

**INDEPENDENT AUDITORS' REPORT**

TO  
THE MEMBERS OF  
Eurotex Industries & Exports Limited

**Report on the Standalone Financial Statements:**

We have audited the accompanying financial standalone statements of **Eurotex Industries & Exports Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.
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.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



f) With respect to the other matters to be included in the Auditor's Report in accordance with 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:

- a) The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 26(1) & 26(3) to the financial statements;
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For LODHA & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Registration No: 301051E



R. P. Baradiya  
PARTNER  
Membership No: 44101

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2015



**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE EUROTEx INDUSTRIES AND EXPORTS LIMITED ON STANDALONE FINANCIAL STATEMENTS**

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) As explained, the assets have been physically verified by the management in accordance with the phased programme designed to cover all the assets over three years. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its fixed assets. As informed, no major discrepancies were noticed on such verification.
2. a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory-in-transit has been verified by the management with reference to the relevant documents.  
b) The procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. During the year, the Company has not granted any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls systems.
5. 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 there under have been accepted by the Company.
6. On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under Section 148 (1) of the Act have been maintained. However, we are not required to and thus have not carried out any detailed examination of such accounts and records, with a view to ascertain whether these are accurate and complete.
7. a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at



the last day of the financial year for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Financial Year	Amount in Rs.	
The Custom Act, 1962	Cenvat Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai	2001-02 to		
			2003-04	1,74,367	
			2005-06	3,56,890	
			2006-07	1,31,07,968	
The Central Excise Act, 1944	Excise Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai	2001-02	30,73,840	
			2005-06	13,39,07,368	
The Bombay Sales Tax Act, 1959 / Central Sales Tax Act, 1956	Sales Tax	Supreme Court of India	2001-02	2,00,827	
		Deputy Commissioner of Sales Tax (Appeal), Kolhapur	2001-02	51,22,933	
			Joint Commissioner of Sales Tax (Appeal), Kolhapur	2006-07	1,13,28,290
				2009-10	59,00,594
			2007-08	77,51,400	

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

8. The Company has no accumulated losses as at 31<sup>st</sup> March, 2015 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
11. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For LODHA & COMPANY  
CHARTERED ACCOUNTANTS  
Firm Registration No: 301051E



*R. P. Baradiya*

R. P. Baradiya  
PARTNER

Membership No: 44101

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2015