of the same your Company received the National Energy Conservation Award, Textile Sector, from Government of India, Ministry of Power for the year 2009. The Award was presented by Hon. Union Minister of Power, Shri Sushil Kumar Shinde, at Vigyan Bhawan, New Delhi.

Your Directors are further happy to inform you that once again your Company has received an award from the Government of Maharashtra, in recognition of Company's Export Performance in Textile – Large Scale Industry Category for the year 2007-08.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last nine 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 Registrars, 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, reports on Corporate Governance and Management Discussion and Analysis are enclosed and form part of this Report.

INDUSTRIAL RELATIONS

The Company continued its endeavor in maintaining peace and harmony 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 separate statements 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 A. R. Garde, Shri V. K. Gupta and Shri D. K. Patel 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.

Director Shri M. D. Sohani resigned from the Board with effect from 28th April, 2009. Shri M. L. Bagaria has been appointed as Additional Director with effect from 30th October, 2009.

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 have made judgments and

estimates 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, 2010 and of the net profit of the Company for the period from April 1, 2009 to March 31, 2010;

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 for the Current Year.

COST AUDITORS

Pursuant to directive of the Central Government, the Company is required to undergo 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, 2010.

INSURANCE

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

ACKNOWLEDGEMENT

The unprecedented net loss in the last financial year was the result of the impact of a severe global recession as well as a sharp rupee appreciation against the US Dollar. Due to this, it was necessary to seek and secure from our lending bankers a debt restructuring scheme with moratorium on loan repayments. Our Banks fully supported our company in a difficult time by granting us the requested moratorium. Your Directors wish to place on record our appreciation for their support and co-operation.

Your Directors express their warm appreciation to the employees for their diligence and contribution in running the mills smoothly.

On behalf of the Board

Place : Mumbai
Date : 29th May, 2010

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 energysaving devices wherever applicable. The Company has conducted a comprehensive Energy Audit for the entire plant and as a result, has improved performance and has optimised consumption of energy.

(c)Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the Cost of Production of goods:

With the above measures taken, the Company has derived significant reduction in energy consumption.

(d)Total energy consumption and consumption per unit of production in the prescribed Form "A" is 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 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	1590.64
ii) Expenditure in Foreign Currency	328.53
iii) Foreign Exchange Earned	12357.10

On behalf of the Board

Mumbai
Dated : 29th May, 2010.

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			
	Production Unit	Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION			
1) Electricity			
a) Purchased (Units)		4,21,09,950	4,00,53,750
Total Amount (Rs.)		18,56,74,247	16,82,91,482
Rate/Unit (Rs.)		4.41	4.20
b) Own Generation			
i) Through Diesel Generator (Units)		3,25,180	32,36,230
Units per LTR. of Diesel/Furnace Oil		3.55	3.54
Cost/Unit (Rs.)		50.14	11.43
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		5.64	6.73
2) Furnace Oil/L.S.H.S.		-	-
3) Coal (M.T.)		-	-
4) Others		-	-
On behalf of the Board			
Place : Mumbai		K. K. PATODIA	
Date : 29th May, 2010		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:	Expenditure on R & D has been shown under respective heads of expenditure in the Profit and Loss Account as no separate account is maintained for the same.
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 : 29th May, 2010	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.24 lacs or more per year:								
1.	Shri K. K. Patodia	Chairman and Managing Director	65	* 44,21,788	B.Sc.Textiles (Hons.)	45	01.10.1988	PBM Polytex Ltd. Managing Director
B) Employees who worked during the part of the year and whose remuneration aggregating Rs. 24 Lacs or more per year:								
NIL								

* Remuneration includes contribution to Provident Fund and Superannuation Funds.

On behalf of the Board

Mumbai
Date : 29th May, 2010

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.

Place : Mumbai

Date : 29th May, 2010

K. K. PATODIA

Chairman

CHIEF EXECUTIVE OFFICER'S CERTIFICATION

To,

The Board of Directors

Eurotex Industries And Exports Limited,

I, the undersigned, in my capacity as the 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, 2010 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 statement 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.

Place : Mumbai

Date : 29th May, 2010

K. K. PATODIA

Chairman

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 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 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 the size of all departments.

f) Financial performance with respect to operational performance:

The financial and operational performances are as 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 organisation in the year under review.

h) Cautionary Statement

The statement 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.

On behalf of the Board

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 29th May, 2010



CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY OF THE COMPANY ON CODE OF CORPORATE GOVERNANCE

The Company believes in highest standards of Corporate Governance and has put in place the systems for ensuring strict adherence to various norms laid down 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 by enhancing Shareholders' value 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 Executive 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 standard of integrity, honesty, 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 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 Director and Executive Director manage the day to day operations of the Company.

The Board of Directors comprises of three Executive Directors, nine Non-Executive Directors. Six of the Directors are Independent Directors.

Name of the Director Position

Executive
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
Shri Gurmukh J. Mirchandani

Non-Executive & Independent

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

Total No. of Directors = 12

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 responsibility 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 plan
- 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 Committee
- Matters relating to Foreign Exchange Exposure.

B. Board Meetings and Attendance

During the financial year 2009-10 Five Board Meetings were held on 29th April, 2009, 26th June, 2009, 31st July, 2009, 30th October, 2009 & 30th January, 2010. The maximum time gap between any two Meetings was not more than three calendar months. Details of attendance at the Board Meeting, 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-ber *Chairman
Shri K. K. Patodia Chairman & Managing Director	4	No	10	1 1
Shri H. P. Siotia	5	Yes	6	3 1
Shri Gopal Patodia	-	No	6	- -
Shri Narayan Patodia Managing Director	4	No	5	1 -
Shri Rajiv Patodia Executive Director	4	Yes	4	- -
Shri G.J.Mirchandani	5	Yes	-	2 -
Shri A. R. Garde	2	No	-	- -
Shri Dharam Paul	5	Yes	1	2 2
Shri Pratap P. Dundh	5	Yes	2	- -
Shri Dilip K. Patel	3	Yes	6	- -
Shri Vinod K. Gupta	5	No	-	1 -
Shri M. L. Bagaria (Appointed w.e.f. 30.10.2009)	1		2	- -

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 the Company's Financial Reporting process and the disclosure of its financial statement is correct, sufficient and credible.
- d. To recommend the appointment and removal of external auditor, fixation of audit fees 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 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 the audit as well as post-audit discussion to ascertain any areas of concern.

MEMBERS: Shri Dharam Paul, Shri H P Siotia, 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 of financial reporting, internal controls, risk management etc. The power and role of 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 change in accounting policy, accounting implications of major transactions, etc. The committee also closely reviews the adequacy of internal controls, formulates and monitors the annual audit plan.

Five Audit Committee Meetings were held during financial year 2009-10. These Meetings were held on 29th April, 2009, 26th June, 2009, 31st July, 2009, 30th October, 2009 and 30th January, 2010.

The attendance at the meeting is as under:

NAME OF MEMBERS	NO. OF MEETINGS ATTENDED
Shri Dharam Paul	5
Shri H. P. Siotia	5
Shri V. K. Gupta	5

Chairman of the Meeting attended the Annual General Meeting held on Saturday, 26th September 2009.

4. REMUNERATION COMMITTEE

MEMBERS : Shri Dharam Paul , Shri H P Siotia and Shri G. J. Mirchandani

CHAIRMAN : Shri Dharam Paul

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 G. J. Mirchandani	1

(a) Remuneration Policy :

The Remuneration Committee is responsible for devising policy for compensation and benefits for Executive Directors. The remuneration of Managing Directors and Executive Directors 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, 2010

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 the Board Meeting, Audit Committee and Remuneration Committee for the year ended 31st March, 2010 to the Directors are as follows:

(Amount in Rs.)

Sr. No.	Name of Director	Board Meeting	Audit Committee	Remuneration Committee
1	Shri H. P. Siotia	25,000/-	25,000/-	5,000/-
2	Shri G.J.Mirchandani	25,000/-		5,000/-
3	Shri Dharam Paul	25,000/-	25,000/-	5,000/-
4	Shri D. K. Patel	15,000/-		
5	Shri V. K. Gupta	25,000/-	25,000/-	
6	Shri A. R. Garde	10,000/-		
7	Shri P. P. Dundh	25,000/-		
8	Shri M. L. Bagaria	5,000/-		

*** Remuneration paid to Executive Directors for the year ended 31st March, 2010**

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	23,21,788	13,88,010	12,49,362
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 G. J. Mirchandani

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 2009- 2010, four meetings were held.

Total number of service requests, enquiries, queries received during the year was thirty six 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 :

Members	Meetings Attended
Shri K. K. Patodia	4
Shri H. P. Siotia	4
Shri G. J. Mirchandani	4
Shri Narayan Patodia	Nil