



EUROTEX INDUSTRIES AND EXPORTS LIMITED

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

Phone : (022) 6630 1400 E-Mail : eurotex@eurotexgroup.com Website : www.eurotexgroup.in

CIN : L70200MH1987PLC042598

6th September, 2021

1) The Secretary

Bombay Stock Exchange Limited
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001.
Stock Code: 521014

(BY BSE LISTING CENTRE)

2) The Secretary

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.
Stock Code: EUROTEXIND

(BY NSE NEAPS)

Dear Sir / Madam,

RE: 35TH ANNUAL REPORT FOR THE FINANCIAL YEAR 2020-21.

As required by Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the 35th Annual Report of our Company for the financial year 2020-21.

This is for your kind information and record.

Thanking you,

Yours faithfully,

For **EUROTEX INDUSTRIES AND EXPORTS LIMITED**

RAHUL RAWAT
COMPANY SECRETARY

Encl: As above

35TH

ANNUAL REPORT
2020 - 2021



**EUROTEX INDUSTRIES AND
EXPORTS LIMITED**



EUROTEX INDUSTRIES AND EXPORTS LIMITED

BOARD OF DIRECTORS

Shri Krishan Kumar Patodia

Chairman and Managing Director

Shri Hariprasad Siotia

Shri Narayan Patodia

Managing Director

Shri Rajiv Patodia

Executive Director and CFO

Shri V. K. Gupta

Shri Ashwinikumar L. Dave

Shri Joginder Kumar Baweja

Smt. Hema Thakur

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

COMPANY SECRETARY

Shri Rahul Rawat

BANKERS

STATE BANK OF INDIA

IDBI BANK LIMITED

BANK OF INDIA

AUDITORS

SVP & ASSOCIATES

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 BUSINESS SOLUTIONS LIMITED

Plot No.B-5, Part B, Cross Lane, MIDC,
Marol, Andheri (East), Mumbai - 400 093.

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



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213, Nariman Point, Mumbai - 400 021.
CIN : L70200MH1987PLC042598

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the 35th Annual General Meeting ("AGM") of the Shareholders of **EUROTEX INDUSTRIES AND EXPORTS LIMITED** will be held on Thursday, the 30th September, 2021 at 9:00 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") No physical meeting of Members will be held, however, the meeting will be deemed to have been held at the Registered Office of the Company at 1110, Raheja Chambers, 11th Floor, 213, Nariman Point, Mumbai-400 021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Financial Statements for the financial year ended 31st March, 2021 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Narayan Patodia (DIN: 00013122) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To approve the remuneration of M/s. A. G. Anikhindi & Co., Cost Accountants, for the financial year ending 31st March, 2022 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 under Section 148 of the Companies Act, 2013, to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2022, at the remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes, be and is hereby approved.

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 : 22nd June, 2021

Rahul Rawat
Company Secretary
M. No. 27891

NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 Secretarial Standard-2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Special Business of the Company is appended and forms part of the Notice.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated 5th May, 2020 read with Circulars No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 02/2021 dated 13th January, 2021 and Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/79 dated 12th May, 2020 and Circular No. SEBI/ HO/ CFD/ CMD2/CIR/ P/ 2021/11 dated 15th January, 2021, issued by the Securities and Exchange Board of India (collectively referred to as "the Relevant Circulars") permitted the holding of Annual General Meeting ("AGM") through video conferencing (VC) and other audio visual means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Relevant Circulars, the AGM of the Company is being held through VC / OAVM.
3. Brief profile of Shri Narayan Patodia in terms of Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, is annexed herewith.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to Relevant Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) Certified True Copy of the relevant Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through Remote e-Voting. The said Resolution / Authorization shall be sent to the Company at Email ID companysecretary@eurotexgroup.com
6. The Company has notified closure of Register of Members and Share Transfer Books from 21st September, 2021 to 30th September, 2021 (both days inclusive).
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
8. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Registrar in case the shares are held by them in physical form.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Registrar in case the shares are held by them in physical form.
10. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Datamatics Business Solutions Limited in case the shares are held in physical form.
11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or the Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 22nd September, 2021 through email on companysecretary@eurotexgroup.com. The same will be replied by the Company suitably.
14. Members are requested to note that dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, the shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. For details, please refer to Report on Corporate Governance, which is a part of this Annual Report.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020 and 15th January, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.
16. Shareholders who have not registered their e-mail address and in consequence the Annual Report, Notice of e-AGM and e-Voting Notice could not be serviced may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent, Datamatics Business Solutions Limited. Shareholders may also request to visit the website of the Company www.eurotexgroup.in for downloading the Annual



Report and Notice of the AGM. Alternatively member may send an e-mail request at the email id companysecretary@eurotexgroup.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual Report, Notice of e-AGM and the e-Voting instructions.

17. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
18. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no Resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 23rd September, 2017.
19. Since, the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
20. Details of the Director retiring by rotation and seeking re-appointment at the 35th Annual General Meeting of the Company (in pursuance of Regulation 36 (3) of Listing Regulations, and Secretarial Standard-2 on General Meetings):

| | |
|---|---|
| Name of Director | Shri Narayan Patodia |
| Date of Birth | 30th October, 1951 |
| Date of Appointment | 16th February, 1987 |
| Qualification | B. E. Mech. From BITS Pilani |
| Expertise in Specific functional area and years | He holds 40 Years of rich experience in the Textile Industry in all fields such as Purchase, Manufacturing, Administration, Finance and Marketing. |
| List of another Directorship held | Patodia Syntex Limited Chandramauli Investments Pvt. Ltd. Suragini Investments Pvt. Ltd. Sambhu Investments Pvt. Ltd. Desine Properties and Consultancy Pvt. Ltd. |
| Chairman/Member of the Committees of the Board of Directors of the Company | Member of Stakeholders Relationship Committee |
| Chairman/Member of of the Committee(s) of Board of Directors of other Companies in which he is a Director | None |
| Shareholding in the Company | 36000 Equity Shares |

21. 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 has provided e-Voting facility for Members to cast their vote electronically from the place other than Annual General Meeting (“Remote e-Voting”). The facility of casting votes by a Member using remote e-Voting as well as the e-Voting system on the date of the AGM will be provided by CDSL.
22. The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned herein after.
23. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

24. 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, (as amended), and MCA Circulars 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 Resolutions 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.in

The e-Voting period commences on 27th September, 2021 (9:00 A.M.) and ends on 29th September 2021 (5:00 P.M.). During this period, shareholders of the Company, may cast their vote electronically. The e-Voting module shall 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 21st September, 2021. 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. 21st September, 2021, may obtain the login ID and password by sending a request at companysecretary@eurotexgroup.com.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 27th September, 2021 (9:00 AM) and ends on 29th September, 2021 (5:00 PM). 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. 21st September, 2021, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.

(ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide Remote e-Voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-Voting Service Providers (ESPs) providing e-Voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-Voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-Voting process.

(iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Types of Shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login the Easi/ Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by Company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting Service Providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in Demat mode with NSDL | <ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a Mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the Remote e-Voting period or joining virtual meeting and voting during the meeting. |



| Types of Shareholders | Types of Shareholders |
|---|--|
| Individual Shareholders holding securities in Demat mode with NSDL (Continuation...) | <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a Mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |
| Individual Shareholders (holding securities in Demat mode) login through their Depository Participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting Service Provider name and you will be redirected to e-Voting service provider website for casting your vote during the Remote e-Voting period or joining virtual meeting and voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login Type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL | <p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.</p> |
| Individual Shareholders holding securities in Demat mode with NSDL | <p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.</p> |

(iv) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in demat form & physical shareholders.

(v) The shareholders should log on to the e-Voting website www.evotingindia.com.

(vi) Click on "Shareholders" tab.

(vii) 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.

(viii) Next enter the Image Verification as displayed and Click on Login.

(ix) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

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(x) If you are a first-time user follow the steps given below:

| For Shareholders holding shares in Demat Form other than Individual and Physical Form | |
|--|---|
| PAN | Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat Shareholders as well as Physical Shareholders): Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details or Date of Birth (DOB) | 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. 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). |

- (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.
- (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.
 - 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 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 under help section or write an email to helpdesk.evoting@cdslindia.com.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM AND E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-Voting.
2. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Shareholders are encouraged to join the Meeting through Laptop / iPad for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.



5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
9. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical Shareholders - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company / RTA email id.
2. For Demat Shareholders - Please update your email id and mobile no. with your respective Depository Participant (DP).
3. For Individual Demat Shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

25. 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. The Board will appoint an Independent Scrutinizer to scrutinize the Remote e-Voting process in a fair and transparent manner.
26. Members may also note that the Notice of 35th Annual General Meeting and the Annual Report for the financial year 2020-21 will also be available on the Company's website i.e. www.eurotexgroup.in.

27. 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

Registered Office :

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

Place: Mumbai
Date : 22nd June, 2021

Rahul Rawat
Company Secretary
M.No. 27891

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.
ITEM NO. 3**

The Board, on the recommendation of the Audit Committee, has approved the appointment 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, 2022.

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 shareholders is sought for passing an Ordinary Resolution as set out in Item No.3 of the Notice for approval of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2022.

None of the 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.3 of the Notice.

The Board recommends the Ordinary Resolution set out in Item No.3 of the Notice for approval of the shareholders.

By Order of the Board

Place: Mumbai
Date : 22nd June, 2021

Registered Office :
1110, Raheja Chambers, 11th Floor, Company Secretary
213, Nariman Point, Mumbai - 400 021. **M.No. 27891**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 35th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2021.

| | 2020-21 | 2019-20 |
|------------------------------------|---------------------|--------------|
| | (₹ in lakhs) | (₹ in lakhs) |
| FINANCIAL RESULTS | | |
| Profit / Loss before Finance Cost, | | |
| Depreciation, Tax | (519.89) | (1,362.34) |
| Finance Costs | 319.26 | 446.58 |
| Profit/(Loss) before Depreciation | (839.15) | (1,808.92) |
| Depreciation | 365.99 | 371.04 |
| | (1,205.14) | (2,179.96) |
| Tax Expenses: | | |
| Prior Years' Tax Adjustments | - | - |
| Deferred Tax Charged/(Credit) | (32.07) | (304.44) |
| Profit/(Loss) for the year | (1,173.07) | (1,875.52) |
| Balance brought forward | | |
| from previous year | (4,793.95) | (3,658.18) |
| Transferred from OCI | - | 739.75 |
| Transferred from Capital Reserve | 40.00 | - |
| Balance Carried to | | |
| Balance Sheet | (5,927.02) | (4,793.95) |

PERFORMANCE REVIEW

During the year, revenue from the operations of the Company is Rs.2364.48 Lakhs as compared to Rs.4205.77 Lakhs in the previous year. The operating loss of the Company is Rs.519.89 Lakhs as against operating loss of Rs.1362.34 Lakhs in the previous year. The loss after finance cost and depreciation is Rs.1205.14 Lakhs as against the loss of Rs.2179.96 Lakhs in the previous year.

DIVIDEND

The Board has decided not to recommend any dividend for the financial year 2020-21.

TRANSFER TO RESERVES

There is no transfer to reserves for the financial year 2020-21.

SHARE CAPITAL

The Paid up Equity Share Capital as on 31st March, 2021 was Rs.8,74,98,650.

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

Due to labour problems, the Plant E-23 is not in operation from 25th March, 2019 to till date and the Plant E-1 came to a grinding halt w.e.f. February, 2020, which has adversely affected the Financial Position of the Company.

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 & KEY MANAGERIAL PERSONNEL (KMPs)

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Narayan Patodia (DIN: 00013122) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. 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.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfil their duties as Independent Directors.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by The Indian Institute of Corporate Affairs, Manesar ('IICA').

The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption.

The Independent Directors of the Company will be undertaking the said test in due course.

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, 2021, 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, 2021 and of the Profit & Loss of the Company for the year ended on that date;
- 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;
- that the annual accounts have been prepared on a going concern basis;
- that Directors have laid down internal financial controls to be followed by the Company and such Internal Financial Controls are adequate and operating effectively; and
- 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 and



Listing Regulations, 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.

The Board of Directors expressed their satisfaction with the evaluation process

The performance evaluation of the Chairperson and Non-Independent Directors was carried out by the Independent Directors at their separate meeting held on 25th July, 2020. The Independent Directors expressed their satisfaction with the evaluation process.

The performance evaluation of all the Directors, Committees and the Board was carried out by the Nomination and Remuneration Committee, Independent Directors and Board at their respective meetings.

BOARD MEETINGS

During the year, six 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 and is also hosted on the website of the Company www.eurotexgroup.in

AUDITORS

Statutory Auditors

The Statutory Auditors M/s. SVP & Associates, Chartered Accountants (Firm's Reg. No.003838N), were appointed as Statutory Auditor for a term of five years at 31st Annual General Meeting of the Company till the conclusion of 36th Annual General Meeting 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 2021-22.

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

Maintenance of Cost Records

As per Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained.

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., Practicing Company Secretary, to conduct Secretarial Audit of the Company for the financial year 2021-22.

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, 2021 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 2020-21 as required under Section 204 of the Companies Act, 2013 and the Rules thereunder. The Secretarial Audit Report for the financial year 2020-21 forms part of the Annual Report as "Annexure B" to the Boards Report and contains the following observations:

There was a delay of 1 day in giving Prior Intimation under Regulation 29(1) of SEBI (Listing Obligations Disclosures Requirements) Regulations, 2015 to BSE in respect of Board Meeting convened on 12th September, 2020 for consideration of Un-Audited Financial Results for the quarter ended 30th June, 2020, as prior intimation was given on 7th September, 2020 instead of 6th September, 2020.

However, on the request of the Company BSE vide its e-mail dated 10th February, 2021 has waived the fine for late compliance by the Company and has advised the Company to exercise caution while filing any documents with exchange on timely basis.

Comments of the Board of Directors on the above observation:

The Company had given prior intimation to NSE within time. The Company had also given prior intimation to BSE within prescribed time but due to technical issues beyond the control of the Company, there was inadvertent delay of 1 day in giving the said prior intimation to BSE.

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. S. K. Jain & Co., Secretarial Auditor, 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 and Remuneration Committee to align with the requirements

prescribed under the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 AND REMUNERATION COMMITTEE & POLICY

The Company has duly constituted Nomination & Remuneration Committee to align with the requirements prescribed under the provisions of Section 178 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 and 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. The said Policy is annexed to the Corporate Governance Report and is also available on the website of the Company www.eurotexgroup.in

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.

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 is 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.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

In line with the best Corporate Governance practices, Company has put in place a system through which the Directors and Employees may report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics without fear of reprisal. The Employees and Directors may report to the Compliance Officer and have direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is hosted on the website of the Company i.e. www.eurotexgroup.in

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment and the Company has complied with provisions relating to the constitution of Internal Complaints Committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is a summary of Sexual Harassment complaints received and disposed off during the year:

- No. of Complaints received: Nil
- No. of Complaints disposed off: Nil

DISCLOSURE UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

| Name of Director | Ratio to Median Remuneration |
|----------------------|------------------------------|
| Shri K. K. Patodia | 17.15 |
| Shri Narayan Patodia | 7.98 |
| Shri Rajiv Patodia | 8.38 |

b. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in financial year:

| Name of Person | Designation | % increase in remuneration in financial year |
|----------------------|--------------------|--|
| Shri K. K. Patodia | Chairman and MD | 0.00 |
| Shri Narayan Patodia | Managing Director | 0.00 |
| Shri Rajiv Patodia | Executive Director | 0.00 |
| Shri Rahul Rawat | Company Secretary | 0.00 |



- c. **Percentage increase in the median remuneration of employees in the financial year:** 8.11%
- d. **The number of permanent employees on the rolls of the Company:** 100 employees
- e. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was around 6.16%. However, during the course of the year, the total increase is approximately (-)76.19%, after accounting for promotions and other event-based compensation revisions.

Increase in the managerial remuneration for the year was 0.00%.

- f. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

A statement comprising the names of top 10 employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration in terms of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as "Annexure C" and forms an integral part of this Report.

The above Annexure is not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. The aforesaid Annexure is available for inspection by Shareholders at the Registered Office of the Company, 21 days before and up to the date of the ensuing Annual General Meeting during the business hours (working days) of the Company.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his/her spouse and dependent children) more than two percent of the equity shares of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loans and guarantees. Details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and hence, enclosing of Form AOC-2 is not required. All Related Party Transactions are placed before the Audit Committee as well as the Board for approval. Prior omnibus approval of the Audit Committee is

obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is available on the Company's website at www.eurotexgroup.in

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 (2) (e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report for the year under review is given under a separate section and forms part of the Annual Report.

PUBLIC DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

ANNUAL RETURN

The Annual Return of the Company for the financial year ended 31st March, 2021 in Form MGT-7 as required under Section 92(3) of the Companies Act, 2013, is available on the Company's website and can be accessed at www.eurotexgroup.in.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the financial year 2020-21, there were no significant or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and operations of the Company in the future.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

REPORTING OF FRAUDS

There were no frauds reported by the Statutory Auditors under provisions of Section 143 (12) of the Companies Act, 2013 and Rules made thereunder.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thankful acknowledgement for valuable assistance the Company received from all Customers, Agents, Suppliers, Investors and Lending Bankers.

On behalf of the Board

K. K. PATODIA
Chairman
and Managing Director

Place : Mumbai
Date : 22nd June, 2021

ANNEXURE “A” TO THE DIRECTORS’ REPORT

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014.

(A) CONSERVATION OF ENERGY:

(a) Energy Conservation Measures Taken:

During the year, the Company has installed Solar Street Lights of capacity 14/18W on internal roads of the Company for Energy Conservation even though production activity is stopped and Mill is not working.

(b) Steps taken for utilizing alternate source of energy:

None.

(c) Capital investment on energy conservation equipments:

2.79 Lakhs.

(B) TECHNOLOGY ABSORPTION:

(a) The efforts made towards Technology Absorption:

None.

(b) The benefits derived like product improvement, cost reduction, product development or import substitution:

None.

(c) In case of imported technology (imported during the last three years):

None.

(d) The expenditure incurred on Research and Development:

Nil.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Total Foreign Exchange used and earned:

(Rs. in Lakhs)

| | |
|-------------------------------------|----------------|
| i) CIF Value of Imports | - |
| ii) Expenditure in Foreign Currency | 24.92 |
| iii) Foreign Exchange Earned | 1952.42 |

On behalf of the Board

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 22nd June, 2021

ANNEXURE “B” TO THE DIRECTORS’ REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
EUROTEX INDUSTRIES AND EXPORTS LIMITED
1110, Raheja Chambers, 11th Floor,
213, Nariman Point,
Mumbai - 400 021.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **EUROTEX INDUSTRIES AND EXPORTS LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Due to COVID 19 Pandemic and Lockdown restrictions, I have relied on records and documents provided by the Company electronically and also on documents available on MCA Website.

Based on my verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed by the Company and other records maintained by the Company and also the information provided electronically by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to

the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March, 2021** generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the **EUROTEX INDUSTRIES AND EXPORTS LIMITED** as given in **‘Annexure I’** for the period **1st April, 2020 to 31st March, 2021** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not Applicable to the Company during the period under Audit**)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):



- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018;
(Not applicable as Company has not issued any Securities during the year under review).
- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Now known as SEBI (Share based Employees Benefits) Regulation, 2014; **(The Company has not introduced any such scheme);**
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(The Company has not issued any Debt Securities during the financial year under review)**
- e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(The Board of Directors in its meeting held on 26th May 2020 proposed to Delist its Equity Shares from Bombay Stock Exchange (BSE) However, no further steps pursuant to the said Resolution have been taken)**
- g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; **(The Company has not bought back / propose to buy-back any of its securities during the financial year under review)** and
- h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- i) No specific Laws were applicable to the Company as its manufacturing Plant at Kolhapur continued to remain in-operational during the year under review. I have also examined Compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India (w.e.f. 01st July, 2015).
 - ii. The Listing Agreement entered into by the Company with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE) read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above save and except the following:

There was a delay of 1 day in giving Prior Intimation under Regulation 29(1) of SEBI (Listing Obligations Disclosures Requirements) Regulations, 2015 to BSE in respect of Board Meeting convened on 12th September 2020 for consideration of Un-Audited

Financial Results for the Quarter ended 30th June 2020 as prior intimation was given on 07/09/2020 instead of 06/09/2020.

However, on the request of the Company BSE vide e-mail dated 10th February 2021 has waived the fine for late Compliance by the Company and has advised the Company to exercise caution while filing any documents with exchange on timely basis.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in Composition of Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with the applicable Laws, Rules, Regulations and Guidelines.

I have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditors for systems and mechanism framed by the Company for Compliances under other Acts, Laws and Regulations applicable to the Company as listed in 'Annexure II'.

In case of Direct and Indirect Tax Laws like Income Tax Act, 1961, Goods and Service Tax Act and Custom Act, I have relied on the Report given by the Statutory Auditors of the Company.

I further report that during the audit period, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc. referred to above.

I further report that There were no specific events occurred during the year under review except as disclosed in the Report.

The details of Registered and Corporate Office and location of the Plants of **M/s. Eurotex Industries and Exports Limited** are given in 'Annexure-III'.

For S. K. Jain & Co.

(Dr. S. K. Jain)

Date : 22nd June, 2021 Practising Company Secretary
Place: Mumbai FCS No.: 1473
UDIN: F001473C000495483 C P No.: 3076

This report is to be read with our letter of even date which is annexed as "Annexure - IV" and forms an integral part of this report.

ANNEXURE - I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2020.
3. Minutes of the Meetings of the Board of Directors, Independent Directors, Audit Committee and Nomination & Remuneration Committee, Stakeholder Relationship Committee and Allotment Committee along with Attendance Register held during the Financial Year under Report.
4. Minutes of General Body Meetings held during the Financial Year under Report.
5. All Statutory Registers.
6. Agenda papers submitted to all the Directors / Members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013 and attachments thereto during the financial year under report.
8. E- forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.

ANNEXURE - II

List of applicable Laws to the Company

- i. Factories Act, 1948 read with the Maharashtra Factories Rules, 1963;
- ii. Industrial Dispute Act, 1947 and the rules made thereunder;
- iii. Payment of Bonus Act, 1965 and the rules made thereunder;
- iv. Payment of Gratuity Act, 1972 and the rules made thereunder;
- v. Payment of Wages Act, 1936 and the rules made thereunder;
- vi. The Minimum Wages Act, 1948 and the rules made thereunder;
- vii. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder;
- viii. Professional Tax Act, 1975 and rules;
- ix. The Employment Exchange Act, 1959 and the rules made thereunder;
- x. Equal Remuneration Act, 1976
- xi. Workmen's Compensation Act, 1923 and the rules made thereunder;
- xii. Apprentices Act, 1961.
- xiii. Employees State Insurance Act, 1947.
- xiv. Employees Provident Fund and Misc. Provision Act, 1952 and the Rules made thereunder;
- xv. The Bombay Shops and Establishment Act, 1948;
- xvi. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and Rules thereof.

ANNEXURE - III

Registered Office:

1110, Raheja Chambers,
11th Floor, 213, Nariman Point,
Mumbai - 400021.
Maharashtra.

Corporate Office:

Raheja Chambers, 12th Floor,
213, Nariman Point,
Mumbai - 400021. Maharashtra.
Tel.: 91-22-22041408 Fax: 91-22-22044139

Mills:

E-23 & E-1
MIDC, Gokul Shirgaon,
Kolhapur - 416234.
Maharashtra.

ANNEXURE - IV

To,

The Members,

Eurotex Industries and Exports Limited,

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **S. K. Jain & Co.**

Dr. S. K. Jain

Practicing

Company Secretary

Date : 22nd June, 2021

Place: Mumbai

UDIN: F001473C000495483

FCS : 1473 COP : 3076



Declaration regarding Compliance with the Code of Conduct and Ethics Policy of the Company by Board Members and Senior Management Personnel in accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 website - www.eurotexgroup.in

the Code of Conduct and Ethics policy of the Company.

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

Place: Mumbai
Date : 22nd, June 2021

K. K. PATODIA
*Chairman
and Managing Director*

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, 2021 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 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 : 22nd June, 2021

K. K. PATODIA
*Chairman
and Managing Director*

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and Development:

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

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

the world.

b) Opportunities and Threats:

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

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

c) Segment or Product-wise Performance:

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

d) Outlook, Risks and Concern:

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

The Exchange Rate Fluctuations, Power Cost increase due to increase in oil prices and state grid power rates are the risks and the matters of concern and may adversely affect its profitability.

e) Internal Control Systems and their Adequacy:

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

f) Financial Performance with respect to Operational Performance:

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

g) Development in Human Resources / Industrial Relations Front:

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

h) Cautionary Statement:

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

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

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai
Date : 22nd June, 2021

APPOINTMENT POLICY

THE APPOINTMENT POLICY FOR INDEPENDENT DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR EXECUTIVES WILL BE AS UNDER:

(A) Independent Directors:

Independent Directors will be appointed based on the criteria mentioned under Section 149(6) of the Companies Act, 2013 and in accordance with other applicable provisions of the Companies Act, 2013, Rules made thereunder and Listing Agreements entered with Stock Exchanges.

(B) Key Managerial Personnel (KMP):

KMP will be appointed by the Resolution of the Board of Directors of the Company, based on qualifications, experience and exposure in the prescribed field. Removal of the KMP will also be done by the Resolution of Board of Directors of the Company. Appointment / Removal will be in accordance with the provisions of the Companies

Act, 2013, Rules made thereunder and Listing Agreements entered with Stock Exchanges.

(C) Senior Executives:

Senior Executives will be appointed by the Chairman and the Managing Director and/or Executive Director of the Company based on their qualifications, experience and exposure. Removal of the Senior Executives will also be by Chairman, Managing Director and/or Executive Director. Further, appointment and removal will be noted by the Board as required under Clause 8(3) of Companies (Meeting of Board and its Powers) Rules, 2014.

For and on behalf of the Board

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai
Date : 22nd June, 2021



CORPORATE GOVERNANCE REPORT

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

The Company believes in highest standards of Corporate Governance and has put in place the systems to comply with all the rules, regulations and requirements mentioned in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For us, effective Corporate Governance is about commitment to values and ethical business conduct which alone can guarantee business success in the long run.

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

Corporate Ethics:

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

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

The Board of Directors has adopted the Code of Conduct for its Members and Senior Management. The Board highlights Corporate Governance as the corner stone for the sustained management performance, for serving all the stakeholders and for instilling pride in its business dealings.

The Code is applicable to all the Directors and specified Senior Management Executives. The Code impresses upon the Directors and Senior Management Executives to uphold the interest of the Company and its Stakeholders and endeavors to fulfill the fiduciary obligation towards them. The Code also mandates that Directors and Senior Management Executives would uphold highest 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.in

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, Key Managerial Personnel & Designated Employees. 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. The Code of Conduct for prevention of Insider Trading is also available on the website of the Company.

2. BOARD OF DIRECTORS

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

The Board of Directors comprises of three Executive

Directors, one Non-Executive Director and four Independent Directors.

Name of the Director *Position*

Executive Directors

Shri Krishan Kumar Patodia *Chairman and Managing Director*

Shri Narayan Patodia *Managing Director*

Shri Rajiv Patodia *Executive Director and CFO*

Non Executive Directors

Shri H. P. Siotia

Independent Directors

Shri V. K. Gupta

Shri. Ashwinikumar L. Dave

Shri Joginder Kumar Baweja

Smt. Hema Thakur

Total No. of Directors = 8

A. Board Procedure

Board members are given appropriate documents and information in advance of each Board and Committee Meeting to enable the Board to discharge its responsibilities effectively by taking well informed decisions. To enable the Board to discharge its responsibilities effectively, the Managing Director reviews Company's overall performance. All required minimal information to be placed before the Board of Directors under Regulation 17(7) of Schedule II of SEBI (LODR) Regulations, 2015 as applicable were duly placed before the Meetings of Board of Directors.

B. Board Meetings and Attendance

During the financial year 2020-21, Six Board Meetings were held on 26th May, 2020, 25th July, 2020, 12th September, 2020, 11th November, 2020, 19th December, 2020 & 11th February, 2021. Details of attendance at the Board Meeting, Directorship in other Companies and Membership in Committees thereof of each Director are as follows:

| Name of the Director | Attendance at Board Meeting | Attendance at last AGM | Directorship of other Companies | Committee Memberships * Mem- Chairman |
|---|-----------------------------|------------------------|---------------------------------|---------------------------------------|
| Shri K. K. Patodia Chairman & Managing Director | 6 | No | 7 | 2 1 |
| Shri H. P. Siotia | 6 | Yes | 4 | 3 1 |
| Shri Narayan Patodia Managing Director | 6 | Yes | 5 | - - |
| Shri Rajiv Patodia Executive Director | 6 | Yes | 5 | - - |
| Shri V. K. Gupta | 6 | Yes | - | - - |
| Shri Ashwinikumar L. Dave | 6 | Yes | - | - - |
| Shri J. K. Baweja | 5 | Yes | 1 | - - |
| Smt. Hema Thakur | 6 | Yes | 2 | 3 1 |

Notes:

1. Shri K. K. Patodia and Shri H. P. Siotia both hold the position of Director in PBM Polytex Limited which is a Listed Company.
2. Shri J. K. Baweja is also the Director of Pioneer Embroideries Limited which is a Listed Company
3. The Directorship of other Companies as mentioned above do not include directorship(s) in private companies, foreign companies and Companies under Section 8 of the Companies Act, 2013
4. In accordance with Regulation 26 of the Listing Regulations, Membership(s), Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all public companies have been considered
5. During financial year 2020-21, none of our Directors acted as Member in more than 10 Committees or as Chairperson in more than 5 Committees across all Indian Companies (listed and unlisted), where he/she is a Director.
6. The Company placed before the Board all relevant information from time to time including information as specified in Part 'A' of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No. of Shares held by Non-Executive Directors are as follows:

Shri Hari Prasad Siotia - 42218 Shares

C. Familiarization Programme for Independent Directors

Training & Familiarization Programme

The Company conducts Familiarization Programme for the Independent Directors (ID) to enable them to familiarize with the Company, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Company. They are given full opportunity to interact with Senior Management Personnel and are provided with all the documents required and/or sought by them to have a good understanding of the Company, its business model and various operations, products, organization structure and the industry of which it is a part. The IDs are also provided with an opportunity to visit the Company's plants.

The initiatives undertaken by the Company in this respect has been disclosed on the website of the Company at www.eurotexgroup.in

D. Directors Qualifications, Skills, Expertise, Competencies and Attributes

The Board Diversity Policy of the Company requires the Board to have a balance of skills, industry experience, expertise and diversity of perspectives appropriate to the Company which would strengthen the Corporate Governance structure in the Company. The Company

currently has a right mix of Directors on the Board who possess the requisite qualifications, experience and expertise across multiple domains which facilitates quality decision making and enables them to contribute effectively to the Company in their capacity as Directors of the Company, more specifically in the areas of:

- i. Industry Knowledge and experience - knowledge of industry, sector and changes in industry specific policy.
- ii. Knowledge of Company - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities).
- iii. Technical/Professional Skills and experience in the areas of Finance, Banking, Safety & Corporate Social Responsibility and allied fields, projects, accounting, law, general corporate management and strategy development and implementation to assist the ongoing aspects of the business.
- iv. Behavioral Competencies - attributes and skills to use their knowledge and experience to function well as team members and to interact with key stakeholders, the names of directors who have such skills / expertise / competence

E. Confirmation of the Board for Independent Directors

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and that they are independent of the management.

3. AUDIT COMMITTEE

MEMBERS: Shri V. K. Gupta, Shri H. P. Siotia, Shri Ashwinikumar L. Dave, Smt. Hema Thakur
CHAIRMAN: Shri V. K. Gupta

The terms of reference of Audit Committee inter alia are as follows:

- 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 oversee the Company's Financial Reporting process and the disclosure of its financial statement to ensure that the financial statement is correct, sufficient and credible.
- c. To recommend the appointment, remuneration and terms of appointment of statutory auditors, fixation of audit fees and also approval for payment of any other services.
- d. Discussion with statutory auditors before the audit commences, about the nature and scope of audit



- as well as post-audit discussion to ascertain any area of concern.
- e. Reviewing with the Management the annual financial statements and Auditor's Report thereon before submission to the Board for approval.
 - f. Reviewing with the Management the quarterly financial statements before submission to the Board.
 - g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
 - h. Scrutiny of inter-corporate loans and investments.
 - i. To review the functioning of the Whistle Blower mechanism.
 - j. Reviewing with the Management, external and internal auditors, the adequacy of internal control systems.
 - k. Reviewing the Company's Financial and Risk Management policies.
 - l. 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.
 - m. Reviewing of all Related Party Transactions.

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

Amongst the Board of Directors, three Independent Directors are members of Audit Committee Meeting. 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, related party transactions etc. The power and role of Audit Committee is as per regulations set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Four Audit Committee Meetings were held during the financial year 2020-21. These meetings were held on 25th July, 2020, 12th September, 2020, 11th November, 2020 and 11th February, 2021.

The attendance at the meeting is as under:

| Name of the Member | No. of Meetings Attended |
|---------------------------|--------------------------|
| Shri V. K. Gupta | 4 |
| Shri H. P. Siotia | 4 |
| Shri Ashwinikumar L. Dave | 4 |
| Smt Hema Thakur | 4 |

4. NOMINATION & REMUNERATION COMMITTEE

MEMBERS: Shri V. K. Gupta, Shri H. P. Siotia, Smt Hema Thakur

CHAIRMAN: Shri V. K. Gupta

The terms of reference of Nomination and Remuneration Committee inter alia are as follows:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Other Employees;
- b. Formulation of criteria for evaluation of Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in the Annual Report.

During the financial year 2020-21, two Nomination & Remuneration Committee Meetings were held on 25th July, 2020 and 11th February, 2021. The Company Secretary acts as the Secretary to the Committee. Details of attendance at the Nomination & Remuneration Committee are as follows:

| Name of the Member | No. of Meetings Attended |
|--------------------|--------------------------|
| Shri V. K. Gupta | 2 |
| Shri H. P. Siotia | 2 |
| Smt Hema Thakur | 2 |

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS.

The criteria for performance evaluation of the Independent Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

(A) Brief about Remuneration Policy:

Your Company has formulated a policy on Nomination & Remuneration of Directors and Key Managerial Personnel and the major points relating to Remuneration Policy are as under:

(a) Remuneration structure of Executive & Independent Directors:

1. Independent Directors receive remuneration by way of sitting fees for attending Board Meetings and Board Committee Meetings.
2. The remuneration / compensation / commission etc. to be paid to Managing Directors / Executive

Director shall be as per their terms of appointment, subject to the terms and conditions under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force and by the approval of the shareholders.

(b) Remuneration structure of Key Managerial Personnel (KMP):

1. The remuneration of KMP shall be approved by Nomination & Remuneration Committee.
2. The compensation of a KMP is done keeping in consideration the prevailing market value of the resources, criticality of role and internal parity.
3. The remuneration structure to KMPs may include a variable performance linked component.

The remuneration of Directors is disclosed under point no. 4 (C) of this report.

(B) Sitting Fees paid to Non-Executive & Independent Directors for the year ended 31st March, 2021:

The Non-Executive & Independent Directors have been paid sitting fees for attending Board / Committee Meetings attended by them. No sitting fee is paid for attending Stakeholders Relationship Committee Meeting.

The details of fees paid for attending Board Meeting, Audit Committee Meeting and Nomination & Remuneration Committee Meeting for the year ended 31st March, 2021 to the Directors are as follows:

(Amount in Rs.)

| Sr. No | Name of the Director | Board Meeting | Audit Committee Meeting | Nomination & Remuneration Committee Meeting |
|--------|----------------------------|---------------|-------------------------|---|
| 1. | Shri H. P. Siotia | 50,000/- | 34,000/- | 16,000/- |
| 2. | Shri V. K. Gupta | 50,000/- | 34,000/- | 16,000/- |
| 3. | Shri Ashwinikumar L. Dave | 50,000/- | 34,000/- | - |
| 4. | Shri Joginder Kumar Baweja | 41,000/- | - | - |
| 5. | Smt. Hema Thakur | 50,000/- | 34,000/- | 16,000/- |

The Non-Executive Directors are paid sitting fees for the meetings of the Board and its Committees attended by them.

The Company also reimburses them the expenses incurred for travel and accommodation for attending the meetings of the Board/Committees, if any. Besides the above there are no other pecuniary relationship or

transactions between the Company and Non-Executive Directors.

(c) Remuneration paid to Executive Directors for the year ended 31st March, 2021 :

| Name | Shri K. K. Patodia Chairman and Managing Director | Shri Narayan Patodia Managing Director | Shri Rajiv Patodia Executive Director and CFO |
|------------------------|--|--|--|
| Salary (Rs.) | 17,50,000 | 12,50,000 | 7,50,000 |
| Others (Rs.) | 20,13,955 | 5,89,202 | 10,01,406 |
| Appointment valid upto | 20/05/2024 | 20/05/2024 | 20/05/2024 |
| Stock Option Details | - | - | - |

The appointments of Managing Directors and Executive Director are contractual and are for a period of 3 (three) years

The appointment of the Managing Directors and other Executive Director may be terminated by either party by giving a 1 (one) month Notice.

No severance fee is payable on termination of appointment Presently the Company does not have any Scheme for grant of any stock option either to the Directors or to the employees

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Chairman: Shri H. P. Siotia.

Compliance Officer: Rahul Rawat (Company Secretary)

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 relating to Shareholders

During the year 2020-21, four meetings were held on 24th July, 2020, 11th September, 2020, 10th November, 2020 and 9th February, 2021.

Total number of service requests, enquiries, queries received during the year were six and all of them were resolved.

Total number of investor complaints received and resolved during the year is nil.

SEBI by its circular has mandated all the Listed Companies to get their SCORES Registration done. Accordingly, the Company has obtained the same. However, one complaint have been received and resolved during the year.



Total number of meetings attended by members:

| Name of the Member | No. of Meetings Attended |
|----------------------|--------------------------|
| Shri K. K. Patodia | 4 |
| Shri H. P. Siotia | 4 |
| Shri Narayan Patodia | 1 |
| Shri Rajiv Patodia | 4 |

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee of the Board comprises of Shri K. K. Patodia, Shri Rajiv Patodia and Shri Ashwinikumar L. Dave.

7. GENERAL BODY MEETINGS

Details of Annual General Meetings held during the last three

years:

| Year | AGM/EGM | Location | Date/Time | Special Resolution Passed |
|------|---------|---|---------------------|--|
| 2020 | AGM | Raheja Chambers, 1110, 11th Floor, 213, Nariman Point., Mumbai-400 021 | 31.10.20 9:00 AM | No Special Resolution was passed in the Meeting. |
| 2019 | AGM | "The Residence" An Apartment Hotel Saki Vihar Road, Before Nitie, Powai, Mumbai-400 087 | 28.09.19 9:00 AM | No Special Resolution was passed in the Meeting. |
| 2018 | AGM | "The Residence" An Apartment Hotel Saki Vihar Road, Before Nitie, Powai, Mumbai-400 087 | 29.09.18 9:00 AM | No Special Resolution was passed in the Meeting. |

Special Resolution passed through Postal Ballot:

a) During the year, the members have approved the following matters by passing a Special Resolutions through Postal Ballot Notice dt. 26th May, 2020:

1. To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company.

| Resolution Required: | | | | | Special Resolution | | | |
|--|----------------|---------------------------|----------------------------|--|---------------------------------|-------------------------------|---|---|
| Whether promoter / promoter groups are interested in the agenda / resolution | | | | | No | | | |
| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of votes polled on outstanding shares (3) = [(2)/(1)] * 100 | No. of votes - in favour (4) | No. of votes - against (5) | % of votes in favour on votes polled (6) = [(4)/(2)] * 100 | % of votes against on votes polled (7) = [(5)/(2)] * 100 |
| Promoter and Promoter Group | E-Voting | | 42218 | 0.68 | 42218 | 0 | 100 | 0 |
| | Postal Ballot | 6211627 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 6211627 | 42218 | 0.68 | 42218 | 0 | 100 | 0 |
| Public-Institutions | E-Voting | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | 53680 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 53680 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public - Non Institutions | E-Voting | | 578223 | 23.27 | 208955 | 369268 | 36.14 | 63.86 |
| | Postal Ballot | 2484558 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 2484558 | 578223 | 23.27 | 208955 | 369268 | 36.14 | 63.86 |
| Total | | 8749865 | 620441 | 7.09 | 251173 | 369268 | 40.48 | 59.52 |

b) During the year, the members have approved the following matters by passing a Special Resolutions through Postal Ballot Notice dt. 25th July, 2020:

1. To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company.

| Resolution Required: | | | | | Special Resolution | | | |
|--|----------------|---------------------------|----------------------------|--|---------------------------------|-------------------------------|---|---|
| Whether promoter / promoter groups are interested in the agenda / resolution | | | | | No | | | |
| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of votes polled on outstanding shares (3) = [(2)/(1)] * 100 | No. of votes - in favour (4) | No. of votes - against (5) | % of votes in favour on votes polled (6) = [(4)/(2)] * 100 | % of votes against on votes polled (7) = [(5)/(2)] * 100 |
| Promoter and Promoter Group | E-Voting | | 3837030 | 61.77 | 3837030 | 0 | 100 | 0 |
| | Postal Ballot | 6211627 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 6211627 | 3837030 | 61.77 | 3837030 | 0 | 100 | 0 |
| Public-Institutions | E-Voting | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | 53680 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 53680 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public - Non Institutions | E-Voting | | 211537 | 8.51 | 208676 | 2861 | 98.65 | 1.35 |
| | Postal Ballot | 2484558 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 2484558 | 211537 | 8.51 | 208676 | 2861 | 98.65 | 1.35 |
| Total | | 8749865 | 4048567 | 46.27 | 4045706 | 2861 | 99.93 | 0.07 |

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

- c) Person who conducted the Postal Ballot Exercise:
Dr. S. K. Jain, Practicing Company Secretary, 11, Friends Union Premises Co-operative Society Ltd., 2nd Floor, 227, P.D'Mello Road, Beside Manama Hotel, Mumbai - 400 001.
- d) Procedure for Postal Ballot:
The procedure for Postal Ballot is as per the provisions contained in this behalf in the Companies Act, 2013 and Rules made thereunder namely the Companies (Management and Administration) Rules, 2014.

8. MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 25th July, 2020 to review the performance of Non-Independent Directors, Chairman and the Board as a whole. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

9. MEANS OF COMMUNICATION

The Company generally publishes the quarterly, half yearly, nine months and annual audited financial results in FREE PRESS JOURNAL (National) and NAV SHAKTI (Regional - Marathi) newspapers.

The Company's website (www.eurotexgroup.in) contains a separate dedicated section 'Investor Information' which contains relevant information for shareholders. Further, the Annual Report and Financials are also available on the website of the Company.

All periodical compliance like Announcements, Shareholding Pattern, Corporate Governance Report, Book Closure Dates, etc. are electronically filed in NSE and BSE through 'NSE NEAPS' and 'BSE LISTING CENTRE'.

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

10. SHAREHOLDERS' INFORMATION

- Annual General Meeting:
 - Day, Date and Time : Thursday, 30th September, 2021 at 9:00 a.m.
 - Venue : Through Video Conferencing ("VC")/Other Audio-Visual Mean ("OAVM")
- Financial Year : April 2020 - March 2021
- Dividend Payment Date: No Dividend has been recommended or declared for the financial year 2020-21
- Financial Calendar (tentative)

| | |
|--|-------------------------------|
| Annual General Meeting: | 30th September, 2021 |
| Results for quarter ending 30th June, 2021: | Second week of August, 2021 |
| Results for quarter ending 30th September, 2021: | Second week of November, 2021 |
| Results for quarter ending 31st December, 2021: | Second week of February, 2022 |
| Results for year ending 31st March, 2022: | Last week of May, 2022 |

- Book closure Date : 21st September, 2021 to 30th September, 2021 (Both days inclusive)
- Registered Office : **EUROTEX INDUSTRIES AND EXPORTS LTD.**
1110, Raheja Chambers, 11th Flr., 213, Nariman Point, Mumbai - 400 021.

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

Listing fees for the financial year 2020-21 has been paid to the Stock Exchanges where the shares of the Company are listed.

- Stock Code: 1) 521014 at Bombay Stock Exchange Ltd.
2) EUROTEXIND at National Stock Exchange of India Ltd.
- Depositories for Equity Shares: National Securities Depository Ltd. : ISIN Central Depository Services (India) Ltd. : INE022C01012
- Stock Performance

| Stock Price Data: | | |
|--|-------|------|
| Bombay Stock Exchange Ltd. (BSE) (in Rs.) | | |
| Year | High | Low |
| April, 2020 | 5.49 | 5.00 |
| May, 2020 | 4.55 | 3.85 |
| June, 2020 | 7.89 | 4.65 |
| July, 2020 | 10.92 | 7.93 |
| August, 2020 | 9.85 | 9.32 |
| September, 2020 | 9.35 | 8.14 |
| October, 2020 | 9.73 | 9.27 |
| November, 2020 | 9.25 | 7.70 |
| December, 2020 | 9.29 | 8.00 |
| January, 2021 | 9.74 | 8.85 |
| February, 2021 | 9.67 | 9.19 |
| March, 2021 | 9.16 | 7.00 |
| National Stock Exchange of India Ltd. (NSE) (in Rs.) | | |
| Year | High | Low |
| April, 2020 | 8.85 | 8.05 |
| May, 2020 | 9.45 | 9.45 |
| June, 2020 | 9.80 | 8.55 |
| July, 2020 | 9.40 | 7.05 |
| August, 2020 | 9.95 | 7.35 |
| September, 2020 | 10.10 | 7.60 |
| October, 2020 | 9.05 | 7.60 |
| November, 2020 | 8.60 | 8.50 |
| December, 2020 | 8.35 | 7.70 |
| January, 2021 | 8.60 | 7.85 |
| February, 2021 | 8.25 | 7.15 |
| March, 2021 | 8.65 | 7.25 |



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

12. Registrars & Datamatics Business
Transfer Agents: Solutions Ltd.
Plot No.B-5, Part B, Cross Lane,
MIDC, Marol, Andheri (East),
Mumbai - 400 093
Phone No.: 022 - 66712156
Fax No.: 022 - 66712161

13. Transfer of unclaimed/ unpaid dividend/ shares to the Investor Education and Protection Fund

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as 'IEPF Rules') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund (IEPF) maintained by the Central Government.

Further in accordance with Section 124(6) of the Act, read with the IEPF rules, all the shares in respect of which dividend has remained unclaimed for a period of seven consecutive years or more from the date of transfer to the unpaid dividend account are required to be transferred to the demat account of the IEPF Authority.

The below table gives details of unclaimed dividend and the date by which it can be claimed by Members from the Company's RTA:

| Date of Dividend Declaration | Unclaimed Dividend (As on 31st March, 2021) | Last date of claiming Dividend from RTA |
|-------------------------------------|--|--|
| 06.09.2014 | Rs.1,37,246.50 | 05.10.2021 |

It may be noted that the unclaimed dividend for the Financial Year 2013-14 declared on 6th September, 2014 is due to be transferred to the IEPF. The same can however, be claimed by the Members by 5th October, 2021.

After the due date the Members whose unclaimed Dividends/ Shares would be transferred to IEPF, may claim the same by making an application to the IEPF Authority in e-form IEPF-5 available on www.iepf.gov.in. No claim shall lie against the Company in respect of dividend/ shares so transferred.

14. Share Transfer System:

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

15. Distribution of Shareholding as on 31st March, 2021:

| No. of Equity Shares | No. of Shareholders | No. of Shares held | % of Shareholding |
|----------------------|---------------------|--------------------|-------------------|
| Upto 500 | 5785 | 727291 | 8.31 |
| 501 to 1000 | 245 | 195593 | 2.24 |
| 1001 to 2000 | 133 | 200959 | 2.30 |
| 2001 to 3000 | 45 | 112791 | 1.29 |
| 3001 to 4000 | 15 | 53712 | 0.61 |
| 4001 to 5000 | 19 | 87846 | 1.00 |
| 5001 to 10,000 | 28 | 199252 | 2.28 |
| 10,001 to 50,000 | 29 | 660661 | 7.55 |
| 50,001 and above | 7 | 6511760 | 74.42 |
| Total | 6306 | 8749865 | 100.00 |

16. Dematerialisation of shares and liquidity:
95.73% of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2021.

17. Outstanding GDRs/ ADRs/ WARRANTS or any Convertible Instruments, conversion date and likely impact on Equity as on 31st March, 2021:

The Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

18. Plant Locations : Plot E-23 and E-1, MIDC,

Gokul Shirgaon, Taluka - Karveer,
Kolhapur-416 234, Maharashtra.

19. Address for Correspondence : Eurotex Industries and Exports Ltd.
1110, Raheja Chambers, 11th Flr.,

213, Nariman Point,
Mumbai-400 021

Phone : 022-22041408

Fax : 022-22044139

Email: eurotex@eurotexgroup.in

20. Compliance Officer : Rahul Rawat
Company Secretary
1110, Raheja Chambers, 11th Flr.,
213, Nariman Point,
Mumbai-400 021

Phone: 022-22041408

Fax : 022-22044139

11. OTHER DISCLOSURES

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

(b) There has not been any non-compliance by the Company and no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, or any matter related to Capital Markets, during the last three years except the following during the year 2020-21:

There was a delay of 1 day in giving Prior Intimation under Regulation 29(1) of SEBI (Listing Obligations Disclosures Requirements) Regulations, 2015 to BSE in respect of Board Meeting convened on 12th September, 2020 for consideration of Un-Audited Financial Results for the quarter ended 30th June, 2020 as prior intimation was given on 7th September, 2020 instead of 6th September, 2020.

However, on the request of the Company BSE vide

e-mail dated 10th February, 2021 has waived the fine for late Compliance by the Company and has advised the Company to exercise caution while filing any documents with exchange on timely basis.

- (c) The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee of any unethical behavior. During the year under review no employee was denied access to Audit Committee.
- (d) Compliance with the Listing Regulations:
The Company is in Compliance with all the mandatory requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- (e) The Company has no subsidiary and hence there is no policy for deciding the 'Material Subsidiary'.
- (f) The policy on Related Party Transactions are available on the website of the Company i.e. www.eurotexgroup.in
12. The Company has complied with all the requirements as specified in sub para (2) to (10) of Part C of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in the Corporate Governance report, to the extent applicable.
13. All the recommendations made by the Committee during the year under review was accepted by the Board.
14. All the details of fees paid to the Statutory Auditor of the Company is as follows:
- | Particulars | Amount (Rs. in Lakhs) |
|---------------------|-----------------------|
| Statutory Audit Fee | 2.50 |
| Other Services | 0.75 |
| Total | 3.25 |
15. The Company has always believed in providing a safe and harassment-free workplace. The Company has complied with the applicable provisions of the aforesaid Act, and the rules framed thereunder, including constitution

of the Internal Complaints Committee. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same is available on the Company's website at www.eurotexgroup.in

Status of Complaints as on 31st March, 2021

Particulars **Number of Complaints**

Number of Complaints filed during the Financial Year 0

Number of Complaints disposed off during the Financial Year 0

Number of Complaints pending at the end of the Financial Year 0

16. The Company has not adopted any of the non-mandatory requirements given in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

17. The Company is in compliance with the Corporate Governance requirements specified in Regulations 17 to 27 and 46 (2) (i) (b) of the Listing Regulations as applicable with regard to Corporate Governance

18. NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Certificate from CS. Dr. S K. Jain, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report. continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

For and on behalf of the Board of Directors

K. K. PATODIA

Chairman

and Managing Director

Place : Mumbai

Date : 22nd June, 2021

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
M/s. Eurotex Industries and Exports Ltd.
1110, Raheja Chambers, 11th Floor,
213, Nariman Point, Mumbai - 400 021.

We have examined the compliance of conditions of Corporate Governance by **EUROTEX INDUSTRIES AND EXPORTS LIMITED** for the year ended on **31st March, 2021**.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements Responsibility

The Compliance of conditions of Corporate Governance is responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations during the year ended 31st March,

2021 save and except that there was a delay of one day in giving prior intimation to BSE as required under Regulation 29(1) of SEBI (LODR) Regulations 2015 in respect of Board Meeting convened on 12-09-2020 for consideration of Un-Audited Financial Results for Quarter ended 30th June 2020 of which prior intimation was given on 07/09/2020 instead of on or before 06/09/2020. However on request of the Company BSE vide e-mail dated 10th February 2021 has waived the fine for late Compliance by the Company and has advised the Company to exercise caution while filing any documents with exchange on timely basis.

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

Restriction on Use

The certification is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S. K. JAIN & CO.

Practicing Company Secretary

Place: Mumbai

Date : 21st June, 2021

UDIN : F001473C000493349

DR. S. K. JAIN

Proprietor

C. P. No. 3076



INDEPENDENT AUDITOR'S REPORT

**TO
THE MEMBERS OF
EUROTEX INDUSTRIES AND EXPORTS LIMITED
Report on Audit of Financial Statements**

We have audited the accompanying financial statements of **EUROTEX INDUSTRIES AND EXPORTS LIMITED** ("the Company"), which comprises of Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its losses including total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Material Uncertainty Related to Going Concern

Without qualifying, we draw your attention to note no. 40 of the financial statements with respect to the fact that the financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business though the Company has incurred cash loss during the current year, losses during the last couple of previous years, having eroded its entire net worth and that the operations of the Mills have continued grinding halt since 25th March, 2019 on account of persistent, unfair and illegal activities of labour including strike resorted to by workers and disconnection of power and lack of working capital. The management has already settled dues of lender banks (by borrowing from promoter group companies), is exploring ways to settle workers legal dues, studying ways to

restart the operations of the Mills, pursuing to raise further funds from selling surplus assets (during the year end, substantial cash flow was generated by disposing off of certain assets of the Company at Kolhapur), exploring for sources of additional funds to restructure the operations after proper evaluation and in view of such positivities, the financial statements have been prepared on a going concern basis.

Emphasis of Matters

We draw your attention to Note no. 41 of the financial statements with regard to management's assessment about the impact on Company's operations due to COVID 19 pandemic outbreak and lockdown. The management apart from considering the internal and external information up to the date of approval of these financial statements, the Company has also performed sensitivity analysis on the assumptions used interalia including in respect of realisability of asset based on current indicators of future economic conditions, the Company expects to recover the carrying amount of all these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. Considering the continuing uncertainties, as explained the Management will continue to closely monitor any material changes to future economic conditions.

Our report is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matters | Auditor's Response |
|---------|--|---|
| 1. | <p>Evaluation of Indirect tax and other receivables</p> <p>The Company has MVAT receivables of Rs.73.20 lakhs for the financial year 2007-08, Central Sales Tax of Rs.96.90 Lakhs for the financial year 2006-07 and MSEB Load Factor Incentives receivables of Rs.178.06 Lakhs pertaining to financial years from 2005-2008 including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> | <p>Obtained understanding of key uncertain tax positions.</p> <p>Obtained details of completed tax assessments and demands received during the year from the Management.</p> <p>Discussed with appropriate senior management and evaluated the Management's underlying key assumptions in estimating the tax provision.</p> <p>Assessed management's estimate of the possible outcome of the disputed cases.</p> <p>Considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board Report, Corporate Governance report and Shareholder's information, but does not include the financial statement and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism

throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of an identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and records.
 - (c) The Balance Sheet, the Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representation received from the directors as on March 31, 2021 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as Directors in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B". Our report expresses an unmodified opinion on the adequacy

and operating effectiveness of the Company's internal financial control over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No. 32.1.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SVP & Associates
Chartered Accountants
Firm Regn. No. 003838N

(YOGESH KUMAR SINGHANIA)
Partner

Place : Mumbai
Date : 22nd June, 2021 *(M. No. 111473)*
UDIN 21111473AAAAEL9251

"ANNEXURE A"

Annexure "A" referred to in "Report on Other Legal and Regulatory Requirements" section of our report to the members of Eurotex Industries and Exports Limited of even date:

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

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (fixed assets).
- b) According to the information and explanations given to us, the property, plant and equipment (fixed assets) have been physically verified by the management at the year end, which in our opinion is reasonable considering the size of the Company and nature of its property, plant and equipment (fixed assets). As explained, no material discrepancies were noticed on such verification.
- c) Based on the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii) The inventories of the Company have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such physical verification.
- iii) The Company has not granted any loans secured or unsecured to the Companies, firms, limited liability

partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Companies.

- iv) The Company has not granted any loan, guarantees and security to the parties covered in Section 185 of the Act. The provisions of Section 186 of the Act have been complied in respect of the investments made.
- v) No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Cess, Goods

**EUROTEX
INDUSTRIES AND EXPORTS
LIMITED**

and Service Tax and other material statutory dues applicable to the Company with the appropriate authorities except delay in payment of Provident Fund of Rs. 0.35 Lakhs (since paid) and Employees' State Insurance of Rs. 1.23 Lakhs (yet to be paid).

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise and Value Add Tax which have not been deposited on account of any dispute except the following:

| Nature of Statute | Nature of Dues | Period to which it relates | Rs. in Lakhs | Forum where the dispute is pending |
|--|-----------------------|----------------------------|--------------|--|
| The Custom Act, 1962 | Cenvat Duty & Penalty | 2006-07 | 131.08 | Custom, Excise and service tax Appellate Tribunal (CSSTAT) |
| The Bombay Sales Tax Act, 1959/Central Sales Tax Act, 1956 | Sales Tax | 2005-06 | 184.38 | Maharashtra Sales Tax Tribunal, Pune. |
| | | 2006-07 | 101.59 | |

- viii) During the year or in the recent past, the Company has not taken any loan from bank, Financial Institutions, government or debenture holders. However, there was a delay in repayment of loan to a bank of Rs.22.61 Lakhs by 27 days.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year or in the recent past. Therefore, para 3(ix) of the order is not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed

of such case by the management.

- xi) According to the information and explanations given to us and based on the examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) The provisions of Nidhi Company are not applicable to the Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us, the provisions of Section 177 and 188 of Act, in respect of transactions with the related parties have been complied by the Company and the details have been disclosed in the Financial Statements as required by the applicable accounting standards in Note No.32.5 to the Financial Statements.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, Para 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him under Section 192 of the Act.
- xvi) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For SVP & Associates
Chartered Accountants
Firm Regn. No. 003838N

(YOGESH KUMAR SINGHANIA)
Partner

Place : Mumbai
Date : 22nd June, 2021 UDIN 21111473AAAAEL9251



“ANNEXURE B”

Annexure “B” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of Eurotex Industries and Exports Limited of even date:

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“Act”)

We have audited the internal financial controls over financial reporting of **Eurotex Industries and Exports Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential component of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on

the internal financial controls system over financial reporting of Company.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential component of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also, refer “Emphasis of matter” para of main audit report. Besides, it is advisable to continue internal audit for better financial controls.

For **SVP & Associates**
Chartered Accountants
Firm Regn. No. 003838N

(YOGESH KUMAR SINGHANIA)

Partner

(M. No. 111473)

Place : Mumbai

Date : 22nd June, 2021 UDIN 2111473AAAAEL9251

BALANCE SHEET

As at 31st March, 2021

| | Note No. | As at 31st March, 2021 (₹ in Lakhs) | As at 31st March, 2020 (₹ in Lakhs) |
|--|----------|---|---|
| I ASSETS | | | |
| 1 NON-CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 1 | 3,957.18 | 5,098.14 |
| (b) Financial Assets | | | |
| (i) Investments | 2 | 194.05 | 109.57 |
| (ii) Deposits | 3 | 123.86 | 123.99 |
| (c) Income Tax Assets | 4 | 63.05 | 38.44 |
| (d) Other Non-Current Assets | 5 | 368.31 | 368.36 |
| Total Non-Current Assets | | 4,706.45 | 5,738.50 |
| 2 CURRENT ASSETS | | | |
| (a) Inventories | 6 | 189.04 | 1,001.45 |
| (b) Assets held for disposal | 7 | 1.49 | 218.90 |
| (c) Financial Assets | | | |
| (i) Trade Receivables | 8 | 5.55 | 195.99 |
| (ii) Cash and Cash Equivalents | 9 | 25.42 | 48.10 |
| (iiii) Bank Balances other than (ii) above | 10 | 12.37 | 2.47 |
| (iv) Other Financial Assets | 11 | 50.79 | 53.54 |
| (d) Other Current Assets | 12 | 78.86 | 75.73 |
| Total Current Assets | | 363.52 | 1,596.18 |
| TOTAL ASSETS | | 5,069.97 | 7,334.68 |
| II EQUITY AND LIABILITIES | | | |
| 1 EQUITY | | | |
| (a) Equity Share Capital | 13 | 874.02 | 874.02 |
| (b) Other Equity | 14 | (1,571.10) | (446.37) |
| Total Equity | | (697.08) | 427.65 |
| 2 LIABILITY | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 503.00 | 503.00 |
| (b) Deferred Tax Liabilities (Net) | 34(c) | 712.00 | 727.26 |
| Total Non-Current Liabilities | | 1,215.00 | 1,230.26 |
| 3 CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (I) Borrowings | 16 | 2,433.00 | 2,333.18 |
| (II) Trade Payables | 17 | | |
| (i) Total outstanding due to micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding due to creditors other than micro enterprises and small enterprises | | 1,169.23 | 953.54 |
| (III) Other financial liabilities | 18 | 427.09 | 405.08 |
| (b) Other Current Liabilities | 19 | 119.51 | 1,383.15 |
| (c) Provisions | 20 | 403.22 | 601.82 |
| Total Current Liabilities | | 4,552.05 | 5,676.77 |
| TOTAL EQUITY AND LIABILITIES | | 5,069.97 | 7,334.68 |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS

1 to 42

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

As per our attached report of even date

For SVP & ASSOCIATES

Chartered Accountants

(YOGESH KUMAR SINGHANIA)

Partner

RAHUL RAWAT

(M. No. 111473) Company Secretary

(Firm Reg. No. 003838N)

K. K. PATODIA DIN: 00027335 Chairman and Managing Director

NARAYAN PATODIA DIN: 00013122 Managing Director

RAJIV PATODIA DIN: 00026711 Executive Director & CFO

H. P. SIOTIA DIN: 00015103 Director

V. K. GUPTA DIN: 00021560 Director

ASHWINIKUMAR L. DAVE DIN: 00126187 Director

HEMA THAKUR DIN: 01363454 Director

Mumbai, 22nd June, 2021

Mumbai, 22nd June, 2021



STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2021

| | Note No. | For the Year ended 31st March, 2021 (₹ in Lakhs) | For the Year ended 31st March, 2020 (₹ in Lakhs) |
|---|----------|--|--|
| I REVENUE FROM OPERATIONS | 21 | 2,364.48 | 4,205.77 |
| II OTHER INCOME | 22 | 1,102.44 | 753.86 |
| III TOTAL INCOME | | 3,466.92 | 4,959.63 |
| IV EXPENSES : | | | |
| Cost of Materials Consumed | 23 | - | 1,396.64 |
| Purchase of Stock-in-Trade | 24 | 1,315.92 | 958.02 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 25 | 691.90 | 1,388.93 |
| Employee Benefits Expense | 26 | 1,469.61 | 1,827.15 |
| Power and Fuel | 27 | 31.82 | 99.09 |
| Finance Costs | 28 | 319.26 | 446.58 |
| Depreciation and Amortisation Expense | 01 | 365.99 | 371.04 |
| Other Expenses | 29 | 477.56 | 652.14 |
| TOTAL EXPENSES | | 4,672.06 | 7,139.59 |
| V LOSS FOR THE YEAR BEFORE TAX | | (1,205.14) | (2,179.96) |
| Tax Expenses: | | | |
| Deferred Tax charged / (credit) | | (32.07) | (304.44) |
| TOTAL TAX EXPENSES | | (32.07) | (304.44) |
| VI LOSS FOR THE YEAR | | (1,173.07) | (1,875.52) |
| VII OTHER COMPREHENSIVE INCOME | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | |
| (a) Remeasurement of the net defined benefit liabilities | | (17.73) | (187.91) |
| (b) Equity Instruments fair valued through other comprehensive income | | 84.48 | (160.74) |
| (ii) Income Tax relating to items that will not be reclassified to profit or loss | | (16.80) | 88.54 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | (1,123.12) | (2,135.63) |
| VIII Earnings Per Share (face value of Rs.10 per equity share) | | | |
| Basic and Diluted Earnings Per Share (Rs.) | | (13.41) | (21.43) |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS

1 to 42

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

As per our attached report of even date

For SVP & ASSOCIATES

Chartered Accountants

(YOGESH KUMAR SINGHANIA)

Partner

RAHUL RAWAT

(M. No. 111473) Company Secretary

(Firm Reg. No. 003838N)

K. K. PATODIA *DIN: 00027335* *Chairman and Managing Director*

NARAYAN PATODIA *DIN: 00013122* *Managing Director*

RAJIV PATODIA *DIN: 00026711* *Executive Director & CFO*

H. P. SIOTIA *DIN: 00015103* *Director*

V. K. GUPTA *DIN: 00021560* *Director*

ASHWINIKUMAR L. DAVE *DIN: 00126187* *Director*

HEMA THAKUR *DIN: 01363454* *Director*

Mumbai, 22nd June, 2021

Mumbai, 22nd June, 2021

STATEMENT OF CASH FLOWS

For the year ended 31st March, 2021

(₹ in Lakhs)

| | For the Year ended on 31st March, 2021 | For the Year ended on 31st March, 2020 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Loss before Tax | (1,205.14) | (2,179.96) |
| Adjustments for: | | |
| - Depreciation and amortization Expense | 365.99 | 371.04 |
| - Finance Costs | 293.97 | 426.33 |
| - Interest Earned | (4.72) | (9.75) |
| - Provisions for Doubtful Insurance Claims | 37.56 | - |
| - Provisions no longer required written back | (58.42) | (5.65) |
| - (Profit) / Loss on sale of Property, Plant and Equipment | (907.94) | (572.89) |
| - Dividend earned | - | (2.15) |
| - Remeasurement of the net defined benefit liabilities / (assets) | (17.73) | (187.91) |
| Operating Profit before working capital changes | (1,496.43) | (2,160.94) |
| Adjustments for: | | |
| - Decrease/(Increase) in Trade and other receivables | 180.35 | 121.34 |
| - Decrease/(Increase) in Inventories | 812.41 | 2,301.00 |
| - Increase/(Decrease) in Trade and other payables | (1,159.68) | (899.74) |
| Cash generated from operations | (1,663.35) | (638.34) |
| Direct Taxes paid | (24.61) | (2.87) |
| NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES | (1,687.96) | (641.21) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| - Purchase of property, plant and equipment | (5.49) | (0.17) |
| - Sale of property, plant and equipment | 1,904.20 | 633.82 |
| - Sale of Equity Investment | - | 979.20 |
| - Interest Received | 4.72 | 9.75 |
| - Dividend Received | - | 2.15 |
| NET CASH GENERATED FROM INVESTING ACTIVITIES | 1,903.43 | 1,624.75 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| - (Repayment) of Long-Term Borrowings | (44.00) | (72.00) |
| - (Repayment)/Proceeds of Short-Term Borrowings (Net) | 99.82 | (451.59) |
| - Finance costs paid | (293.97) | (426.33) |
| NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES | (238.15) | (949.92) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (22.68) | 33.62 |
| Cash and cash equivalents at the beginning of the year | 48.10 | 14.48 |
| Cash and cash equivalents at the end of the year | 25.42 | 48.10 |

Notes referred to above form an integral part of the financial statements

As per our attached report of even date

For SVP & ASSOCIATES

Chartered Accountants

(YOGESH KUMAR SINGHANIA)

Partner

RAHUL RAWAT

(M. No. 111473) Company Secretary

(Firm Reg. No. 003838N)

K. K. PATODIA DIN: 00027335 Chairman and Managing Director

NARAYAN PATODIA DIN: 00013122 Managing Director

RAJIV PATODIA DIN: 00026711 Executive Director & CFO

H. P. SIOTIA DIN: 00015103 Director

V. K. GUPTA DIN: 00021560 Director

ASHWINIKUMAR L. DAVE DIN: 00126187 Director

HEMA THAKUR DIN: 01363454 Director

Mumbai, 22nd June, 2021

Mumbai, 22nd June, 2021



STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2021

| (A) Equity Share Capital | (₹ in Lakhs) |
|--|---------------|
| Balance as at 1st April, 2019 | 874.02 |
| Changes in Share Capital during the year | - |
| Balance as at 31st March, 2020 | 874.02 |
| Changes in Share Capital during the year | - |
| Balance as at 31st March, 2021 | 874.02 |

(B) Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | | | | Items of Other Comprehensive Income | | Total |
|---|----------------------------|-----------------|----------------------------|---------------------|-------------------|--------------------------------------|--------------------------|-------------------|
| | Capital Redemption Reserve | Capital Reserve | Securities Premium Reserve | Revaluation Reserve | Retained Earnings | Fair valuation of Equity Instruments | Actuarial Gains / Losses | |
| Balance as at 1st April, 2019 | 3,275.10 | 40.00 | 1,005.07 | 72.46 | (3,658.18) | 741.52 | 62.47 | 1,538.44 |
| Profit / (Loss) for the year | - | - | - | - | (1,875.52) | - | - | (1,875.52) |
| Other Comprehensive Income for the year (Net of Tax) | - | - | - | - | - | (119.50) | (140.62) | (260.11) |
| Total Comprehensive Income for the year | - | - | - | - | (1,875.52) | (119.50) | (140.62) | (2,135.63) |
| OCI Reversed on Investment transferred (Net of Tax) | - | - | - | - | 739.75 | (588.92) | - | 150.83 |
| Balance as at 31st March, 2020 | 3,275.10 | 40.00 | 1,005.07 | 72.46 | (4,793.95) | 33.10 | (78.15) | (446.37) |
| Profit / (Loss) for the year | - | - | - | - | (1,173.07) | - | - | (1,173.07) |
| Other Comprehensive Income for the year (Net of Tax) | - | - | - | - | - | 63.22 | (13.27) | 49.95 |
| Total Comprehensive Income for the year | - | - | - | - | (1,173.07) | 63.22 | (13.27) | (1,123.12) |
| Transferred from Capital Reserve / to Retained Earnings | - | (40.00) | - | - | 40.00 | - | - | - |
| Revalued assets sold during the year | - | - | - | (1.61) | - | - | - | (1.61) |
| Balance as at 31st March, 2021 | 3,275.10 | - | 1,005.07 | 70.85 | (5,927.03) | 96.32 | (91.42) | (1,571.10) |

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

As per our attached report of even date

For SVP & ASSOCIATES

Chartered Accountants

(YOGESH KUMAR SINGHANIA)

Partner

RAHUL RAWAT

(M. No. 111473) Company Secretary

(Firm Reg. No. 003838N)

Mumbai, 22nd June, 2021

K. K. PATODIA

DIN: 00027335

Chairman and Managing Director

NARAYAN PATODIA

DIN: 00013122

Managing Director

RAJIV PATODIA

DIN: 00026711

Executive Director & CFO

H. P. SIOTIA

DIN: 00015103

Director

V. K. GUPTA

DIN: 00021560

Director

ASHWINIKUMAR L. DAVE

DIN: 00126187

Director

HEMA THAKUR

DIN: 01363454

Director

Mumbai, 22nd June, 2021

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

NOTE - 1
PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

| Description of Assets | Land | | Buildings | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipments | Total |
|--|--------------|---------------|-----------------|-------------------|----------------------|--------------|-------------------|-----------------|
| | Freehold | Leasehold | | | | | | |
| I Deemed carrying cost as at 01.04.2019 | 78.42 | 168.94 | 2,260.10 | 3,559.93 | 31.85 | 43.86 | 15.74 | 6,158.83 |
| Additions | - | - | - | - | 0.01 | - | 0.15 | 0.17 |
| Deductions / Adjustments | - | 6.57 | 15.34 | 277.21 | - | - | 0.04 | 299.16 |
| Balance as at 31.03.2020 | 78.42 | 162.37 | 2,244.76 | 3,282.72 | 31.86 | 43.86 | 15.85 | 5,859.84 |
| Additions | - | - | - | 0.64 | 3.02 | - | 1.83 | 5.49 |
| Other - Deductions / Adjustments | - | 105.98 | 719.07 | 46.30 | - | 3.17 | - | 874.52 |
| Balance as at 31.03.2021 | 78.42 | 56.39 | 1,525.69 | 3,237.06 | 34.88 | 40.69 | 17.68 | 4,990.81 |
| II. Accumulated depreciation Balance as at 01.04.2019 | - | 2.09 | 128.03 | 243.35 | 3.80 | 9.71 | 3.67 | 390.66 |
| Depreciation charged for the year | - | 2.09 | 120.35 | 231.51 | 3.62 | 9.72 | 3.75 | 371.04 |
| Deductions / Adjustments | - | - | - | - | - | - | - | - |
| Balance as at 31.03.2020 | - | 4.18 | 248.38 | 474.86 | 7.42 | 19.43 | 7.42 | 761.70 |
| Depreciation charged for the year | - | 2.09 | 118.29 | 230.01 | 3.51 | 9.19 | 2.90 | 365.99 |
| Deductions / Adjustments | - | 3.83 | 77.05 | 11.25 | - | 1.94 | - | 94.07 |
| Balance as at 31.03.2021 | - | 2.44 | 289.62 | 693.62 | 10.93 | 26.68 | 10.32 | 1,033.62 |
| Balance as at 31.03.2021 | 78.42 | 53.95 | 1,236.07 | 2,543.43 | 23.95 | 14.01 | 7.36 | 3,957.18 |
| Balance as at 31.03.2020 | 78.42 | 158.19 | 1,996.38 | 2,807.86 | 24.44 | 24.43 | 8.43 | 5,098.14 |

Notes:

- a) Leasehold Land acquired from time to time are for 95 years commencing from the year 1989 to year 2006.
b) Refer note 15 and 16 for property, plant and equipment mortgaged as collateral security against secured loans.

| As at | As at |
|-------------------------|-------------------------|
| 31st March, 2021 | 31st March, 2020 |
| (₹ in Lakhs) | (₹ in Lakhs) |

FINANCIAL ASSETS:

NOTE - 2

INVESTMENTS (Quoted, non trade & fully paid-up)

Investments in Equity Instruments

Fair valued through other comprehensive income

PBM Polytex Limited of Rs.10 each

3,58,345 Equity Shares (as at 31st March, 2020 - 3,58,345)

189.92

107.50

IDBI Limited of Rs.10 each

10,720 Equity Shares (as at 31st March, 2020 - 10,720)

4.13

2.07

194.05

109.57

Aggregate market value of quoted investments

194.05

109.57

Aggregate carrying value of quoted investments

194.05

109.57



NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|-----------------------------------|-----------------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| NOTE - 3 | | |
| DEPOSITS | | |
| Unsecured, considered good | | |
| Security Deposits | | |
| a) MSEDCL Deposits | 108.61 | 108.67 |
| b) MIDC Water Deposits | 11.01 | 11.01 |
| c) Other Deposits | 4.24 | 4.31 |
| | 123.86 | 123.99 |
| | 123.86 | 123.99 |
| NOTE - 4 | | |
| INCOME TAX ASSETS | | |
| Advance Tax / Tax Deducted at Source | 63.05 | 38.44 |
| | 63.05 | 38.44 |
| | 63.05 | 38.44 |
| NOTE - 5 | | |
| OTHER NON-CURRENT ASSETS | | |
| Unsecured, considered good | | |
| a) Capital Advances | 20.15 | 20.20 |
| b) Load Factor Incentives receivable | 178.06 | 178.06 |
| c) MVAT/CST refund receivable | 170.10 | 170.10 |
| | 368.31 | 368.36 |
| | 368.31 | 368.36 |
| NOTE - 6 | | |
| INVENTORIES | | |
| a) Raw Materials | - | 92.81 |
| b) Work-in-process | - | 34.03 |
| c) Finished Goods (Including goods in transit of Rs.67.40 Lakhs (as at 31st March, 2020 - Nil) | 67.40 | 745.11 |
| d) Stores, Spares and Fuel | 52.05 | 73.68 |
| e) Packing materials | 4.39 | 10.47 |
| f) Cotton Waste (Including goods in transit of Rs.19.98 Lakhs (as at 31st March, 2020 - Nil) | 19.98 | 0.13 |
| g) Freehold Land (Refer Note 39) | 45.22 | 45.22 |
| | 189.04 | 1001.45 |
| | 189.04 | 1001.45 |

1. Refer Note No. 31.8 for mode of valuation and accounting policy followed.
2. Inventories written down to net Realisable value by Rs. Nil (as at 31st March, 2020 - Rs. 1.10 Lakhs) based on management inventory policy -Non & slow moving inventory. The same has been recognised as an expense during the year and included in "changes in Inventories of finished goods, work-in-progress and stock-in-trade" in Statement of Profit and Loss.
3. Refer note no. 18 (a) for inventories hypothecated as primary security against certain bank borrowings.

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|-----------------------------------|---------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| NOTE - 7 | | |
| ASSETS HELD FOR DISPOSAL | | |
| Assets held for disposal | 1.49 | 218.90 |
| | 1.49 | 218.90 |
| NOTE - 8 | | |
| TRADE RECEIVABLES | | |
| Trade receivables considered good - Secured | - | 102.77 |
| Trade receivables considered good - Unsecured | 5.55 | 93.22 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - Credit Impaired | - | - |
| | 5.55 | 195.99 |
| 1. Trade receivables are secured by letter of credit received from foreign customers. | | |
| 2. Refer note no.18 (a) for trade receivables charged against bank borrowings. | | |
| 3. Refer note no. 36 for credit terms, ageing analysis and other relevant details related to trade receivables. | | |
| NOTE - 9 | | |
| CASH AND CASH EQUIVALENTS | | |
| Balances with Bank | | |
| a) Balances in Current Accounts | 23.87 | 47.98 |
| b) Cash on hand | 1.55 | 0.12 |
| | 25.42 | 48.10 |
| NOTE - 10 | | |
| BANK BALANCES OTHER THAN ABOVE | | |
| Balances with Banks | | |
| a) In Deposit Accounts * | 11.00 | 1.10 |
| b) In Divident Accounts | 1.37 | 1.37 |
| | 12.37 | 2.47 |
| *Deposits with banks are kept as collateral security against bank guarantees | | |
| NOTE - 11 | | |
| OTHER FINANCIAL ASSETS | | |
| a) Interest Receivable | 12.40 | 14.63 |
| b) Insurance Claim / Premium Refund Receivable | 38.39 | 38.91 |
| | 50.79 | 53.54 |



NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

| | <u>As at 31st March, 2021</u> | <u>As at 31st March, 2020</u> |
|---|-----------------------------------|-----------------------------------|
| | <u>(₹ in Lakhs)</u> | <u>(₹ in Lakhs)</u> |
| NOTE - 12 | | |
| OTHER CURRENT ASSETS | | |
| Unsecured, considered good | | |
| a) Advances given to - | | |
| Suppliers | 4.53 | 0.87 |
| Employees | 9.49 | 7.74 |
| Others | 9.13 | 1.23 |
| b) Prepayments | 26.28 | 26.01 |
| c) Export Incentive Receivable | 3.94 | 4.53 |
| d) MVAT Refund Receivable | - | 10.78 |
| e) Interest Rebate Receivable | 2.39 | 2.39 |
| f) IGST Refund / Cenvat Credit Receivable | 2.17 | 4.22 |
| g) GST Input Credit Receivable | 20.93 | 17.96 |
| | 78.86 | 75.73 |

NOTE - 13
EQUITY SHARE CAPITAL

| Share Capital | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|------------------------|------------|------------------------|------------|
| | Number | ₹ in Lakhs | Number | ₹ in Lakhs |
| Authorised: | | | | |
| Equity Shares of Rs.10 each | 1,00,00,000 | 1,000.00 | 1,00,00,000 | 1,000.00 |
| Preference Shares of Rs.10 each | 3,00,00,000 | 3,000.00 | 3,00,00,000 | 3,000.00 |
| | 4,00,00,000 | 4,000.00 | 4,00,00,000 | 4,000.00 |
| Issued, Subscribed and Paid up: | | | | |
| Equity Shares of Rs.10 each | 87,49,865 | 874.99 | 87,49,865 | 874.99 |
| Less: Allotment money receivable (Other than from directors) | | 0.97 | | 0.97 |
| Equity Shares of Rs.10/- each (Fully Paid up) | 87,49,865 | 874.02 | 87,49,865 | 874.02 |
| Preference Shares of Rs.10/- each (Fully Paid up)* | - | - | - | - |
| | 87,49,865 | 874.02 | 87,49,865 | 874.02 |

a) Right of Equity Shareholders:

The Company has only one class of equity shares of par value Rs.10. The holder of this equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity share will be entitled to receive any of the remaining assets of the Company after distribution of the preferential payments. The distribution will be in proportion to the numbers of equity shares held by the shareholders.

b) Right of Preference Shareholders:

The Preference Shares shall be redeemed at par at the expiry of 10th year from the date of allotment. The Company shall have right to exercise call option. The payment of dividend on such shares shall be on Non-Cumulative basis and are non convertible into equity or any other security. In case the dividend on such shares remains unpaid for a period of 2 years or more, the shareholder of such shares shall have a right to vote on all resolutions placed before the Company.

NOTES TO FINANCIAL STATEMENTS

Forming Part of the Balance Sheet as at 31st March, 2021

As per Ind AS 32, Financial Instruments Non-Cumulative and Non-Convertible Preference Shares are classified as financial liabilities if principal amount is redeemable. Accordingly, 50,00,000 Non-Cumulative and Non-Convertible Preference Shares (Previous Year - 50,00,000 Preference Shares) having face value of Rs.10 each fully paid up are classified as financial liabilities and thus included in borrowings and 6% interest (dividend) provided thereof.

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

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|------------------------|---------------|------------------------|---------------|
| | Number | (Amount in ₹) | Number | (Amount in ₹) |
| Shares outstanding at the beginning of the year | 87,49,865 | 8,74,98,650 | 87,49,865 | 8,74,98,650 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 87,49,865 | 8,74,98,650 | 87,49,865 | 8,74,98,650 |

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

| | | | | |
|---|-----------|-------------|-----------|-------------|
| Shares outstanding at the beginning of the year | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |

Shareholders holding more than 5%

Shareholding of Equity Shares:

| Name of Shareholder | No. of | | % | |
|------------------------|-------------|---------|-------------|---------|
| | Shares held | Holding | Shares held | Holding |
| Patodia Syntex Limited | 37,94,812 | 43.37 | 37,94,812 | 43.37 |
| PBM Polytex Limited | 22,31,980 | 25.51 | 22,31,980 | 25.51 |

Shareholders holding more than 5%

Shareholding of Preference Shares:

| | | | | |
|-----------------------------------|-----------|-------|-----------|-------|
| PBM Polytex Limited | 46,00,000 | 92.00 | 46,00,000 | 92.00 |
| Star Silk Exports Private Limited | 4,00,000 | 8.00 | 4,00,000 | 8.00 |

Note: The Company has not issued any shares by way of bonus or for consideration other than cash and has not bought back any shares during the period of five years immediately preceding the reporting date.

NOTE - 14

OTHER EQUITY

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| a) Capital Redemption Reserve (Created on redemption of Preference Shares) | 3,275.10 | 3,275.10 |
| b) Capital Reserve (Created on receipt of special capital incentive) | | |
| Opening Balance | 40.00 | 40.00 |
| Less: Transferred to Retained Earnings | 40.00 | - |
| | - | 40.00 |
| c) Securities Premium (Created on right issue of shares) | 1,005.07 | 1,005.07 |
| d) Revaluation Reserve (Created on revaluation of Property, Plant & Equipment) | 70.85 | 72.46 |
| e) Retained Earnings | | |
| Opening Balance | (4,793.95) | (3,658.18) |
| Add: Loss for the year | (1,173.07) | (1,875.52) |
| Transferred from OCI | - | 739.75 |
| Transferred from Capital Reserve | 40.00 | - |
| | (5,927.02) | (4,793.95) |
| f) Balance Available for Appropriations | (45.05) | 803.99 |
| Other Comprehensive Income | | |
| Opening Balance | (45.05) | 803.99 |
| Add: Actuarial Gain/(Loss) on defined benefit/liabilities/(assets)(Net of tax) | (13.27) | (140.62) |
| Less: OCI reversed on investment transferred (Net of tax) | - | (588.92) |
| Add: Fair value Gain/(Loss) on Investment (Net of Tax) | 63.22 | (119.50) |
| | 4.90 | (45.05) |
| | (1,571.10) | (446.37) |



NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

| | As at 31st March, 2021 (₹ in Lakhs) | As at 31st March, 2020 (₹ in Lakhs) |
|--|--|---|
| NOTE - 15 | | |
| BORROWINGS (Non Current Liabilities) | | |
| a) Unsecured Loans: | | |
| i) Interest free Loan from a related party repayable in FY 2021-22 Promoter's Contribution | 3.00 | 3.00 |
| ii) Non Cumulative, Non Convertible Preference Shares [Refer note 13(b)] | 500.00 | 500.00 |
| | 503.00 | 503.00 |

NOTE - 16
BORROWINGS (Current Liabilities)

| | | |
|----------------------------|-----------------|----------|
| a) Secured Loans: | | |
| Working Capital Loans | - | 448.18 |
| | - | 448.18 |
| b) Secured Loans: | | |
| Loans from Related Parties | 1,460.00 | 1,785.00 |
| | 1,460.00 | 1,785.00 |
| c) Unsecured Loans: | | |
| Loans from Related Parties | 973.00 | 100.00 |
| | 973.00 | 100.00 |
| | 2,433.00 | 2,333.18 |

Notes:

1) Working Capital Facilities (As at 31st March, 2021- Rs.Nil; As at 31st March, 2020 - Rs. 2378 lakhs) have been fully repaid during the year. The lender bankers are in the process of issuing No dues certificate and releasing the charge on movable and immovable assets, charge by way of mortgage created on some immovable properties at Kolhapur and second pari-passu charge created on immovable properties of the Company situated at MIDC, Gokul Shirgaon, Kolhapur and other movable assets both present and future.

The above working capital facilities carries interest @ 13.80% p.a. to 16.00% p.a. (As at 31st March, 2020 - 9.40% p.a. to 16.00% p.a.)

2) Inter Corporate Loan in point (b) are secured by way of equitable mortgage created on the certain immovable properties of the Company located at various locations.

Secured / Unsecured loans taken from related parties, carries interest at 7% p.a. and 13% p.a. respectively and repayable on demand (As at 31st March, 2020 - 13% p.a.)

NOTE - 17
TRADE PAYABLES

| | | |
|---|-----------------|--------|
| a) Due to Micro, Small and Medium Enterprises | - | - |
| b) Due to Others | 1,169.23 | 953.54 |
| | 1,169.23 | 953.54 |

Refer note no. 32.10 for disclosure under Micro, Small and Medium Enterprise Development Act.

NOTES TO FINANCIAL STATEMENTS
Forming Part of the Balance Sheet as at 31st March, 2021

| | As at 31st March, 2021 (₹ in Lakhs) | As at 31st March, 2020 (₹ in Lakhs) |
|---|--|---|
| a) Current Maturities of Long-Term Debt* | - | 44.00 |
| b) Unpaid Dividend** | 1.37 | 1.37 |
| c) Interest accrued on loans | 168.94 | 177.42 |
| d) Payable towards Capital Expenditure | 0.75 | 0.75 |
| e) Security Deposit Received | 39.26 | 82.01 |
| f) Temporary book overdraft | 87.24 | - |
| g) Finance cost in respect of Non Cumulative Preference Shares*** | 129.53 | 99.53 |
| | 427.09 | 405.08 |

*Term Loan from a bank has been fully repaid during the year. The banker is in the process of issuing No dues certificate and release the charge on assets secured by way of first pari-passu mortgage created on immovable properties of the Company situated at MIDC, Gokul Shirgaon, Kolhapur and other movable assets.

Maturity Profile and Rate of Interest on Loans are set out below:

| Particulars | Maturity Profile | | |
|---------------------------------------|------------------|---------|-------|
| | 2020-21 | 2021-22 | Total |
| Term Loans - From Banks | | | |
| Interest Rate @ 1.50% below BPLR | - | - | - |
| Interest Rate @ 3.50% above base rate | - | - | - |
| Interest Rate @ 4.50% above base rate | 44.00 | | 44.00 |
| (As at 31st March, 2020) | | | |
| Total | 44.00 | - | 44.00 |

**There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

*** Refer note no 13(b)

NOTE - 19
OTHER CURRENT LIABILITIES

| | | |
|------------------------------------|---------------|---------|
| a) Advance received from Customers | 20.60 | 1285.77 |
| b) Statutory dues payable | 98.91 | 97.38 |
| | 119.51 | 1383.15 |

NOTE - 20
PROVISIONS

| | | |
|--|---------------|--------|
| Provisions for employee benefits | | |
| a) Compensated absences (Leave Entitlements) | 54.43 | 90.32 |
| b) Gratuity | 348.79 | 511.50 |
| | 403.22 | 601.82 |



NOTES TO FINANCIAL STATEMENTS

Forming Part of the Statement of Profit and Loss for the year ended 31st March, 2021

| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------------------------------|--|--|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| NOTE - 21 | | |
| REVENUE FROM OPERATIONS | | |
| Sale of Products | | |
| a) Manufactured Goods | 973.11 | 3,090.43 |
| b) Traded Goods | 1,351.84 | 1,044.22 |
| | 2,324.95 | 4,134.65 |
| Sale of Services | | |
| Job Work Processing Charges | - | 9.45 |
| Other Operating Revenue | | |
| a) Export Incentives | 36.82 | 54.45 |
| b) Sale of Scrap | 2.71 | 7.03 |
| c) Others | - | 0.19 |
| | 39.53 | 61.67 |
| Revenue from Operations | 2,364.48 | 4,205.77 |
| Manufactured Goods: | | |
| Cotton Yarn | 972.97 | 2,986.75 |
| Knitted Fabric | 0.02 | - |
| Cotton waste | 0.12 | 103.68 |
| Total Manufactured Goods | 973.11 | 3,090.43 |
| Traded Goods: | | |
| Cotton Yarn | 1,210.22 | 1,044.22 |
| Raw Cotton | 123.67 | - |
| Knitted Fabric | 0.55 | - |
| Cotton comber noil waste | 17.40 | - |
| Total Traded goods | 1,351.84 | 1,044.22 |

NOTE - 22

OTHER INCOME

| | | |
|---|-----------------|--------|
| a) Dividend Income on Non Current Investments | - | 2.15 |
| b) Rent Received / Lease Charges Received | 135.24 | 169.44 |
| c) Provisions no longer required written back | 58.42 | 5.65 |
| d) Miscellaneous Income | 0.61 | 3.73 |
| e) Profit on Disposal of Property, Plant & Equipments | 907.94 | 572.89 |
| f) Foreign Exchange Gain & Loss (Others) | 0.23 | - |
| | 1,102.44 | 753.86 |

NOTES TO FINANCIAL STATEMENTS

Forming Part of the Statement of Profit and Loss for the year ended 31st March, 2021

| | For the year ended 31st March, 2021 (₹ in Lakhs) | For the year ended 31st March, 2020 (₹ in Lakhs) |
|--|---|--|
| NOTE - 23 | | |
| COST OF MATERIALS CONSUMED | | |
| Raw Materials Consumed | | |
| Opening Stock | 92.81 | 930.35 |
| Add: Purchases | – | 653.30 |
| | 92.81 | 1583.65 |
| Less: Sales | – | 94.20 |
| Less: Transferred to traded raw cotton | 92.81 | – |
| Less: Closing Stock | – | 92.81 |
| | – | 1396.64 |
| Raw Materials: | | |
| a) Cotton | – | 982.85 |
| b) Cotton Yarn | – | 413.79 |
| | – | 1396.64 |
| NOTE - 24 | | |
| PURCHASE OF STOCK-IN-TRADE | | |
| a) Cotton Yarn | 1186.81 | 955.42 |
| b) Raw Cotton (Traded Goods) transferred from stock | 92.81 | – |
| c) Cotton Comber Noil Waste | 36.30 | – |
| d) Knitted Fabric | – | 2.60 |
| | 1315.92 | 958.02 |
| NOTE - 25 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Balances | | |
| a) Finished Goods | 745.11 | 2047.02 |
| b) Work-in-Progress | 34.03 | 105.73 |
| c) Waste | 0.14 | 15.46 |
| | 779.28 | 2168.21 |
| Less: Closing Balances | | |
| a) Finished Goods | 67.40 | 745.11 |
| b) Work-in-Progress | – | 34.03 |
| c) Waste | 19.98 | 0.14 |
| | 87.38 | 779.28 |
| | 691.90 | 1388.93 |
| NOTE - 26 | | |
| EMPLOYEES BENEFITS EXPENSE | | |
| a) Salary and Wages | 1,416.66 | 1633.72 |
| b) Contribution to Provident and other Funds | 46.36 | 178.59 |
| c) Staff Welfare Expenses | 6.59 | 14.84 |
| | 1,469.61 | 1827.15 |



NOTES TO FINANCIAL STATEMENTS

Forming Part of the Statement of Profit and Loss for the year ended 31st March, 2021

| | For the year ended 31st March, 2021 (₹ in Lakhs) | For the year ended 31st March, 2020 (₹ in Lakhs) |
|--|--|--|
| NOTE - 27 | | |
| POWER AND FUEL | | |
| Power & Fuel Consumed | 1.15 | - |
| Electricity Charges | 30.67 | 99.09 |
| | 31.82 | 99.09 |
| NOTE - 28 | | |
| FINANCE COSTS | | |
| a) Interest Expense: | | |
| - Term Loans | 209.42 | 136.93 |
| - Working Capital Loans | 51.77 | 154.39 |
| - Export Bills Discounted | 2.83 | 18.29 |
| - Suppliers / Others | 17.62 | 90.55 |
| | 281.66 | 400.16 |
| Less: Interest Received | (4.72) | (9.75) |
| | 276.94 | 390.41 |
| b) Other Borrowing Costs | 12.32 | 26.17 |
| c) Finance cost in respect of Non Cumulative Preference Shares | 30.00 | 30.00 |
| | 319.26 | 446.58 |
| NOTE - 29 | | |
| OTHER EXPENSES | | |
| Stores and Spares Consumed | 18.80 | 19.22 |
| Packing Materials Consumed | 1.79 | 10.51 |
| Rent | 6.34 | 17.60 |
| Insurance | 22.55 | 50.95 |
| Rates and Taxes (Other than taxes on Income) | 36.14 | 14.54 |
| Repairs and Maintenance: | | |
| Plant and Machinery | 7.74 | 4.29 |
| Buildings | 13.58 | 16.94 |
| Others | 2.73 | 2.66 |
| Travelling and Conveyance | 13.21 | 47.17 |
| Communication Charges | 7.61 | 12.68 |
| Brokerage and Commission on Sales | 17.22 | 37.31 |
| Freight and Forwarding | 91.61 | 114.70 |
| Bank Charges | 8.09 | 27.48 |
| Directors' Sitting Fees | 4.25 | 2.66 |
| Legal and Other Professional Charges | 58.02 | 58.26 |
| Foreign Exchange Loss | - | 12.63 |
| Auditors Remuneration (Refer note no. 32.7) | 3.25 | 3.75 |
| Miscellaneous Expenses | 164.63 | 198.79 |
| | 477.56 | 652.14 |

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 30

CORPORATE INFORMATION:

Eurotex Industries And Exports Limited ('The Company') is a Public Limited Company domiciled in India. Its shares are listed on BSE Limited (Bombay Stock Exchange) and NSE Limited (National Stock Exchange). The Company is primarily engaged in the business of manufacturing of cotton yarn & knitted fabric.

NOTE - 31

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other related provisions of the Act.

The financial statements of the Company are prepared on the accrual basis of accounting and historical cost convention except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- (i) Certain financial assets and liabilities are measured at Fair Value (Refer Note no. 31.6)
- (ii) Defined benefit employee plan (Refer Note no. 31.12)

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

2. Use of Estimates and judgments:

The preparation of the financial statements requires the Management to make, judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the management and are based on historical experience and various other assumptions and factors (including expectations of future events) that the management believes to be reasonable under the existing circumstances. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Critical accounting judgements and key source of estimation uncertainty:

The Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an on-going basis.

- (a) Recognition and measurement of defined benefit obligations, key actuarial assumptions - Refer Note no 33.
- (b) Estimation of current tax expenses and payable - Refer Note no 34.

3. Property, Plant and Equipment (PPE):

Property, plant and equipment (PPE) are capitalized on the day they are ready for use and are stated at cost less accumulated depreciation.

Freehold land is carried at cost and is not depreciated. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the asset to its working condition for its ready intended use and estimated costs of dismantling and removing the item and restoring the item and restoring the site on which it is located.



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

Assets which are not ready for their intended use are disclosed under Capital Work-in-Progress.

4. Intangible assets:

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

5. Depreciation and Amortization:

(a) Property, Plant and Equipment (PPE):

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II of the Act.

Buildings are depreciated over a period of 30 to 60 years. Plant and Equipments are depreciated over a period of 18 to 20 years. Furniture and Fixtures are depreciated over a period of 15 years. Office Equipments are depreciated over a period of 6 to 20 years and vehicals are depreciated over a period of 10 years.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible assets:

Software is amortized over a period of 3 years.

6. Financial Instruments:

Financial assets - Initial recognition:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the Statement of Profit and Loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Subsequent measurement:

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through profit & loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)

The above classification is being determined considering the:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

(i) Measured at amortised cost:

Financial assets are subsequently measured at amortised cost, if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

(ii) Measured at Fair Value through Other Comprehensive Income (FVTOCI):

Financial assets are measured at FVTOCI, if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(iii) Measured at Fair Value through Profit or Loss (FVTPL):

Financial assets other than equity instrument are measured at FVTPL unless it is measured at amortised cost or at FVTOCI on initial recognition. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Impairment:

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12 months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL. The impairment losses and reversals are recognised in Statement of Profit and Loss. For financial assets measured at FVTPL, there is no requirement of impairment testing.

Derecognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities:

Initial Recognition and Measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement:

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

Financial Guarantee Contracts:

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Derivative Financial Instruments:

The Company uses derivative financial instruments, such as forward foreign exchange contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

7. Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

8. Inventory:

Inventories includes Raw Material, Work-in-Progress, Finished Goods, Stores & Spares, Packing Materials and are valued at the lower of the cost and net realisable value.

Raw Materials and Packing Materials:

Raw Materials - Cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials is determined on specific identification basis. Cost of stores, spares, packing materials and fuel is determined on weighted average basis.

Work-in-Progress and Finished Goods:

Cost includes cost of direct material, labor, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

Traded Goods:

Stock in trade are valued at lower of cost and net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Adequate allowance is made for obsolete and slow moving items.

9. Cash and Cash Equivalents:

Cash and Cash equivalents include cash and cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

10. Foreign Currency Transactions:

a) Initial Recognition:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date:

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

11. Revenue Recognition:

Sale of Goods:

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable and based on Effective interest rate method.

Dividend:

Dividend Income is recognized when right to receive the same is established.



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

12. Employee Benefits:

The Company has provided following post-employment plans:

- (a) Defined benefit plans such a gratuity and
- (b) Defined contribution plans such as Provident fund and Superannuation fund

a) Defined benefit plan:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the Statement of the Profit & Loss.

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in other comprehensive income. Re-measurement are not reclassified to Profit or Loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the Employees' Provident Fund with the Government, Superannuation Fund and certain state plans. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance Sheet date determined based on an actuarial valuation.
- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

13. Taxes on Income:

Income tax comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

14. Borrowing Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of cost of that assets, during the period till all the activities necessary to prepare the qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

15. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

16. Leases:

As a Lessee :

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 31 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a Lessor :

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

17. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in financial statements.

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 32

OTHER NOTES TO FINANCIAL STATEMENTS

| | As at 31st March, 2021 | As at 31st March, 2020 |
|--|-----------------------------------|---------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| 32.1 Contingent Liabilities: | | |
| a) Amount outstanding in respect of Bills discounted under Export Letter of Credit (Since realised Rs.Nil; As at 31st March, 2020 - Rs. 131.92 Lakhs) | - | 131.92 |
| b) Disputed Statutory claims / levies, including those pending in court and other claims not acknowledged as debts (Excluding interest where not ascertained /demanded) in respect of: | | |
| (i) Central Sales Tax | 382.88 | 382.88 |
| (ii) Customs Duty | 131.08 | 131.08 |
| (iii) Wages, Provident Fund & ESIC | - | 108.63 |
| Disputed labour dues in respect of 'lay off' workers, the matter in respect of which is subjudice, pending before the Honorable Supreme Court and the management expects a favourable outcome. | | |
| The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax and other Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements. | | |
| 32.2 Commitments: | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 181.38 | 181.79 |
| (Net of advances of Rs.20.15 Lakhs; As at 31st March, 2020 - Rs.20.20 Lakhs) | | |
| 32.3 a) The Company's case in the matter of Electricity Charges wrongly claimed by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) from November, 1998 to June, 2008 has been decided in favour of the Company by Maharashtra Electricity Regulatory Commission (MERC) and Appellate Tribunal, New Delhi. However, MSEDCL has filed an appeal before the Supreme Court. Supreme Court has partly allowed the appeal and the order of MERC and APTEL to the extent circulars and policy decisions issued before the MERC was constituted is set aside in this regard and no amount is payable or recoverable as matter is related to two decades old. However, the Company would get clarifications as an abundant precaution if required as Supreme Court has not considered reduction of contract demand and the wrongly bills raised for drawing power from its one unit to another unit on the basis of terms of its agreement with Board / NOC granted for setting up CPP. Load factor incentive and prompt payment discount receivable is Rs.178.06 Lakhs disclosed under Note 5 (b) of the Financial Statement. Also, security deposit of Rs.62.18 Lakhs included in Note 3(a) and interest receivable of Rs.10.02 Lakhs disclosed under Note 11 of the financial statement is upheld by MSEDCL. | | |
| b) Similarly the High Court of Mumbai has in the matter of electricity duty on Captive Power Generation has decided in Company's favour and the Government has filed an appeal before the Supreme Court which is pending. | | |



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 32 (Contd.)

- c) The Management foresees only a remote possibility of an outflow of / adjustments to the resources embodying economic benefits, in view of the expert legal opinion in the aforesaid matters obtained by the Company.
- 32.4 a) In the opinion of Board, the assets other than Property, Plant and Equipment and Non-Current Investments have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities is adequate and not in excess of what is required.
- b) Certain financial assets and financial liabilities are subject to formal confirmations and reconciliations, if any. The Management, however, is confident that the impact whereof for the year on the financial statements will not be material.

32.5 Related Party disclosures pursuant to Ind AS 24:

1. NAME OF THE PARTIES:

- (i) Key Management Personnel
- Shri Krishan Kumar Patodia (Chairman and Managing Director)
- Shri Narayan Patodia (Managing Director)
- Shri Rajiv Patodia (Executive Director & CFO)
- Shri Rahul Rawat (Company Secretary)
- (ii) Other Related Parties (Associates), where transactions have taken place during the year :
- PBM Polytex Limited
- Patodia Syntex Limited
- Murarilal Mahendra Kumar
- Paramount Cotton Company
- Star Silk Exports Pvt. Ltd.
- Rajiv Agencies Private Limited
- Maharashtra Fibre Syntex Limited
- Thrust Investment And Management Consultants Private Limited

2. TRANSACTIONS WITH RELATED PARTIES

Sr. NAME OF THE PARTIES: No.

**For the year ended
31st March, 2021**
(₹ in Lakhs)

For the year ended
31st March, 2020
(₹ in Lakhs)

I. REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL

| | | |
|----------------------------|--------------|-------|
| Shri Krishan Kumar Patodia | 37.64 | 47.53 |
| Shri Narayan Patodia | 18.39 | 30.34 |
| Shri Rajiv Patodia | 17.51 | 21.54 |
| Shri Rahul Rawat | 6.91 | 7.37 |

NOTE - 32 (Contd.)

II. OTHER RELATED PARTIES (ASSOCIATES)

PURCHASE OF GOODS & MATERIAL

PBM Polytex Ltd. **366.23** 295.11

SALE OF GOODS AND MATERIAL

PBM Polytex Ltd. **10.05** 73.22

DIVIDEND INCOME ON SHARES

PBM Polytex Ltd. - 2.15

RENT RECEIVED

PBM Polytex Ltd. **1.80** 1.80

RENT PAID

Patodia Syntex Ltd. **3.36** 3.36

Murarilal Mahendra Kumar **0.90** 0.90

SHORT TERM SECURED LOAN TAKEN

Patodia Syntex Ltd. - 1647.00

SHORT TERM SECURED LOAN REPAID

Patodia Syntex Ltd. **325.00** 62.00

SHORT TERM UNSECURED LOAN TAKEN

Patodia Syntex Ltd. **840.00** 100.00

Rajiv Agencies Private Limited - 60.00

Maharashtra Fibre Syntex Ltd. **423.00** -

Thrust Investment & Management Consultancy Pvt. Ltd. **245.00** -

SHORT TERM UNSECURED LOAN REPAID

Patodia Syntex Ltd. **395.00** -

Rajiv Agencies Private Limited - 60.00

Maharashtra Fibre Syntex Ltd. **240.00** -

INTEREST ON SHORT TERM UNSECURED LOAN

Patodia Syntex Ltd. **184.25** 122.68

Rajiv Agencies Private Limited - 0.51

Maharashtra Fibre Syntex Ltd. **12.91** -

Thrust Investment & Management Consultancy Pvt. Ltd. **5.84** -

CHARGES FOR USE OF OFFICE PREMISES (RENT)

Murarilal Mahendra Kumar - 3.90

Paramount Cotton Company - 3.00

REIMBURSEMENT OF ELECTRICITY & OFFICE

MAINTENANCE EXPENSES

Murarilal Mahendra Kumar - 4.68

Paramount Cotton Company - 1.32

INTEREST PROVIDED

PBM Polytex Ltd. **27.60** 27.60

Star Silk Exports Pvt. Ltd. **2.40** 2.40

CLOSING BALANCES OF RELATED PARTIES

1. PAYABLE

PBM Polytex Ltd. **91.95** 38.81

Patodia Syntex Ltd. **6.13** 3.02

Patodia Syntex Ltd. (Promoter's Contribution) **3.00** 3.00



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

| | As at 31st March, 2021 (₹ in Lakhs) | As at 31st March, 2020 (₹ in Lakhs) |
|---|--|--|
| NOTE - 32 (Contd.) | | |
| Patodia Syntex Ltd. (Temporary Secured / Unsecured Loan including Interest) | 2169.71 | 2055.17 |
| Rajiv Agencies Private Limited (Interest on Temporary Unsecured Loan) | - | 0.46 |
| Maharashtra Fibre Syntex Ltd. (Temporary Unsecured Loan including Interest) | 184.67 | - |
| Thrust Investment & Management Consultancy Pvt. Ltd. (Temporary Unsecured Loan including Interest) | 250.40 | - |
| 2. RECEIVABLE | | |
| PBM Polytex Ltd. | 5.51 | - |
| 3. INVESTMENT | | |
| PBM Polytex Ltd. | 189.92 | 107.50 |
| 4. 6% NON CUMULATIVE NON CONVERTIBLE REDEEMABLE PREFERENCE SHARES | | |
| PBM Polytex Ltd. | 460.00 | 460.00 |
| Star Silk Exports Pvt. Ltd. | 40.00 | 40.00 |
| Note : | | |
| 1. Related party relationship is as identified by the Company and relied upon by the Auditors. | | |
| 2. No amounts in respect of related parties have been written off / written back during the year, nor any provision has been made for doubtful debts/ receivables. | | |
| 3. All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. | | |
| 4. Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts. | | |
| 32.6 The Company's Board of Directors consisting of Managing Director together with the Chief Financial Officer has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108 "Operating Segments". The CODM evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators. The Company operates primarily only in one business segment Viz. Cotton yarn and has its production facilities and all other assets located in India. Sales comprises Exports Sales of Rs.1999.22 Lakhs (Previous year Rs 3240.67 Lakhs) and Domestic Sales of Rs.325.73 Lakhs (Previous year Rs.893.98 Lakhs). | | |
| 32.7 Auditors' Remuneration (Excluding Tax): | | |
| Audit Fees | 2.50 | 3.00 |
| Limited Review | 0.75 | 0.75 |
| 32.8 Earnings per Share (EPS) is calculated as under: | | |
| Basic and Diluted EPS after Taxation | | |
| Net Profit after taxation as disclosed in the Statement of Profit and Loss (Rs. in Lakhs) | (1,173.07) | (1,875.52) |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 87,49,865 | 87,49,865 |
| Earnings per Share (EPS) (Rs.) | (13.41) | (21.43) |
| Nominal value per Equity Share (Rs.) | 10 | 10 |

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 32 (Contd.)

32.9 Post the applicability of the Goods and Service Tax (GST) with effect from 1st July, 2017, revenue from operations are disclosed net of GST.

32.10 Disclosure under MSMED Act, 2006:

The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

| Sr. No. | Particulars | As at | As at |
|------------|--|------------------|------------------|
| | | 31st March, 2021 | 31st March, 2020 |
| | | (₹ in Lakhs) | (₹ in Lakhs) |
| (a) | Principal amount outstanding | - | - |
| (b) | Principal amount due and remaining unpaid | - | - |
| (c) | Interest due on (2) above and the unpaid interest | - | - |
| (d) | Interest paid on all delayed payments under the MSMED Act | - | - |
| (e) | Payment made beyond the appointed day during the year | - | - |
| (f) | Interest due and payable for the period of delay other than (4) above | - | - |
| (g) | Interest accrued and remaining unpaid | - | - |
| (h) | Amount of further interest remaining due and payable in succeeding years | - | - |

The Company has compiled the above information based on verbal / written confirmations from suppliers.

NOTE - 33

DISCLOSURE PURSUANT TO IND AS-19

“EMPLOYEE BENEFITS”

i) **Gratuity:** In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan (“The Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund administered by Aditya Birla Sunlife Insurance Company Limited under Group Gratuity Scheme.

The disclosure in respect of the defined Gratuity Plan are given below:

A. Balance Sheet:

| | Defined benefit plans | |
|-------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Present value of plan liabilities | 349.75 | 750.41 |
| Fair value of plan assets | (0.96) | (238.91) |
| Asset/(Liability) recognised | 348.79 | 511.50 |



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 33 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

B. Movements in Plan Assets and Plan Liabilities:

| | Present value of obligations | (₹ in Lakhs) Fair Value of Plan assets |
|---|---------------------------------|--|
| As at 1st April 2020 | 750.41 | 965.34 |
| Current service cost | 31.85 | 47.75 |
| Past service cost | - | - |
| Interest Cost | 33.64 | 54.33 |
| Adjustment to opening fair value of plan asset | - | - |
| Return on plan assets excluding amounts included in net finance income/cost | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | (0.10) | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | (18.77) | 53.40 |
| Actuarial (gain)/loss arising from experience adjustments | 21.87 | 130.66 |
| Employer contributions | - | - |
| Benefit payments | (469.16) | (501.07) |
| As at 31st March 2021 | 349.75 | 750.41 |

| | Present value of obligations | Fair Value of Plan assets |
|---|---------------------------------|------------------------------|
| As at 1st April 2019 | 965.34 | 907.82 |
| Current service cost | 47.75 | 60.57 |
| Past service cost | - | - |
| Interest Cost | 54.33 | 64.63 |
| Adjustment to opening fair value of plan asset | - | - |
| Return on plan assets excluding amounts included in net finance income/cost | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 53.40 | (29.23) |
| Actuarial (gain)/loss arising from experience adjustments | 130.66 | 6.39 |
| Employer contributions | - | - |
| Benefit payments | (501.07) | (44.85) |
| As at 31st March 2020 | 750.41 | 965.34 |

C. Statement of Profit and Loss:

| | As at 31st March, 2021 | (Amount in Lakhs) As at 31st March, 2020 |
|---|---------------------------|--|
| Employee Benefit Expenses: | | |
| Current service cost | 31.85 | 47.75 |
| Adjustments to Opening Fair Value of plan asset | - | - |
| Interest cost/(income) | (3.96) | 19.48 |
| Total amount recognised in Statement of profit & loss | 27.90 | 67.23 |
| Remeasurement of the net defined benefit liability: | | |
| Return on plan assets excluding amounts included in net finance income/(cost) | 14.73 | 3.84 |
| Actuarial gains/(losses) arising from changes in demographic assumptions | (0.10) | - |
| Actuarial gains/(losses) arising from changes in financial assumptions | (18.77) | 53.40 |
| Experience gains/(losses) | 21.87 | 130.66 |
| Total amount recognised in Other Comprehensive Income | 17.73 | 187.91 |

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 33 (contd.)

SIGNIFICANT ACCOUNTING POLICIES

D. Assumptions:

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

| | As at 31st March, 2021 | As at 31st March, 2020 |
|--|--|---------------------------|
| (₹ in Lakhs) | | |
| Financial Assumptions | | |
| Discount rate | 6.70% | 6.80% |
| Salary Escalation Rate: | | |
| Management Employees | 0% for 1 year and 3% thereafter | 5.00% |
| Non-management Employees | 0% for 1 year and 3% thereafter | 5.00% |
| Demographic Assumptions | | |
| Mortality in Service: Indian Assured Lives Mortality (2012-14) | | |
| Mortality Rate | Upto age 44 - 2% | Upto age 44 - 2% |
| Attrition Rate | 45 & Above 1% | 45 & Above 1% |
| Retirement Age | 60 & 70 Years | 60 & 70 Years |
| Adjusted Average Future Services | 13.78 | 11.69 |

E. Sensitivity:

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

| | Impact on defined benefit obligation | | | |
|------------------------|--------------------------------------|---------------|------------------------|------------------------|
| | Decrease | Increase | Increase in Assumption | Decrease in Assumption |
| (₹ in Lakhs) | | | | |
| Discount Rate | 2.82% | -2.66% | 340.69 | 359.90 |
| Salary Escalation Rate | -2.29% | 2.42% | 358.43 | 341.92 |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumptions.

F. The defined benefit obligations shall mature after year end 31st March, 2021 as follows:

| Year ending 31st March, 2021 | Defined Benefit Obligation |
|------------------------------|----------------------------|
| 2021 | 229.11 |
| 2022 | 6.09 |
| 2023 | 17.36 |
| 2024 | 10.45 |
| 2025 | 3.88 |
| Thereafter | 77.78 |

Compensated Absences: The Company permits encashment of compensated absence accumulated by their employees on retirement, separation and during the course of service. The disclosure in respect of the defined Compensated Absences are given below:

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|----------------------------------|---------------------------|
| (₹ in Lakhs) | | |
| Particulars | | |
| Expenses recognised in Statement of Profit and Loss | 7.06 | 14.40 |
| Balance Sheet Liability | 54.43 | 90.32 |



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 34 INCOME TAXES

(a) Tax expense recognised in the Statement of Profit and Loss:

| | Year ended 31st March, 2021 | (₹ in Lakhs) Year ended 31st March, 2020 |
|--|--|--|
| Current tax | | |
| Current year | - | - |
| Adjustments for prior periods | - | - |
| Total current tax | - | - |
| Deferred tax | | |
| Relating to origination and reversal of temporary difference | (32.07) | (304.44) |
| Total deferred income tax expense/(credit) | (32.07) | (304.44) |
| Total income tax expense/(credit) | (32.07) | (304.44) |

The current tax has not been provided as the company has been incurring losses as per tax.

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

(b) Reconciliation of effective tax rate

| | | |
|--|------------|------------|
| Profit /(loss) before taxation | (1,205.14) | (2,179.96) |
| Enacted income tax rate in India | 25.17% | 25.17% |
| Tax at the enacted income tax rate | (303.31) | (548.65) |
| Effect of: | | |
| Non recognition of deferred tax on unabsorbed depreciation, brought forward losses and other timing differences* | 271.24 | 244.21 |
| Tax expense / (credit) | (32.07) | (304.44) |

Unrecognised tax losses

| | As at 31st March, 2021 | (₹ in Lakhs) As at 31st March, 2020 |
|-------------------------|-----------------------------------|---|
| Unrecognised tax losses | 2,114.06 | 1,592.85 |

*Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of tax losses carried forward by the Company

(c) The movement in deferred tax assets and liabilities during the year ended 31st March, 2020 and 31st March, 2021:

| | As at 1st April, 2019 | Credit/(Charge) in Statement of Profit and Loss | As at 31st March, 2020 | Credit/(Charge) in Statement of Profit and Loss | (₹ in Lakhs) As at 31st March, 2021 |
|--|-----------------------------|---|------------------------------|---|--|
| Deferred tax assets/(liabilities) | | | | | |
| Property, plant and equipment | (1,271.44) | 342.55 | (928.89) | 44.69 | (884.20) |
| Expenses allowed on payment basis | 152.12 | 156.64 | 308.76 | (8.16) | 300.60 |
| Fair valuation gains / (losses) | (151.75) | 44.61 | (107.14) | (21.26) | (128.40) |
| | (1,271.07) | 543.80 | (727.26) | 15.27 | (712.00) |

The Company elected to exercise the option of lower tax rate permitted under section 115BAA of the Income-Tax Act, 1961. The Company, accordingly has re-measured its Deferred Tax Liabilities on the basis rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for the year ended.

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 35

FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

| | FVOCI | FVIPL | Amortised Cost | Total Fair Value | (₹ in Lakhs) Carrying Amount |
|--|---------------|----------|-------------------|---------------------|------------------------------------|
| 31st March, 2020 | | | | | |
| Financial Assets | | | | | |
| Investments | 109.57 | - | - | 109.57 | 109.57 |
| Deposits | - | - | 123.99 | 123.99 | 123.99 |
| Trade receivables | - | - | 195.99 | 195.99 | 195.99 |
| Cash and cash equivalents | - | - | 48.10 | 48.10 | 48.10 |
| Bank Balance other than above | - | - | 2.47 | 2.47 | 2.47 |
| Others financial assets | - | - | 53.54 | 53.54 | 53.54 |
| Total Financial Assets | 109.57 | - | 424.09 | 533.66 | 533.66 |
| Financial Liabilities | | | | | |
| Borrowings (including current maturity of long term debt) | - | - | 2880.18 | 2,880.18 | 2,880.18 |
| Trade payables | - | - | 953.54 | 953.54 | 953.54 |
| Others financial liabilities | - | - | 361.08 | 361.08 | 361.08 |
| Total Financial Liabilities | - | - | 4,194.80 | 4,194.80 | 4,194.80 |



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 35 (contd.)

FINANCIAL INSTRUMENTS

| | FVOCI | FVTPL | Amortised Cost | Total Fair Value | (₹ in Lakhs) Carrying Amount |
|--|---------------|----------|-------------------|---------------------|------------------------------------|
| 31st March, 2021 | | | | | |
| Financial Assets | | | | | |
| Investments | 194.05 | - | - | 194.05 | 194.05 |
| Deposits | - | - | 123.86 | 123.86 | 123.86 |
| Trade receivables | - | - | 5.55 | 5.55 | 5.55 |
| Cash and cash equivalents | - | - | 25.42 | 25.42 | 25.42 |
| Bank Balance other than above | - | - | 12.37 | 12.37 | 12.37 |
| Others financial assets | - | - | 50.79 | 50.79 | 50.79 |
| Total Financial Assets | 194.05 | - | 217.99 | 412.04 | 412.04 |
| Financial Liabilities | | | | | |
| Borrowings (including current maturity of long term debt) | - | - | 2,936.00 | 2,936.00 | 2,936.00 |
| Trade payables | - | - | 1,169.23 | 1,169.23 | 1,169.23 |
| Others financial liabilities | - | - | 427.09 | 427.09 | 427.09 |
| Total Financial Liabilities | - | - | 4,532.32 | 4,532.32 | 4,532.32 |

Fair Value Estimation

For financial instruments measured at fair value in the Balance Sheet, a three level fair value hierarchy is used that reflects the significance of inputs used in the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: quoted prices for identical instruments
- Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: inputs which are not based on observable market data.

For assets and liabilities which are carried at fair value, the classification of fair value calculations by category is summarised below:

| | Level 1 | Level 2 | (₹ in Lakhs) Level 3 |
|---------------------------|---------|---------|-------------------------|
| 31st March, 2020 | | | |
| Assets at fair value | 109.57 | - | - |
| Liabilities at fair value | - | - | - |
| 31st March, 2021 | | | |
| Assets at fair value | 194.05 | - | - |
| Liabilities at fair value | - | - | - |

There were no significant changes in classification and no significant movements between the fair value hierarchy classifications of financial assets and financial liabilities during the years.

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 36

FINANCIAL RISK FACTORS

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The purpose of these financial liabilities is to finance the Company's operations and to provide to support its operations. The Company's principal financial assets, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company's activities exposes it to Liquidity Risk, Market Risk and Credit Risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below:

(a) Liquidity Risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management implies maintenance sufficient cash including availability of funding through an adequate amount of committed credit facilities to meet the obligations as and when due.

The Company manages its liquidity risk by ensuring as far as possible that it will have sufficient liquidity to meet its short term and long term liabilities as and when due. Anticipated future cash flows, undrawn committed credit facilities are expected to be sufficient to meet the liquidity requirements of the:

(i) Financing Arrangements:

The Company has access to the following undrawn borrowing facilities as at the end of the reporting period:

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|-----------------------------------|-----------------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Secured working capital credit facility from Banks | - | 1,929.82 |

(ii) The following is the contractual maturities of the financial liabilities:

| | Carrying Amount | 1 - 12 Months | More than 12 Months |
|---|----------------------------|--------------------------|--------------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) |
| As at 31st March, 2020 | | | |
| Non-derivative Liabilities | | | |
| Borrowings (Including current maturity of Long term debt) | 2,880.18 | 2,377.18 | 503.00 |
| Trade Payables | 953.54 | 953.54 | - |
| Other Financial Liabilities | 361.08 | 361.08 | - |
| As at 31st March, 2021 | | | |
| Non-derivative Liabilities | | | |
| Borrowings (Including current maturity of Long term debt) | 2,936.00 | 2,433.00 | 503.00 |
| Trade Payables | 1,169.23 | 1,169.23 | - |
| Other Financial Liabilities | 427.09 | 427.09 | - |



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 36 (contd.)

FINANCIAL RISK FACTORS

(b) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

(i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies. The Company is not significantly exposed to foreign currency risk due to their limited transaction in the foreign currency.

| Foreign Currency Exposure | As at 31st March, 2021 | | As at 31st March, 2020 | |
|-------------------------------|----------------------------------|---------------|----------------------------------|-------------|
| | In Foreign Currency (₹ in Lakhs) | | In Foreign Currency (₹ in Lakhs) | |
| Receivable | | | | |
| In USD | 1,135.00 | 0.83 | 1,36,515.00 | 102.77 |
| Payable | | | | |
| In USD | 7,410.00 | 5.45 | 41,973.00 | 31.63 |
| | 31st March, 2021 | | 31st March, 2020 | |
| | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Increase / (Decrease) in loss | (0.05) | (0.05) | 0.71 | 0.71 |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's long term borrowings have fixed rate of interest and are carried at amortised costs. The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The interest rate are disclosed in the respective notes to the financial statement of the Company. The following table analyse the breakdown of the financial assets and liabilities by type of interest rate:

| | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Borrowings bearing fixed rate of interest | 2,933.00 | 2,429.00 |
| Borrowings bearing variable rate of interest | - | 448.18 |
| | 2,933.00 | 2,877.18 |

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| | | |
|------------------------------|---|-------|
| Increase in basis points (%) | - | 0.50 |
| Effect on profit before tax | - | 18.00 |
| Decrease in basis points (%) | - | 0.50 |
| Effect on profit before tax | - | 18.00 |

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 36 (contd.)

FINANCIAL RISK FACTORS

(c) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company is exposed to credit risks from its operating activities, primarily trade receivables, cash and cash equivalents, deposits with banks and other financial instruments. To manage the credit risk from trade receivables, the Company periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Trade and other receivables

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risks on an ongoing basis throughout each reporting period. The average credit period allowed to the customers is in the range of 30-90 days.

To assess whether there is a significant change increase in credit risk the Company compares the risks of default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. It considers the reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- (iv) Significant increase in credit risk on other financial instruments of same counterparty

Ageing of the accounts receivables

| | As at 31st March, 2021 (₹ in Lakhs) | As at 31st March, 2020 (₹ in Lakhs) |
|------------|--|--|
| 0-3 months | 5.52 | 193.08 |
| 3-6 months | 0.03 | 2.91 |
| | 5.55 | 195.99 |

The average credit period for domestic debtors ranges within 0-30 days and for export debtors ranges within 10-90 days.

NOTE 37

CAPITAL RISK MANAGEMENT

(a) Capital Risk Management:

The Company's objectives when managing capital are to:

- (i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders etc.

The Company monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.



NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 37 (contd.)

CAPITAL RISK MANAGEMENT

| | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Total equity attributable to equity shareholders of the Company | (697.08) | 427.65 |
| Net debt (Total borrowings less cash and cash equivalents) | 3,104.94 | 3,057.60 |
| Total Capital (Borrowings and Equity) | 2,407.86 | 3,485.25 |
| Gearing ratio | 1.29 | 0.88 |

(b) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

First charge

Property, plant and equipment*

Immovable

1,368.44 2,233.00

Movable

2,588.74 2,865.14

Second charge

Trade receivables

5.55 195.99

Inventories

189.04 1,001.45

*Represents net book value.

(c) Dividends

The Company follows the policy of Dividend for every financial year as may be decided by Board considering financial performance of the company and other internal and external factors enumerated in the Company dividend policy. The Company has not proposed/declared dividend for current financial year as well as in the previous financial year.

(d) Net debt reconciliation

| | | |
|---|-----------------|----------|
| Non-current borrowings (including current maturities) | 503.00 | 547.00 |
| Current borrowings | 2,433.00 | 2,333.18 |
| Interest payable/ (receivable) | 168.94 | 177.42 |
| Net Debt | 3,104.94 | 3,057.60 |

| | Non-current Borrowings | Current Borrowings | Interest Payable/ (Receivable) | Total |
|---|---------------------------|-----------------------|-----------------------------------|-----------------|
| Net debt as at 1st April, 2020 | 547.00 | 2,333.18 | 177.42 | 3,057.60 |
| Cash flows | (44.00) | 99.82 | (8.49) | 47.33 |
| Finance costs | - | - | 293.97 | 293.97 |
| Interest paid | - | - | (293.97) | (293.97) |
| Net debts as at 31st March, 2021 | 503.00 | 2,433.00 | 168.94 | 3,104.94 |

NOTES

Forming Part of the Financial Statements for the year ended 31st March, 2021

NOTE - 38

RECENT ACCOUNTING PRONOUNCEMENTS:

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

NOTE - 39

The Company is developing land at Uchagaon, Kolhapur bearing R.S.No.364/2, R.S.No.363/2A (Old R.S. No 363/2) and R.S.No.365/B1 (Old R.S. No.365/B) at Euro Palace, Uchagaon, Kolhapur, admeasuring about 2300 Sq.Mtrs, 800 Sq.Mtrs. and 710 Sq.Mtrs. respectively. The Company has passed resolution at Board meeting held on 8th November, 2014 and 12th August, 2017 respectively to enter into Development Agreement with M/s Randive Builders & Developers and give necessary Power of Attorney for above specified land parcels to them. The development agreement has been executed on 20th December, 2014 & 14th March, 2018 respectively. Accordingly, land parcels of 3810 Sq. Mtrs. have been converted into Stock-in-Trade from Property, Plant and Equipment at acquisition price of Rs 23.48 lakhs in August, 2014 and Rs.21.73 lakhs in September, 2017 respectively. Most of the civil constructions work have been completed and final internal finishing works are going on in flats and shops and the project is likely to be completed in the current financial year.

NOTE - 40

Performance for the year have been adversely affected due to continued grinding halt of mills operation since 25th March, 2019 on account of persistent, unfair and illegal activities of labour including strike resorted to by workers and disconnection of power. Matter in respect of disputed labour dues for lay off of workers, is subjudice, pending before the Honorable Supreme Court and the management expects a positive outcome, in view of the expert legal opinion in the aforesaid matter obtained by the Company. The management has already settled dues of lender banks (by borrowing from promoter group Companies is exploring ways to settle workers legal dues, studying ways to restart the operations of the Mills, pursuing to raise further funds from selling surplus assets (during the year end, substantial cash flow was generated by disposing off of certain assets of the Company at Kolhapur), exploring for sources of additional funds and in view of such positivities, the financial statements have been prepared on a going concern basis.

NOTE - 41

The operations of the Mills came to a grinding halt w.e.f. 25th March, 2019 due to persistent labour problems and consequences thereof. The Company was making efforts to resolve the situation. In the meantime, there was an outbreak of Pandemic 'Novel Coronavirus' ("COVID - 2019") and consequent Lockdown announced by the Centre and State Governments on 23rd March, 2020. In the view of recent surge in Covid-19 cases, few states reintroduced some restrictions and the Company continues to be vigilant and cautious. Due to impact of Covid-2019 pandemic, there might be an adverse impact on the Company's financials. The management however, has considered the possible future effects, that may inter-alia, impact the carrying amounts of inventories and trade receivables. The Management will closely monitor any material changes due to future economic conditions and take necessary measures to address the situation.

NOTE - 42

The financial statements were approved for issue by the Board of Directors on June 22, 2021.

| | | | |
|--------------------------|-----------------------------|---------------------------------------|-----------------|
| K. K. PATODIA | DIN: 00027335 | <i>Chairman and Managing Director</i> | |
| NARAYAN PATODIA | DIN: 00013122 | <i>Managing Director</i> | |
| RAJIV PATODIA | DIN: 00026711 | <i>Executive Director & CFO</i> | |
| RAHUL RAWAT | H. P. SIOTIA | DIN: 00015103 | <i>Director</i> |
| <i>Company Secretary</i> | V. K. GUPTA | DIN: 00021560 | <i>Director</i> |
| | ASHWINIKUMAR L. DAVE | DIN: 00126187 | <i>Director</i> |
| | HEMA THAKUR | DIN: 01363454 | <i>Director</i> |

Mumbai, 22nd June, 2021

Mumbai, 22nd June, 2021

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