

**31<sup>ST</sup>**  

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**ANNUAL REPORT**  
**2016 - 2017**



**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 and CFO*

**Shri V. K. Gupta**

**Shri D. K. Patel**

**Shri M. L. Bagaria**

**Shri P. P. Dundh**

**Smt. Hema Thakur**

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

## **COMPANY SECRETARY**

**Shri Rahul Rawat**

## **BANKERS**

**STATE BANK OF INDIA  
BANK OF INDIA  
IDBI BANK LIMITED**

## **AUDITORS**

**LODHA & COMPANY**  
Chartered Accountants  
Mumbai

## **REGISTERED AND HEAD OFFICE**

1110, Raheja Chambers, 11th 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](mailto:investorsqry@dfssl.com)



## EUROTEX INDUSTRIES AND EXPORTS LIMITED

**Registered Office:** 1110, Raheja Chambers, 11th Floor,  
213, Nariman Point, Mumbai - 400 021.

**CIN : L70200MH1987PLC042598**

### NOTICE CONVENING ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 31st Annual General Meeting of the Shareholders of **EUROTEX INDUSTRIES AND EXPORTS LIMITED** will be held at Ramada Powai Hotel and Convention Centre, Saki Vihar Road, before Nitie, Powai, Mumbai - 400 087 on Saturday, the 23rd September, 2017 at 9:00 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Gopal Patodia (DIN: 00014247) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. SVP & Associates, Chartered Accountants (Firm's Reg. No. 003838N), and in this regard to consider and if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. SVP & Associates, Chartered Accountants (Reg. No. 003838N), be and are hereby appointed as Statutory Auditors of the Company [in place of M/s. Lodha & Co., Chartered Accountants (Reg. No. 301051E), whose tenure will conclude at the ensuing Annual General Meeting] to hold office from the conclusion of 31st Annual General Meeting of the Company till the conclusion of 36th Annual General Meeting subject to ratification of their re-appointment at each intervening Annual General Meeting at such remuneration as shall

be fixed by the Board of Directors of the Company in consultation with the Statutory Auditors of the Company."

#### SPECIAL BUSINESS

4. To ratify the remuneration of M/s. A. G. Anikhindi & Co., Cost Accountants, for the financial year ending 31st March, 2018 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"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) M/s. A. G. Anikhindi & Co., Cost Accountants, appointed on recommendation of the Audit Committee by the Board of Directors of the Company as Cost Auditors to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2018, at the remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) plus applicable taxes, be and is hereby ratified and confirmed.

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

By Order of the Board

Place: Mumbai  
Date : 20th May, 2017

**Rahul Rawat**  
Company Secretary  
**M.No. A27891**

**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 14<sup>th</sup> September, 2017 to 23<sup>rd</sup> September, 2017 (both days inclusive).
7. 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.
8. The Company has deposited the amount of unclaimed/unpaid dividends in terms of provision of Section 205 C of the Companies Act, 1956 from time to time on due dates into the Investor Education and Protection Fund.
9. The Company is not required to transfer any shares with Investor Education and Protection Fund Authority in terms of sub-section (6) of Section 124 of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017.
10. The Members who are holding shares in Physical form are requested to send their Specimen Signature duly attested by Bank to the Company's Registrar Datamatics Financial Services Limited.
11. A Route Map showing directions to reach the Venue of the 31st Annual General Meeting is given at the end as per the requirement of Secretarial Standards-2 on “General Meeting”.
12. Members who wish to obtain information concerning the Annual Report of the Company may send their queries at least 7 days before the date of Meeting, to the Company at the Corporate Office of the Company.
13. 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.

14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
15. 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.
16. Details of the Director retiring by rotation and seeking re-appointment [in pursuance to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]:

<b>Name of Director</b>	<b>Shri Gopal Patodia</b>
Date of Birth	12.12.1946
Date of Appointment	16.02.1987
Qualification	B. Sc., B. Tech (Chemical)
Expertise in Specific functional area and years	45 years of experience in managing Textile Industry and Marketing. He has vast experience in cotton and yarn trading.
List of other Directorship held	PBM Polytex Limited Patodia Syntex Limited Patodia Company Private Limited Shashank Investments Private Limited Trikon Investments Private Limited Veepee Intrades Private Limited
Chairman/Member of the Committees of the Board of Directors of the Company	None.
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director	Member of Stakeholders Relationship Committee & Corporate Social Responsibility Committee of PBM Polytex Limited
Shareholding in the Company	195 Equity Shares

17. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has provided e-voting facility for members to cast their vote electronically from the place other than Annual General Meeting (“remote e-voting”).



**18. The instructions for Members for voting electronically are as under:**

**INSTRUCTIONS FOR E-VOTING**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members the facility to exercise their right to vote by electronic means and the business may be transacted through e-Voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

The Company has approached CDSL for providing e-Voting services through their e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-Voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting can be downloaded from the Company website i.e. [www.eurotexgroup.com](http://www.eurotexgroup.com)

The e-Voting period commences on 20th September, 2017 (9:00 A.M.) and ends on 22nd September, 2017 (5:00 P.M.). During this period shareholders' of the Company, may cast their vote electronically. The e-Voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the Paid up Equity Share Capital of the Company as on the cut-off date of 16th September, 2017. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 16th September, 2017, may obtain the login ID and password by sending a request at [companysecretary@eurotexgroup.com](mailto:companysecretary@eurotexgroup.com)

The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the meeting through Ballot Paper.

**PROCEDURE FOR REMOTE E-VOTING**

- (i) The voting period begins on 20th September, 2017 (9:00 A.M.) and ends on 22nd September, 2017 (5:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 16th September, 2017, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat Shareholders as well as Physical Shareholders)·</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (which is printed on the Address Slip) in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DIVIDEND BANK DETAILS OR DATE OF BIRTH (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the Depository or Company please enter the Member ID/Folio Number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting on Resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



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- (x) For Members holding shares in physical form, the details can be used as printed on the Address Slip for e-Voting on the Resolutions contained in this Notice.
- (xi) Click on the EVSN for the Eurotex Industries and Exports Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
- (xvii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 19. The result of the electronic voting shall be declared after the Annual General Meeting. The result along with the Scrutinizer's report shall also be placed on the website of the Company.
- 20. Members may also note that the Notice of 31st Annual General Meeting and the Annual Report for the Financial Year 2016-17 will also be available on the Company's website [www.eurotexgroup.com](http://www.eurotexgroup.com)
- 21. 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.**

Place: Mumbai  
Date : 20th May, 2017

By Order of the Board

**Registered Office :**

1110, Raheja Chambers, 11th Floor,  
213, Nariman Point, Mumbai - 400 021.

**Rahul Rawat**  
Company Secretary  
**M.No. A27891**

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

**ITEM NO. 4**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Anikhindi and Co., as Cost Auditor to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 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 in Item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2018.

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 the Resolution as set out at Item No.4 of the Notice.

The Board recommends the Ordinary Resolution set out in Item No.4 of the Notice for approval of the shareholders.

By Order of the Board

Place: Mumbai  
Date : 20th May, 2017

**Registered Office :**

1110, Raheja Chambers, 11th Floor,  
213, Nariman Point, Mumbai - 400 021. **M.No. A27891**

**Rahul Rawat**  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 31st Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2017.

	2016-17 (₹ in lakhs)	2015-16 (₹ in lakhs)
<b>FINANCIAL RESULTS</b>		
Profit before Finance Cost, Depreciation, Tax	(134.65)	572.11
Less: Finance Costs	669.26	698.62
Profit/(Loss) before Depreciation	(803.91)	(126.51)
Less: Depreciation	419.73	445.05
	(1223.64)	(571.56)
Less: Provision for Income Tax	–	–
Less: Prior Years' Tax Expense (Net)	–	0.59
Add: Deferred Tax Assets	18.99	34.01
Profit/(Loss) for the year	(1204.65)	(538.14)
Balance brought forward from previous year	634.40	1,172.54
<b>Balance Carried to Balance Sheet</b>	<b>(570.25)</b>	634.40

## PERFORMANCE REVIEW

During the year revenue from the operations of the Company is Rs.187.89 Crores as compared to Rs.233.92 Crores in the previous year. The operating loss of the Company is Rs.1.35 Crores as against operating profit of Rs.5.72 Crores in the previous year. The loss after finance cost and depreciation is Rs.12.24 Crores as against the loss of Rs.5.72 Crores in the previous year.

The fall in revenue from operations is mainly due to lock out / strike in the mills from 2nd May, 2016 to 9th September, 2016.

## DIVIDEND

The Board has decided not to recommend any dividend for the financial year 2016-17.

## SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs.8,74,98,650.

During the year under review, the Company has issued 50,00,000 6% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs.10 each to M/s. PBM Polytex Limited on Private Placement basis.

## MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statement relate and the date of this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, required information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in "Annexure A" to the Directors' Report.

## DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Gopal Patodia (DIN: 00014247) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Accordingly, his re-appointment forms part of the Notice of the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under the sub-section (7) of Section 149 of the Companies Act, 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134 (3) (c) of the Companies Act, 2013, your Board of Directors hereby state:

- that in the preparation of the Annual Accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and 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 31st March, 2017 and of the Profit & Loss of the Company for the year ended on that date;



- (c) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) that Directors have laid down Internal Financial Controls to be followed by the Company and such Internal Financial Controls are adequate and operating effectively;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an Annual Performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various Committees.

Pursuant to Regulation 25(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out by Independent Directors at their separate meeting to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Directors being evaluated.

#### **BOARD MEETINGS**

During the year, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Company's policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section(3) of Section 178 is annexed hereto and forms a part of this report.

#### **AUDITORS**

##### **Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 made thereunder the term of office of M/s. Lodha & Co., Chartered Accountants, as the Statutory Auditors of the Company will conclude from the close of ensuing Annual General Meeting of the Company.

The Board of Directors places on record its appreciation to the services rendered by M/s. Lodha & Co., as the Statutory Auditors of the Company.

Subject to the approval of the Shareholders, the Board of Directors of the Company has recommended the appointment of M/s. SVP & Associates, Chartered Accountants (Firm's Reg. No. 003838N) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

##### **Cost Auditors**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of Cost Records relating to Textile.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. A. G. Anikhindi & Co., Cost Accountants, as Cost Auditor to audit the Cost Accounts of the Company for the financial year 2017-18.

As required under the Companies Act, 2013, a resolution seeking shareholders' approval for the remuneration payable to the Cost Auditor, forms part of the Notice convening the Annual General Meeting for their ratification.

##### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. S. K. Jain & Co., Practising Company Secretaries, to conduct Secretarial Audit of the Company for the financial year 2017-18.

#### **AUDITORS AND REPORTS**

The matters related to Auditors and their Reports are as under:

##### **1. Report of Statutory Auditor:**

The Report given by the Statutory Auditors for the Financial Statements for the year ended 31st March, 2017 read with explanatory notes thereon do not

call for any explanation or comments from the Board under Section 134 (3) of the Companies Act, 2013.

## **2. Report of Secretarial Auditor:**

M/s. S. K. Jain & Co., Practicing Company Secretaries, was appointed to conduct Secretarial Audit of the Company for the financial year 2016-17 as required under Section 204 of the Companies Act, 2013 and the Rules thereunder. The Secretarial Audit Report for the financial year 2016-17 forms part of the Annual Report as "Annexure B" to the Boards Report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134 (3) of the Companies Act, 2013.

## **CORPORATE GOVERNANCE**

The Company has complied with all the mandatory requirements of Corporate Governance, as stipulated in Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance and a Certificate from M/s. Lodha & Co., Statutory Auditors, regarding compliance with the conditions of Corporate Governance is given in a separate section and forms part of the Annual Report.

## **AUDIT COMMITTEE**

The Board has well-qualified Audit Committee with majority of Independent Directors including Chairman. They possess sound knowledge on Accounts, Audit, Finance, Taxation, Internal Controls etc. The details of the Composition of the Audit Committee are given in the Corporate Governance Report.

The Company Secretary of the Company acts as Secretary of the Committee.

During the year, there are no instances where the Board had not accepted the recommendations of the Audit Committee.

## **NOMINATION & REMUNERATION COMMITTEE & POLICY**

The Company has duly constituted Nomination & Remuneration Committee to align with the requirements prescribed under the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of the Composition of the Nomination & Remuneration Committee are given in the Corporate Governance Report.

The Board has framed a policy for selection and appointment of Directors, Senior Management and their Remuneration. The policy provides for determining

qualifications, positive attributes and independence of a Director.

## **RISK MANAGEMENT**

The Company has laid down the procedures to inform the Board about the risk assessment and minimization procedures and the Board has formulated Risk Management policy to ensure that the Board, its Audit Committee and its Executive Management should collectively identify the risks impacting the Company's business and document their process of risk identification and risk minimization as a part of a Risk Management policy/strategy.

The common risks inter alia are: Regulations, Credit Risk, Foreign Exchange and Interest Risk, Competition, Business Risk, Technology Obsolescence, Investments, Retention of Talent and Expansion of Facilities etc. Business Risk, inter-alia, further includes financial risk, political risk, legal risk, etc. The Board reviews the risk trend, exposure and potential impact analysis and prepares risk mitigation plans, if necessary.

Further, in accordance with the Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Risk Management Committee has also been formed which also oversees the Risk Management of the Company.

The details of the Composition of the Risk Management Committee are given in the Corporate Governance Report.

## **CORPORATE SOCIAL RESPONSIBILITY(CSR)**

The Company is not required to contribute towards CSR under Section 135 of the Companies Act, 2013 read with Rules thereunder.

The Board of Directors of your Company, however, has constituted a CSR Committee. The details of the Composition of the Corporate Social Responsibility Committee are given in the Corporate Governance Report.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Based on the report of Internal Audit function, corrective action are undertaken in the respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.