

28TH

ANNUAL REPORT 2013 - 2014



**EUROTEx INDUSTRIES AND
EXPORTS LIMITED**



EUROTEX INDUSTRIES AND EXPORTS LIMITED

An ISO 9001 and Oeko-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 V. K. Gupta

Shri D. K. Patel

Shri M. L. Bagaria

Shri P. P. Dundh

Shri A. R. Garde

COMPANY SECRETARY

Shri Rahul Rawat

BANKERS

STATE BANK OF INDIA

BANK OF INDIA

IDBI BANK 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.B-5, Part B, Cross Lane, MIDC,
Marol, Andheri (East), Mumbai - 400 093.

Tel.: 022-66712156 E-mail: investorsqry@dfssl.com



EUROTEX INDUSTRIES AND EXPORTS LIMITED

Registered Office : 809, Raheja Chambers, 8th Floor, 213, Nariman Point, Mumbai – 400021

Tel : 91 22 6630 1400 Fax : 91 22 2204 4139 E-mail : eurotex@eurotexgroup.com

Website : www.eurotexgroup.com **CIN : L17120MH1987PLC042598**

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th 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 6th September, 2014 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, 2014.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Gopal Patodia (DIN: 00014247), who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. Appointment of Auditor

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, M/s Lodha & Co., Chartered Accountants (Firm's Reg. No. 301051E) be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the Calendar year 2017 at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

5. To appoint Shri V. K. Gupta (DIN: 00021560) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri V. K. Gupta (DIN: 00021560), who was appointed as a Director liable to retire by rotation and in respect of whom

the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

6. To appoint Shri D. K. Patel (DIN: 00013150) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri D. K. Patel (DIN: 00013150), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

7. To appoint Shri M. L. Bagaria (DIN: 01213323) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri M. L. Bagaria (DIN: 01213323), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

8. To appoint Shri P. P. Dundh (DIN: 00023482) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri P. P. Dundh (DIN: 00023482), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

9. To appoint Shri A. R. Garde (DIN: 00015853) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri A. R. Garde (DIN: 00015853), who was appointed as a Director

liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

10. To ratify the remuneration of the Cost Auditor for the financial year ending 31st March, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration of Rs. 1,00,000 (Rupees One Lakh Only) plus applicable taxes.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

Rahul Rawat

Company Secretary

M.No. A27891

Place: Kolhapur
Date : 30th May, 2014

NOTES

1. **A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Company has notified closure of Register of Members and Share Transfer Books from 25th August, 2014 to 31st August, 2014 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.



7. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched between 19th September, 2014 to 30th September, 2014; in respect to those Members whose names shall appear on the Company's Register of Members on 25th August, 2014; in respect of the shares held in dematerialized form, the dividend will be paid to the Members whose name are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on date.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars and Transfer Agents, Datamatics Financial Services Limited, cannot act on any request received directly from the Members holding shares in electronic form for any change of Bank particulars or Bank mandates. Such changes are to be advised only to the Depository Participant by the Members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their Address or Bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their Address or Bank mandates immediately to the Company / Datamatics Financial Services Limited.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2006 and all earlier years from time to time on due dates, to the Investor Education and Protection Fund.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every Participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company / Datamatics Financial Services Limited.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Datamatics Financial Services Limited, for consolidation into a single folio.

14. Details of the Director retiring by rotation and seeking re-appointment (in pursuance of Clause 49 of the Listing Agreement):

Name of Director	Shri Gopal Patodia
Date of Birth	12.12.1946
Date of Appointment	16.02.1987
Qualification	B. E. Chemical (Hons.)
Expertise in Specific functional area and years.	He has a vast experience in cotton and yarn trading. Rich experience in marketing and manufacturing activities of spinning mills.
List of other Directorship held.	PBM Polytex Limited Shashank Investments Pvt. Ltd. Patodia Syntex Limited. Trikon Investments Pvt. Ltd. Vee Pee Intrades Pvt. Ltd. Patodia Company Pvt. Ltd. Sambhu Investments Pvt. Ltd.
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.	Member Shareholders / Investors Grievance Committee of PBM Polytex Limited
Shareholding in the Company	195 Equity Shares

15. Please carefully read and follow the instructions on E-voting given on Page No.40 of the Annual Report.

16. Members may also note that the notice of 28th Annual General Meeting and the Annual Report for the Financial Year 2013-14 will also be available on Company's Website www.eurotexgroup.com for download.

17. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

By Order of the Board

Rahul Rawat
Company Secretary
M.No. A27891

Place: Kolhapur
Date : 30th May, 2014

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

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 5, 6 & 7

Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) are Independent Directors of the Company and have held the positions before the commencement of Companies Act, 2013.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the conditions for appointment of Independent Directors by a Listed Company.

It is proposed to appoint Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold their office for 5 (Five) consecutive years for a term upto 31st March, 2019.

Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) are not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as Directors.

The Company has received Notices in writing from Members of the Company along with deposit of requisite amount proposing the candidatures of each Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) for office of Directors of the Company.

The Company has also received declaration from Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) fulfill the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement.

Brief resume of Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) are provided in the Corporate

Governance Report forming Part of the Annual Report.

A copy of draft letters for respective appointments of Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) are interested in the Resolutions set out respectively at Item Nos. 5, 6 & 7 of the Notice with regard to their respective appointments.

The relatives of Shri V. K. Gupta (DIN: 00021560), Shri D. K. Patel (DIN: 00013150) and Shri M. L. Bagaria (DIN: 01213323) may be deemed to be interested in the Resolutions set out respectively at Item Nos. 5, 6 & 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions set out at Item Nos. 5, 6 & 7 of the Notice.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6 & 7 of the Notice for approval of the shareholders.

ITEM NO. 8 & 9

Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) are Independent Directors of the Company and have held the positions before the commencement of Companies Act, 2013.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the conditions for appointment of Independent Directors by a Listed Company.

It is proposed to appoint Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) as



Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold their office for 5 (Five) consecutive years for a term upto 31st March, 2019.

Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) are not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as Directors.

The Company has received Notices in writing from Members of the Company along with deposit of requisite amount proposing the candidatures of each Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) for office of Directors of the Company.

The Company has also received declaration from Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) fulfill the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement.

Brief resume of Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) are provided in the Corporate Governance Report forming Part of the Annual Report.

A copy of draft letters for respective appointments of Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) are interested in the Resolutions set out respectively at Item Nos. 8 & 9 of the Notice with regard to their respective appointments.

The relatives of Shri P. P. Dundh (DIN: 00023482) and Shri A. R. Garde (DIN: 00015853) may be deemed to be interested in the Resolutions set out respectively at

Item Nos. 8 & 9 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions set out at Item Nos. 8 & 9 of the Notice.

The Board commends the Ordinary Resolutions set out at Item Nos. 8 & 9 of the Notice for approval of the shareholders.

ITEM NO. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be determined by the shareholders of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2015.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution set out at Item Nos. 10 of the Notice.

The Board commends the Ordinary Resolution set out at Item Nos. 10 of the Notice for approval of the shareholders.

By Order of the Board

Rahul Rawat
Company Secretary
M.No. A27891

Place: Kolhapur
Date : 30th May, 2014

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 28th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2014.

	2013-14 (₹ in lacs)	2012-13 (₹ in lacs)
FINANCIAL RESULTS		
Profit before Finance Cost, Depreciation, Tax	2,896.49	1,857.78
Less: Finance Costs	911.52	912.05
Profit before Depreciation	1,984.97	945.73
Less: Depreciation	960.10	987.49
	1,024.87	(41.76)
Less: Provision for Income Tax	475.84	176.50
Less: Prior Years' Tax Adjustment (Net)	13.26	201.49
Add: Deferred Tax Asset	21.45	240.14
Profit/(Loss) for the year	557.22	(179.61)
Balance brought forward from previous year	1,158.31	1,337.92
Amount available for appropriation	1715.53	1158.31
Less: Appropriations during the year		
Proposed Dividend	43.75	–
Corporate Dividend Tax	7.43	–
Balance Carried to Balance Sheet	1,664.35	1,158.31

OPERATIONS

During the year the turnover of the Company was Rs.332.44 Crores as compared to Rs.272.94 Crores in the previous year.

DIVIDEND

Your Directors recommend a Dividend @5% on Equity Shares of the Company for the year ended 31st March, 2014. The Dividend payout is subject to approval of Members at the ensuing Annual General Meeting.

AWARDS

Your Directors are pleased to inform you that your Company has been awarded by TEXPROCIL with the Silver Plaque, the second highest Exports of Cotton Yarn during the year 2012-13.

REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been functioning over the last thirteen 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 V. K. Gupta 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.

Pursuant to Section 178 of the Companies Act, 2013, the Shareholders' and Investors' Grievances Committee nomenclature has been changed into Stakeholders Relationship Committee.

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the existing Remuneration Committee nomenclature has been changed into Nomination and Remuneration Committee.

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 a separate statement attached to this report and form part of it.

DIRECTORS

Shri Dharam Paul has submitted his resignation from Directorship on 19th July, 2013 which has been accepted by the Board of Directors. The Board of Directors expresses their sincere appreciation for the valuable services rendered by him to the Company during his tenure.

In terms of the provisions of the Companies Act, 1956 and article 104 of the Articles of Association of the Company, Shri Gopal Patodia retire from office by rotation and, being eligible, offer himself for re-appointment.

Appropriate resolution for the re-appointment of the aforesaid Director is 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 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, 2014 and of the Net Profit of the Company for the period from April 1, 2013 to March 31, 2014;
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.

In view of the provisions of Section 139 of the Companies Act, 2013, your Directors request the shareholders to appoint Statutory Auditors of the Company for a period of 3 years i.e. till the conclusion of Annual General Meeting to be held in the year 2017.

COST AUDITORS

Pursuant to a directives 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, 2014.

The details of the Cost Auditors are as under:

Name : M/s. A. G. Anikhindi & Co.
Address : 1730, Rajarampuri,
6th Lane, Kolhapur,
Maharashtra-416008.

Actual date for filing

Cost Audit Report in

XBRL Format for

F. Y. ended 31.03.2013 : 10/09/2013

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

K. K. PATODIA

Chairman

and Managing Director

Place : Kolhapur

Date : 30th May, 2014

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.

(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" 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 penetration into 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	1342.18
ii) Expenditure in Foreign Currency	457.75
iii) Foreign Exchange Earned	24488.54

On behalf of the Board

K. K. PATODIA

Chairman

and Managing Director

Place : Kolhapur

Date : 30th May, 2014