



# **MORARJEE TEXTILES LTD.**

**15<sup>th</sup> Annual Report 2009-2010**

**BOARD OF DIRECTORS**

**Ms. Urvi A. Piramal** *Chairperson*  
**Mr. Harshvardhan A. Piramal** *Executive Vice Chairman*  
**Mr. Mahesh S. Gupta**  
**Mr. Aditya Mangaldas**  
**Mr. Pradipta Mohapatra**  
**Mr. Ranjan Sanghi**  
**Mr. Shobhan Thakore**

**CEO & EXECUTIVE DIRECTOR**

**Mr. R. K. Rewari**

**HEAD - FINANCE & ACCOUNTS**

**Mr. S. C. Kashimpuria**

**COMPANY SECRETARY**

**Mr. Haresh Vala**

**AUDITORS**

**M/s. Shah & Co.**

*Chartered Accountants*

**BANKERS**

Allahabad Bank  
 Export - Import Bank of India  
 AXIS Bank

**REGISTERED OFFICE**

Peninsula Spenta  
 Mathuradas Mills Compound  
 Senapati Bapat Marg  
 Lower Parel, Mumbai - 400 013

**SHARE TRANSFER AGENT**

**Freedom Registry Limited**

**Registered Office**

Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area  
 Satpur, Nasik - 422 007  
 Email : amtrac\_nsk@sancharnet.in

**Mumbai Liaisoning Office**

104, Bayside Mall  
 35, C.M.M. Malviya Marg  
 Tardeo Road, Haji Ali  
 Mumbai 400 034

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**15<sup>th</sup> Annual General Meeting** of the Company  
 will be held on **Thursday, 25<sup>th</sup> November, 2010** at  
**3.00 p.m.** at Hall of Harmony, Nehru Centre, Dr. Annie  
 Besant Road, Worli, Mumbai 400 018

## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of Morarjee Textiles Limited will be held on Thursday, the 25<sup>th</sup> day of November, 2010 at 3.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business :

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Urvi A. Piramal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Ranjan Sanghi, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business:

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

**"RESOLVED THAT** Mr. R. K. Rewari, who was appointed as an Additional Director of the Company w.e.f. 1<sup>st</sup> February, 2010 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) ("the Act") and as per the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

6. 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 228 and other applicable provisions, if

any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), M/s. D. Dadheech & Co., Chartered Accountants, Mumbai be and are hereby appointed as the Branch Auditors of the Company to audit the accounts in respect of Integra, a division of Morarjee Textiles Limited for the year ending 31<sup>st</sup> March, 2011 and to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors in addition to the reimbursement of the actual out-of-pocket expenses."

7. 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 Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company comprising of Rs. 53,00,00,000/- (Rupees Fifty Three Crores only) divided into 4,30,00,000 (Four Crores Thirty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 43,00,00,000/- (Rupees Forty Three Crores only) and 10,00,000 (Ten Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 10,00,00,000/- (Rupees Ten Crores only) be increased to Rs. 70,00,00,000/- (Rupees Seventy Crores only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) and 25,00,000 (Twenty Five Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only);

**RESOLVED FURTHER THAT** the existing Clause V (being capital clause) in the Memorandum of Association of the Company shall be substituted by the following new Clause "V"

### Clause "V"

The Authorised Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crores only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating



to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) and 25,00,000 (Twenty Five Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) with the powers to the Company to increase, reduce and alter the Authorised Share Capital and to issue any part of its capital, original or increased with or without such preferential, deferred, qualified and other special rights, privileges, restrictions and conditions as may be determined under the provisions of the law in force for the time being and the regulations of the Company and to vary, modify, abrogate or deal with any such rights, privileges, restrictions and conditions in the manner prescribed by the regulations of the Company and under the provisions of the law in force."

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act") and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the concerned authorities, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred by this resolution) to create, offer, issue and allot 15,00,000- 9% Cumulative Redeemable Non Convertible Preference Shares of Rs. 100/- each at par by way of a private placement and that such issue and allotment shall be made at such time or times in one or more tranche or tranches, and on such terms and conditions as the Board may in its discretion deem fit;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorised on behalf of the Company to take all actions and to resolve and

settle all questions and difficulties that may arise in the proposed issue, offer and allot the Preference Shares and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the shareholders or otherwise to the end intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

9. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 78, 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), Article 46 of the Articles of Association of the Company and subject to the confirmation of the Hon'ble High Court of Judicature at Bombay, a sum of Rs. 41,58,73,807/- (Rupees Forty One Crores Fifty Eight Lacs Seventy Three Thousand Eight Hundred and Seven only) presently standing to the credit of the Securities Premium Account of the Company be utilized, for adjusting the debit balance standing in Profit and Loss Account;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee or person, which the Board may constitute / nominate to exercise its powers conferred under this resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilization / adjustment of the Securities Premium Account including passing of such accounting entries and /or making such other adjustments in the books of account as are considered necessary to give effect to the above resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at Bombay to implement the aforesaid resolution."

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 18<sup>th</sup> November, 2010 to Thursday, 25<sup>th</sup> November, 2010 (both days inclusive).
4. Section 109A of the Companies Act, 1956 permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the Share Transfer Agent of the Company at its Nasik address.
5. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Share Transfer Agent of the Company at its Nasik address.
6. Members holding shares in physical form are requested to immediately intimate to the Company/ Share Transfer Agent, changes, if any, in their registered address alongwith the pin code number. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participants.
7. Trading in the Company's shares through Stock Exchanges is permitted only in dematerialized / electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depository Services (India) Limited to enable members to hold and trade the shares in dematerialized / electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.
8. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
9. Brief resume of the Directors seeking appointment and re-appointment and other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Annexure to the Notice.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Shareholders who have not yet encashed their dividend warrant(s) for the financial year 31<sup>st</sup> March, 2005 or any subsequent financial years are requested to approach the Company/ Share Transfer Agent for claiming the same. It may be noted that the unpaid dividend for the financial year ended 31<sup>st</sup> March, 2005 is due for transfer to the IEPF on 11<sup>th</sup> November, 2012.
11. Queries on accounts of the Company, if any, may be sent to the Company Secretary atleast 7 days in advance of the meeting so as to enable the management to keep the information ready at the meeting.

By Order of the Board

### Registered Office :

Peninsula Spenta  
Mathuradas Mills Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai 400 013  
Mumbai : 22<sup>nd</sup> September, 2010

**Haresh Vala**  
Company Secretary





## EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956 ("the Act")

### Item No. 5

Mr. R. K. Rewari was appointed as an Additional Director of the Company w.e.f. 1<sup>st</sup> February, 2010 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company. He holds office upto the date of this Annual General Meeting.

The Company has received a notice alongwith deposit under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. R. K. Rewari as a Director of the Company.

Brief Resume of Mr. R. K. Rewari, his experience and other Directorships held by him is given as an Annexure to the Notice.

The Directors recommend the resolution appearing under the Item No. 5 of the accompanying Notice for your approval.

Except Mr. R. K. Rewari, no other Director is deemed to be concerned or interested in the above mentioned resolution.

### Item No. 6

Integra Apparels and Textiles Limited ("Integra") has merged with the Company with the Appointed Date as 1<sup>st</sup> January, 2010. Consequent to the merger of Integra with the Company, the operations of Integra will now be known as "Integra, a division of Morarjee Textiles Limited." It is proposed to appoint M/s. D. Dadheech & Co., Chartered Accountants, Mumbai, the Statutory Auditors of Integra as the Branch Auditors of Integra, a division of Morarjee Textiles Limited.

M/s. D. Dadheech & Co., Chartered Accountants have given their consent to act as the Branch Auditors, if appointed.

The Directors recommend the resolution appearing under the Item No. 6 of the accompanying Notice for your approval.

None of the Directors of the Company are deemed to be concerned or interested in the above mentioned resolution.

### Item No. 7

The present Authorised Share Capital of the Company is Rs. 53,00,00,000/- (Rupees Fifty Three Crores only) divided into 4,30,00,000 (Four Crores Thirty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 43,00,00,000/- (Rupees Forty Three Crores only) and 10,00,000 (Ten Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 10,00,00,000/- (Rupees Ten Crores only) and is proposed to be increased to Rs. 70,00,00,000/- (Rupees Seventy Crores only) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) and 25,00,000 (Twenty Five Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

The proposal for increase in the Authorised Share Capital as considered at Item No. 7 requires consequential amendment to the Capital Clause of the Memorandum of Association and the same will require the approval of the members by way of an Ordinary Resolution.

The Directors recommend the resolution appearing under the Item No. 7 of the accompanying Notice for your approval.

None of the Directors of the Company are deemed to be concerned or interested in the above mentioned resolution.

### Item No. 8

The debt-equity ratio of the Company has been worsening since the last couple of years. In the last financial year, the Company had raised a sum of Rs. 27.24 crores by way of a Rights Issue primarily to address this matter. However, inspite of such infusion, the debt-equity ratio has not improved.

Your Company has now received an offer from an investor subscribing to Cumulative Redeemable Non Convertible Preference Shares of Rs. 100/- each to the tune of Rs. 15 crores at a coupon rate of 9% for a term of 5 years, with an option to redeem the preference capital by the Company at any time after 18 months from the date of allotment. It is felt that by infusing preference capital, the Company will be able to repay part of its

unsecured loan and strengthen its net worth.

The Directors recommend the resolution appearing under the Item No. 8 of the accompanying Notice for your approval.

None of the Directors of the Company are deemed to be concerned or interested in the above mentioned resolution.

#### **Item No. 9**

The Company is engaged in the business of manufacture of premium cotton fabric and high end fashion printed fabric. In the course of its operations, the Company has incurred losses. The Company has now turned around and has started generating profits. However, the Company will not be in a position to declare dividend in the near future unless and until the entire debit balance in the Profit and Loss Account is completely wiped off.

Accordingly, the Company is now proposing to undertake a financial restructuring exercise whereby it is proposed that a sum of Rs. 41,58,73,807/- (Rupees Forty One Crores Fifty Eight Lacs Seventy Three Thousand Eight Hundred and Seven only) presently standing to the credit of the Securities Premium Account of the Company be utilized for adjusting the debit balance in Profit and Loss Account. The adjustment of the debit balance in the Profit and Loss Account against the balance lying to the credit of Securities Premium Account would result in clean up of the balance sheet of the Company and would also result in better presentation of the balance sheet of the Company.

The utilization of the Securities Premium Account in the above manner as permissible under Section 78 of the Companies Act, 1956 would have to be implemented through a Capital Reduction process under Sections 100 to 103 of the Companies Act, 1956 and is subject to the approval of the Hon'ble High Court of Judicature at Bombay. Article 46 of the Articles of Association of the Company permits utilization / reduction of balance in the Securities Premium Account.

The proposed restructuring will not cause any prejudice to the creditors of the Company since it does not involve any financial outlay / outgo on the part of the Company. For the sake of clarity, it is specified that the reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid up capital. The creditors of the Company are in no way affected by the proposed

reduction of the Securities Premium Account as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors and there is no reduction in the security, which the creditors may have in the Company. Further, the proposed restructuring would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

The above restructuring will have no impact on the shareholding pattern and the capital structure of the Company. The pre and post restructuring capital structure and shareholding pattern is as under:

Description	No. of Shares	
	Pre	Post
Promoters	2,32,07,635	2,32,07,635
FIIIs	1,135	1,135
Mutual Fund	2,583	2,583
Fls/Banks/Insurance Cos	20,23,160	20,23,160
Body Corporate	20,33,967	20,33,967
Directors & their Relatives	1,20,000	1,20,000
NRIIs	2,07,982	2,07,982
Foreign Body Corporate	39,331	39,331
Public	86,96,556	86,96,556
<b>Total</b>	<b>3,63,32,349</b>	<b>3,63,32,349</b>

The resolution proposed is subject to confirmation of the Hon'ble High Court of Judicature at Bombay.

The Directors recommend the resolution appearing under the Item No. 9 of the accompanying Notice for your approval.

None of the Directors of the Company are deemed to be concerned or interested in the above mentioned resolution.

By Order of the Board

**Haresh Vala**

Company Secretary

**Registered Office :**

Peninsula Spenta  
Mathuradas Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai 400 013

Mumbai : 22<sup>nd</sup> September, 2010


**Details of the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

Particulars	Ms. Urvi A. Piramal	Mr. Ranjan Sanghi	Mr. R. K. Rewari
Date of Birth	19 <sup>th</sup> July, 1952	6 <sup>th</sup> May, 1944	11 <sup>th</sup> November, 1956
Nationality	Indian	Indian	Indian
Date of Appointment	1 <sup>st</sup> February, 2005	1 <sup>st</sup> February, 2005	1 <sup>st</sup> February, 2010
Qualification	<ul style="list-style-type: none"> <li>B. Sc.</li> <li>Advanced Management Program from Harvard Business School, USA</li> </ul>	<ul style="list-style-type: none"> <li>B. Com. (Hon.)</li> <li>Law Graduate</li> </ul>	<ul style="list-style-type: none"> <li>B. Sc.</li> <li>LLB</li> <li>PGDPM</li> <li>MEP</li> </ul>
Area of Expertise	<ul style="list-style-type: none"> <li>Excellent managerial and leadership skills</li> <li>Spearheading the Group in its real estate, textiles, engineering, entertainment and sports activities.</li> </ul>	<ul style="list-style-type: none"> <li>Experience of 25 years in the Automobile sector.</li> <li>Leading the trading, manufacturing and investment operations of the Sah &amp; Sanghi Group.</li> </ul>	<ul style="list-style-type: none"> <li>Vast experience of working in leadership position in manufacturing and processing.</li> </ul>
Shareholding in the Company	49,566 equity shares	4,000 equity shares	Nil
Directorships held in other Companies	<ul style="list-style-type: none"> <li>Ashok Piramal Enterprises Pvt. Ltd.</li> <li>Ashok Piramal Management Corporation Ltd.</li> <li>Crossroads Shoppertainment Pvt. Ltd.</li> <li>Delta Magnets Ltd.</li> <li>Goldlife Mercantile Co. Pvt. Ltd.</li> <li>Highpoint Agro Star Pvt. Ltd.</li> <li>Jammin Recreation Pvt. Ltd.</li> <li>Just Textiles Ltd.</li> <li>L &amp; T Crossroads Pvt. Ltd.</li> <li>Lifestar Hospitality Pvt. Ltd.</li> <li>Lifeline Mercantile Pvt. Ltd.</li> <li>Miranda Few Tools Pvt. Ltd.</li> <li>Omega Multitrade Pvt. Ltd.</li> <li>Onestar Mercantile Co. Pvt. Ltd.</li> <li>Onestar Trading Co. Pvt. Ltd.</li> <li>Oneup Mercantile Co. Pvt. Ltd.</li> <li>Peninsula Land Ltd.</li> <li>Peninsula Trustee Ltd.</li> <li>Piramyd Retail and Merchandising Pvt. Ltd.</li> <li>PMP Auto Components Pvt. Ltd.</li> <li>Pune Football Club Ltd.</li> <li>Seastar Trading Co. Pvt. Ltd.</li> <li>Supertime Trading Pvt. Ltd.</li> <li>Topstar Mercantile Pvt. Ltd.</li> <li>Toptech Mercantile Co. Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Amzel Automotive Ltd.</li> <li>Bagalkot Cement &amp; Industries Ltd.</li> <li>Bajaj Auto Finance Ltd.</li> <li>Bombay Auto Ancillary &amp; Investment Pvt. Ltd.</li> <li>Borax Morarjee Ltd.</li> <li>HDFC Trustee Co. Ltd.</li> <li>Integra Apparels &amp; Textiles Ltd.</li> <li>Kemp &amp; Co. Ltd.</li> <li>Navtech E-Solutions Pvt. Ltd.</li> <li>Rajesh Sanghi Auto Traders Pvt. Ltd.</li> <li>Sah &amp; Sanghi Auto Agencies Pvt. Ltd.</li> <li>Spirax Marshall Pvt. Ltd.</li> <li>Suraj Sanghi Finance Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Integra Apparels and Textiles Ltd.</li> <li>Just Textiles Ltd.</li> </ul>
Chairperson / Chairman / Member of the Committee of Board of Directors of Companies	<ul style="list-style-type: none"> <li>Peninsula Land Ltd. - Investors' Grievance Committee (Member)</li> </ul>	<ul style="list-style-type: none"> <li>Bajaj Auto Finance Ltd.- Audit Committee &amp; Shareholders / Investors' Grievance Committee (Member)</li> <li>HDFC Trustee Co. Ltd.-Audit Committee (Member)</li> <li>Bagalkot Cement &amp; Industries Ltd. - Audit Committee (Member)</li> </ul>	None



## DIRECTORS' REPORT

Dear Shareholders

The Directors present their 15<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

### Financial Results

Particulars	Rs. in lacs	
	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
Total Income	26,192.22	19,938.44
PBIDTA	3,163.14	(95.69)
Interest	2,297.61	2,045.18
Depreciation	1,233.97	1,050.96
Profit/(Loss) before tax & Exceptional Items	(368.44)	(3,191.83)
Exceptional Items (Provision for diminution in Investment)	—	587.25
Profit / (Loss) after Exceptional Item but before Tax	(368.44)	(3,779.08)
Provision for Tax (FBT)	—	28.10
Fringe Benefit Tax & Income Tax - Prior Period	6.64	—
Profit / (Loss) after Tax	(375.08)	(3,807.18)
Profit / (Loss) brought forward from previous year	(4,708.67)	(901.49)
Profit / (Loss) carried to the Balance Sheet	(5,083.75)	(4,708.67)

### Dividend

In view of the losses incurred by the Company, your Directors do not recommend any dividend on the Shares of the Company.

### Operations Highlights - Standalone

During the year under review, the total income increased 31.3% by Rs. 6,253.78 lacs to Rs. 26,192.22 lacs from Rs. 19,938.44 lacs in the previous year. The year ended at a loss of Rs. 375.08 lacs as against the loss of Rs. 3,807.18 lacs in the previous year. There is a considerable reduction in the loss as compared to the previous year.

The financials of the Company for the year ended 31<sup>st</sup> March, 2010 includes 3 months' financials of Integra Apparels and Textiles Limited which has merged with the Company with effect from 1<sup>st</sup> January, 2010.

### Rights Issue

During the year, the Company raised Rs. 2,724.43 lacs by issue of 1,81,62,886 fully paid equity shares of Rs. 10/- each at a premium of Rs. 5/- per equity share to the existing equity shareholders on a rights basis in the ratio of 1 fully paid equity share for every 1 existing equity share held by them. Post rights issue, the equity share capital of the Company has increased to Rs. 3,633.24 lacs.

The net proceeds from the Rights issue of equity shares of the company after meeting issue expenses, have been used for repayment of debt.

The promoters applied for 1,37,49,822 equity shares aggregating to Rs. 20,62,47,330/- and public applied for 44,13,064 equity shares aggregating to Rs. 6,61,95,960/-. Consequent to the Rights Issue, the promoter stake in the Company has increased from 52.05% to 63.88%.

### Awards

The Company has been awarded the prestigious Texprocil Silver Trophy for the second highest export of Fabrics - Category Bleached / Dyed / Yarn Dyed / Printed for the year 2009-2010.

### Amalgamation of Integra Apparels and Textiles Limited with the Company

The Company received the approval from the Hon'ble High Court of Karnataka at Bangalore sanctioning the Scheme of Amalgamation of Integra Apparels and Textiles Limited ("Integra") with the Company. The Appointed Date of amalgamation is 1<sup>st</sup> January, 2010. Integra being a wholly owned subsidiary of the Company, the Company is not required to issue any shares as a consideration of the amalgamation.

Consequent to the amalgamation of Integra with the Company, Integra has ceased to exist. The operations of Integra will now be known as "Integra, a division of Morarjee Textiles Limited."



### Extension of Annual General Meeting

As per the provisions of Section 166 of the Companies Act, 1956, the 15<sup>th</sup> Annual General Meeting of the Company was required to be convened on or before 30th September, 2010. In view of the amalgamation of Integra Apparels and Textiles Limited with the Company, the Company had sought extension of time for holding the Annual General Meeting for adoption of the accounts for the year ended 31<sup>st</sup> March, 2010. The Registrar of Companies, Maharashtra, Mumbai has granted the extension of time of three months (i.e. upto 31<sup>st</sup> December, 2010) for holding the Annual General Meeting.

### Subsidiary Companies / Consolidated Accounts

The Central Government has granted exemption under Section 212(8) of the Companies Act, 1956, from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of the said Subsidiary Companies, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for each of the Company's subsidiaries being Morarjee International s.r.l. and Men's Club s.p.a. are also enclosed. Copies of the audited annual accounts of the Company's subsidiaries can also be sought by any investor of the Company or its subsidiaries on making a written request to the Company Secretary at the Registered Office of the Company in this regard. The annual accounts of the Subsidiary Companies are also available for inspection by any investor at the Company's and / or the concerned subsidiaries' registered office.

### Details of various Subsidiary Companies are as under: Integra Apparels and Textiles Limited ("Integra") (upto 31st December, 2009)

During the nine months ended 31<sup>st</sup> December, 2009, Integra had achieved a total income of Rs. 5,413.50 lacs as against Rs. 9,457.41 lacs in the previous year ended 31<sup>st</sup> March, 2009. Loss before Tax was Rs. 226.68 lacs as against Rs. 1,186.56 lacs in the previous year.

With effect from the Appointed Date i.e. 1st January, 2010, the accounts of Integra have merged with those of the Company.

### Morarjee International s.r.l.

Morarjee International s.r.l., the Company's 100% subsidiary made inroads into the highly demanding European premium fabric market.

### Men's Club s.p.a.

During the year under review, the shareholders of Men's Club s.p.a. have resolved to place it under voluntary liquidation due to continuous losses. Consequently, the Board of Directors of Men's Club s.p.a. has ceased to exist and a liquidator has been appointed to oversee its affairs.

### Joint Ventures

#### Just Textiles Limited ("JTL")

During the year, JTL has achieved a turnover of Rs. 4,298.02 lacs as against Rs. 3,989.91 lacs in the previous year, an increase of 7.7%. Profit before tax is Rs. 56.88 lacs as against Rs. 6.88 lacs the previous year.

### Conservation of energy and technology absorption

A statement showing particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with Section 217(1) (e) of the Companies Act, 1956, in the prescribed forms (Form A and Form B) is attached herewith and marked as Annexure A.

### Employees

The Directors acknowledge with thanks the contribution made by the employees towards the growth of the Company and appreciate their unstinted, co-operation and support to the Management.

Any member interested in obtaining a copy of the statement of particulars of employees referred to in Section 217(2A) of the Companies Act, 1956 may write to the Company Secretary at the Registered Office of the Company.

### Employee Stock Option Scheme

During the year under review, the Company has not granted any stock options. Disclosures as required by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are attached herewith and marked as Annexure B.

## Directors

Mr. R. K. Rewari was appointed as an Additional Director and CEO & Executive Director of the Company with effect from 1st February, 2010. The appointment of Mr. R. K. Rewari as the CEO & Executive Director was approved by the members of the Company by way of a Postal Ballot on 25th March, 2010.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. R. K. Rewari vacates his office at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend his appointment at the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. R. K. Rewari for the office of Director.

During the year under review, Mr. P. K. Gothi retired as the Managing Director of the Company with effect from 27th December, 2009. Subsequently, Mr. P. K. Gothi was appointed as an Additional Non Executive Director with effect from 28th January, 2010. Mr. P. K. Gothi, thereafter, resigned as a Director of the Company with effect from 5th March, 2010. Mr. Takao Yajima ceased to be the Director of the Company with effect from 25th December, 2009. With the resignation of Mr. Takao Yajima as a Director of the Company, Mr. Shailesh Haribhakti, Alternate Director to Mr. Takao Yajima automatically vacated the office of an Alternate Director. The Board wishes to place on record its sincere appreciation and gratitude for the contribution made by them during their tenure as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Urvi A. Piramal and Mr. Ranjan Sanghi, Directors of the Company retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act"), we hereby state that :

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed

with proper explanation relating to material departures, if any;

- b. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and its loss for the year ended on that date;
- c. your Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- d. your Directors have prepared the Annual Accounts for the year ended 31<sup>st</sup> March, 2010 on a going concern basis.

## Foreign Exchange earnings and outgo

During the year under review, foreign exchange earnings were Rs. 14,359.01 lacs and outgoings were Rs. 2,517.49 lacs making the Company a net foreign exchange earner with a net inflow of Rs. 11,841.52 lacs.

## Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits neither does it have any unclaimed / unpaid fixed deposits.

## Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended to this report.

## Corporate Governance

The Company has complied with the mandatory provisions of the Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance compliance is included as a part of this Annual Report alongwith requisite certificate from the Statutory Auditors.

As a part of good Corporate Governance, the Board of



Directors of the Company has appointed Mr. Nilesh G. Shah, Practising Company Secretary to conduct the Secretarial Audit of the Company. The Secretarial Compliance Certificate in respect of compliance of all rules, regulations under the various applicable provisions of the Companies Act, 1956, SEBI Regulations and the applicable regulations under the Listing Agreement entered with the Stock Exchanges is provided in the Annual Report.

#### **Auditors & Branch Auditors**

The Auditors, M/s. Shah & Co., retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment as the Auditors to audit the accounts of the Company for the financial year 2010-2011.

The Board of Directors has also recommended appointing M/s. D. Dadheech & Co., Chartered Accountants, Mumbai as the Branch Auditors of Integra, a division of Morarjee Textiles Limited.

The Company has received letters from M/s. Shah & Co. and M/s. D. Dadheech & Co. to the effect that their appointment and re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the

Companies Act, 1956 and that they are not disqualified within the meaning of Section 226 of the said Act.

#### **Group for Interse Transfer of Shares**

As required under Clause 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are attached herewith and marked as Annexure C and the said Annexure C forms part of this Annual Report.

#### **Acknowledgements**

We owe all our employees, customers, bankers and vendors our gratitude for their co-operation and continued support.

By Order of the Board

Mumbai : 22<sup>nd</sup> September, 2010

**Urvi A. Piramal**  
Chairperson

## ANNEXURE 'A'

### FORM - "A"

Form of disclosure of particulars with respect to conservation of energy

	Units	Current Year 31.03.2010	Previous Year 31.03.2009
<b>A) Power &amp; Fuel Consumption</b>			
1. Electricity			
a) Purchased Units	Lacs Kwhs	409.45	397.95
Total Cost	Rs. Lacs	1,790.10	1,610.17
Rate / Unit	Rupees	4.37	4.05
b) Own Generation			
Through Diesel Generator Units	Lacs Kwhs	1.19	0.55
Unit per litre of Diesel Oil	Kwhs	3.19	3.25
Cost / Unit (Diesel Oil Only)	Rupees	11.32	11.99
Total Cost of Diesel	Rs. Lacs	13.47	6.58
2. Coal (slack coal for Boiler)			
Quantity	M. T.	21,247.67	18,525.43
Total Cost	Rs. Lacs	665.85	587.29
Average rate per M. T.	Rupees	3,133.77	3,170.18
3. Furnace Oil			
Quantity	K. Ltrs	135.25	160.99
Total Amount	Rs. Lacs	31.82	33.89
Average rate per K. Ltr	Rupees	23,525	21,051
<b>B) Consumption per unit of Production.</b>			
In view of composite nature of its Textile Business, it is not possible to express the consumption of power & fuel per unit of production.			

### FORM - "B"

#### RESEARCH AND DEVELOPMENT (R&D)

The addition of inkjet plotter & exposing give us an edge in reproducing designs which are same as seen on the computer.

#### Expenditure on R&D

a. Capital expenditure	Rs. Nil
b. Recurring	Rs. 37.69 lacs
c. Total	Rs. 37.69 lacs
d. Total R&D expenditure as a percentage of total turnover	0.15%

#### TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Nil





## ANNEXURE – “B”

### DISCLOSURES REGARDING STOCK OPTIONS

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the SEBI Guidelines”) are given below:

Options granted	1,85,000
The pricing formula	The options were granted at a consideration of Rs. 75/- per option.
Options vested	88,900
Options exercised and the total number of shares arising as a result of exercise of options	Nil
Options Lapsed	95,500
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Total number of options in force	89,500
Employee wise details of options granted to (i) Senior managerial personnel;	All options have been granted by the Company as aforesaid, to Senior Management Personnel.
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	None
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 “Earnings Per Share”	Rs. (-) 1.67
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Had the Company followed fair value method for accounting the stock options, the employee compensation expense for the year would have been higher by Rs. 0.25 lacs. Consequently, profit after tax would have been lower by Rs. 0.25 lacs and the basic & diluted EPS would have been Rs. (-) 1.67 per share. The assumptions used to estimate fair value options include the following : Risk free interest rate - 7.1%, expected life - 3 years, Volatility - 7%, Dividend yield - 2.7%, Market price of share at the time of grant of options - Rs. 68.55
Weighted-average exercise prices and weighted - average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	Weighted average exercise price of options is Rs. 75 Weighted average fair value of options is Rs. 4.20

## ANNEXURE – “C”

### GROUP

The following are the list of persons constituting group coming within the definition of ‘group’ as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (‘MRTP’) for the purpose of availing exemption from the applicability of the provisions of Regulations 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (‘the Regulations’), as provided in Clause 3(1)(e)(i) of the Regulations :

Ms. Urvi A. Piramal  
Mr. Harshvardhan A. Piramal  
Mr. Rajeev A. Piramal  
Mr. Nandan A. Piramal  
Ms. Reshma H. Piramal  
Ms. Roopali R. Piramal  
Ashok Piramal Enterprises Private Limited  
Ashok Piramal Group Engineering Trust  
Ashok Piramal Group Real Estate Trust  
Ashok Piramal Group Textiles Trust  
Ashok Piramal Management Corporation Limited  
Bridgepoint Learning Private Limited  
CAMS Learning Private Limited  
Cross World Trade and Mercantile LLP  
Edustar Learning Private Limited  
Goldlife Mercantile Company Private Limited  
Kroma Trade and Mercantile LLP  
Lifestar Hospitality Private Limited  
NHUR Trading and Mercantile LLP  
Omega Multitrade Private Limited  
Onestar Mercantile Company Private Limited  
Onestar Trading Company Private Limited  
PMP Auto Components Private Limited  
Pune Sports Club Private Limited  
Snuggles Trading LLP  
Supertime Trading Private Limited  
Topstar Mercantile Private Limited  
Toptech Mercantile Company Private Limited  
Yanky Trading LLP



## MANAGEMENT DISCUSSION & ANALYSIS

### Indian Textiles: Holding steady

Indian textiles, and indeed the broader economy, faced one of its biggest challenges last year thanks to the continuing fallout of the global economic slowdown. However, despite the tough market conditions, India's textile exports in 2009-10 increased by 1.9% as compared to the previous year.

Indian garment exports dropped by 2.6% to \$10.64 billion in 2009-10, compared to \$10.93 billion in the previous year. The last few months of 2009-10 saw a sharp increase in cotton and yarn prices, and this trend is only likely to intensify in the medium term.

Nevertheless, the future looks promising. The recent revival of demand in the EU and, particularly, the USA, holds promise for the India's textile exports, which are forecast to grow up to \$24 billion in 2010-11, up from an estimated \$20 billion in the 2009-10. Apart from established markets, exporters are also actively evaluating new markets such as Africa and Latin America.

### Morarjee Textiles: Recovery on track

Reacting swiftly to the slowdown, Morarjee Textiles has adopted a result-driven strategy. This has resulted in the Company beating its previous year's performance. The company registered growth, both in terms of turnover and increase in PBIDT.

On a consolidated basis, total revenue increased by 3.7% from Rs. 327.8 crores to Rs. 340.1 crores. The year ended with a loss of Rs. 6.77 crores as against a loss of Rs. 47.66 crores in 2008-09.

On standalone basis, Morarjee Textiles Limited ended the year with a net loss of Rs. 3.75 crores as against a loss of Rs. 38.07 crores in 2008-09. Total revenue increased by 31.3%, from Rs. 199.4 crores to Rs. 261.9 crores.

PBIDT stood at Rs. 31.6 crores as against Rs. 0.9 crores loss in 2008-09.

There has been a significant improvement in the performance of the company. All our major export markets, such as the USA and Europe, registered a healthy increase in sales. We also entered several new markets such as Australia, Russia, Colombia and China for both the print & yarn dyed businesses.

On the other hand, focus on the domestic market has resulted in sales going up by 35% over the previous year. The company has particularly increased its focus on the Indian retail segment, where turnover grew by almost 48% over the previous year.

The company also upgraded its product range by introducing a super premium shirting fabric collection.

### Integra Apparels: Consolidation

Total revenue at the garment business, *Integra Apparels*, fell by 22.8% to Rs. 73 crores due to difficult conditions in the global market. The company suffered a net loss due to pricing pressure. However, the loss was significantly reduced compared to the loss for the previous year.

The company began the process of consolidating its manufacturing facilities during the year in order to make optimum use of space and to save cost. The company has also improved its operational performance, which has seen several old customers showing renewed confidence and the addition of several prestigious new customers.

We expect a further improvement in operating performance of Integra in the coming year.

### Just Textiles

During the year, *Just Textiles Limited* recorded a sales growth of 7.7%. The company has started contributing to Morarjee's consolidated sales and profitability, and we expect this trend to continue in the future.

### Outlook

During the economic recession of 2008-09, there was a significant shift of textile and garment manufacturing to newly emerging or low cost countries, such as Vietnam and Bangladesh. Both these countries have witnessed significant acceleration in their exports, with a CAGR of over 16% over the last five years.

However, with India's strengths of an established cotton source and existing supply chain from spinning to garments, the outlook for the Indian textile and apparel industry remains cautiously optimistic.

### Risks & Concerns

With cotton prices hovering at almost US\$0.92 per pound and fears that the price will persist or rise even higher

in the near future, some experts predict that textile manufacturers could shift to competing fibres such as polyester. The International Cotton Advisory Committee (ICAC) predicts that prices will average US\$0.89 per pound this year due to a number of factors:

- Low cotton stocks worldwide
- Export restrictions for some of the world's top cotton producers
- Recovering demand for textile and garments

The appreciating rupee could affect textile and garment exports.

#### Internal control systems & their adequacy

The Company has proper and adequate systems of Internal Control to ensure that all the assets are safeguarded from loss, damage or disposition. Checks & balances are in place to ensure that transactions are adequately authorised and recorded, and that they are reported correctly. The internal control system is further supplemented by a rigorous programme of internal audit conducted by an independent firm of chartered accountants.

The Board of Directors considers internal controls as adequate.

#### Financial performance

##### Consolidated

	Rs. in lacs	
	Year ended 31.03.2010	Year ended 31.03.2009
Income	34,012	32,788
EBIDTA	3,760	(505)
% to Income	11.05%	(1.54)%
Interest	2,866	2,693
Depreciation	1,610	1,562
Profit/(Loss) before tax	(715)	(4,760)
Profit/(Loss) after tax	(677)	(4,766)

##### Standalone

	Rs. in lacs	
	Year ended 31.03.2010	Year ended 31.03.2009
Income	26,192	19,938
EBIDTA	3,163	(96)
% to Income	12.08%	(0.48)%
Interest	2298	2,045
Depreciation	1,234	1,051
Profit/(Loss) before tax and exceptional item	(368)	(3,192)
Profit/(Loss) after tax and exceptional item	(375)	(3,807)

#### Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand – supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

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



## CORPORATE GOVERNANCE

### Introduction

Your Company has complied in all material respects with the requirements of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below:

#### 1. Company's philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good Corporate Governance leads to long term shareholder value and enhances interest of other stake holders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

#### 2. Board of Directors ("Board")

##### 2.1 Composition and size of the Board

The Company has an optimum combination of Executive Directors and Non-Executive Directors. The Board consists of 8 (eight) Directors of which 4 (four) are Independent Directors. The Board is headed by Ms. Urvi A. Piramal as the Non-Executive Chairperson and consists of personalities with expertise and experience in diversified fields of specialization. Except for Mr. Harshvardhan A. Piramal, Executive Vice Chairman and Mr. R. K. Rewari, CEO & Executive Director, all other directors are Non-Executive Directors.

The composition of the Board and category of Directors are given below :

Category	Name of the Directors	Designation	No. of shares held (including joint share holding) as on 31.03.2010
Promoter Directors	Ms. Urvi A. Piramal	Chairperson	49,566
	Mr. Harshvardhan A. Piramal	Executive Vice Chairman	16,522
Executive Director	Mr. R. K. Rewari*	CEO & Executive Director	Nil
	Mr. P. K. Gothi**	Managing Director	N.A.
Non Executive Non Independent Director	Mr. Mahesh S. Gupta	Director	1,16,000
Independent Directors	Mr. Aditya Mangaldas	Director	Nil
	Mr. Pradipta Mohapatra	Director	Nil
	Mr. Ranjan Sanghi	Director	4,000
	Mr. Shobhan Thakore	Director	Nil
	Mr. Takao Yajima #	Director	N.A.
	Mr. Shailesh Haribhakti #	Alternate Director to Mr. Takao Yajima	N.A.

\* Appointed as CEO & Executive Director w.e.f. 1<sup>st</sup> February, 2010.

\*\* Retired as a Managing Director w.e.f. 27<sup>th</sup> December, 2009. Appointed as an Additional Non Executive Director w.e.f. 28<sup>th</sup> January, 2010 and thereafter ceased to be a Director w.e.f. 5<sup>th</sup> March, 2010.

# Ceased to be a Director w.e.f. 25<sup>th</sup> December, 2009. Mr. Shailesh Haribhakti, being an Alternate Director to Mr. Takao Yajima automatically ceased to be an Alternate Director w.e.f. 25<sup>th</sup> December, 2009.



## 2.2 Directors Profile

Brief Resume of the Directors, nature of their expertise in specific functional areas is given below :-

### **Ms. Urvi A. Piramal**

The Chairperson of Ashok Piramal Group, Ms. Urvi A. Piramal is 58 years of age, oversees a professionally managed business group in India with business interest in real estate, textiles, engineering, entertainment and sports. She is the guiding force behind the group's sustained and profitable growth; which is bringing the Group Companies closer to realizing her vision of touching the lives of one in five people around the globe.

She has a Bachelor of Science degree and has attended the Advanced Management Program at Harvard Business School.

She joined the Group's Textile division in 1984 and modernized the operations while focusing on higher levels of quality and productivity. Ms. Piramal plays a leading role in envisioning and formulating the Group's strategies in the businesses. The Group's real estate foray has been driven by her foresight and her sharp business acumen has played an immeasurable role in placing the real estate business of the Group through Peninsula Land Limited, as one of the top real estate companies in India.

She has been a member of Technology and Quality Improvement Committee of the Indian Merchants' Chamber since its inception in 1994, and also the Chairperson of Supply Chain and Retail Business (Internal Trade) Committee (2004-2005).

Ms. Piramal has received a number of awards for her contribution to business. She was awarded the Qimpro Gold Standard Award for excellence in Managing Quality Improvement programmes across the Group. She has won the Outstanding Woman Industrialist Award presented by the Marinelines Junior Chamber and the Yami Woman Award for her outstanding contribution to business by The ITC Grand Central. She also has to her credit the Cheminor Award from the Indian Institute of Materials Management.

She is a Trustee of the Piramal Education Trust, Ashok G. Piramal Trust, Urvi Ashok Piramal Foundation and Urvi Ashok Piramal Education Trust which has been set up for the underprivileged. Piramal Education Trust runs a childrens' school at Bagar in Rajasthan.

She is on the board of Population First, an NGO working on population and health issues within the framework of women's rights and social development.

Ms. Piramal is a keen wild lifer and spends her leisure time reading, listening to music and traveling extensively.

### **Mr. Harshvardhan A. Piramal**

Mr. Harshvardhan A. Piramal, Executive Vice Chairman of the Company is 36 years of age and holds a Bachelor of Science (Physics) degree from Kings College, London. Mr. Piramal has completed his MBA, specializing in finance and strategy, from the London Business School, United Kingdom in 1999.

Mr. Piramal began his career at venture capital firm Indocean Chase Capital Partners (now part of JP Morgan Chase). After his MBA, Mr. Piramal founded Thundercloud Technologies (India) Private Limited, an IT Company, in May 2000. In August 2001, Mr. Piramal became COO - Allied Pharma Businesses at Nicholas Piramal India Limited (now Piramal Healthcare Limited), where he was responsible for robust growth in all divisions under his leadership. Mr. Piramal was in this position till April 2004, when he took up his current position. He is also the Vice Chairman of PMP Auto Components Private Limited. Under his stewardship, PMP Auto Components Private Limited had acquired two companies in Europe, to scale up and internationalize its operations.

Mr. Piramal is an avid football and polo player and follower. He enjoys travel and photography in his spare time.



### **Mr. Mahesh S. Gupta**

Mr. Mahesh S. Gupta, Non Executive Non Independent Director of the Company is 54 years of age. Mr. Gupta, has an Honours Degree in B.Com; L.L.B (Gen.), Fellow Member of The Institute of Chartered Accountants of India and also of The Institute of Company Secretaries of India. He had an outstanding academic record and rank holder and a Silver Medalist in Company Secretaries Final Examination.

As Group Managing Director of the Ashok Piramal Group, Mr. Mahesh S. Gupta oversees all the businesses of the Group which comprises mainly Real Estate (Peninsula Land Limited), Textiles (Morarjee Textiles Limited), Engineering (Miranda Tools, PMP Auto Components Private Limited, PMP Bakony Ablaktörlő-rendszerek Kft and PMP PAL International s.r.o.).

Mr. Gupta plays the role of formulating the Group's business strategy and steering the Group to achieve its goals. As a senior member in the Group, he plays a very significant role in guiding each business to attain profitable and sustained growth. In the last five years, under his leadership, the Group formulated an aggressive plan which has seen the businesses grow few folds.

Mr. Gupta's expertise in mergers and acquisitions has further accelerated growth in all the business, particularly in the real estate and auto-components businesses. Under his stewardship, the Group made two acquisitions in the auto-components business in Europe. In 2007, PMP Auto Components Private Limited acquired Bakony Wipers (now PMP Bakony Ablaktörlő-rendszerek Kft) in Hungary and the following year, PAL International (now PMP PAL International s.r.o.) in Czech Republic.

Mr. Gupta has over 3 decades of professional experience in business management and in all aspects of Corporate Finance such as treasury management, mergers and acquisitions, strategic planning, direct taxation, company law matters, etc.

He is associated with the Ashok Piramal Group for the last 5 years and formerly he has worked with the Piramal Group for over 22 years including 9 years as Group CFO and Whole Time Director of Nicholas Piramal (India) Limited (now Piramal Healthcare Limited). He has also worked with RPG Group as Group CFO and Management Board Member and also as the CEO of Welspun India Limited.

Mr. Gupta has received a number of recognitions for his business and professional acumen. He was awarded the CFO of the Year Award, Special Commendation for Financial Excellence (Mergers & Acquisitions Category) by IMA (formerly known as EIU), New Delhi.

Mr. Gupta is on the Board of several Listed Companies and has also been associated with various Committee of The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs and Treasurers (InACT), Advisory Board of Chennai Business School.

### **Mr. R. K. Rewari**

Mr. R. K. Rewari, CEO & Executive Director of the Company is 53 years of age. Mr. Rewari is a B.Sc., LLB and is also a PGDPM & MEP from the Indian Institute of Management, Ahmedabad.

Mr. Rewari started his career as an Executive Trainee in Vardhman Textiles Limited and rose to the level of Chief Executive (Fabric Marketing) before he left on 30<sup>th</sup> January, 2010. While having a vast experience of working in various leadership positions in Vardhman Textiles Limited, Mr. Rewari also remained President of BBN Industrial Association of Himachal Pradesh.

Mr. Rewari was also associated with Rotary Club for many years.

### **Mr. Aditya Mangaldas**

Mr. Aditya Mangaldas, Independent Director of the Company is 46 years of age. Mr. Mangaldas is a Mechanical Engineer from L. D. College of Engineering, Ahmedabad. He also completed his MBA from Babson College, USA. He has been the Chairman and Managing Director of The Victoria Mills Limited since October, 1999.

He has wide experience and has spent approximately 20 years in the textile industry.

Mr. Mangaldas is also actively involved in organizations involved in housing and caring for children with serious chronic diseases.

### **Mr. Pradipta Mohapatra**

Mr. Pradipta Mohapatra, Independent Director of the Company is 60 years of age. Mr. Mohapatra is an Engineer from NIT, Rourkela and studied Management from Jamnalal Bajaj and Harvard Business School. He is also a graduate of Behavioral Coaching Institute, U. K. and was invited to be a fellow of Chartered Management Institute, U. K.

Mr. Mohapatra coaches executives and entrepreneurs after two decades of experience in supervising CEOs across business. During his long innings at the RPG Group, Mr. Mohapatra incubated a series of first time business in India such as Foodworld, Musicworld, Health & Glow, Saaregama.com & HamaraCd.com (first custom cd manufacturing portal in the world). He sits on the Board of many public as well as startup companies across India, Asia-Pacific, UK and USA.

Mr. Mohapatra served as Chairman, Confederation of Indian Industries (Southern Region) and President of Madras Management Association and co-founded Coaching Foundation India Limited as well as Chennai Business School Limited.

Mr. Mohapatra co-authored 2009's best selling book, 'India's Global Powerhouses' published by Harvard Business Publishing, Boston.

### **Mr. Ranjan Sanghi**

Mr. Ranjan Sanghi, Independent Director of the Company is 66 years of age. Mr. Sanghi has a Honours Degree in B.Com and has also studied Law, and has been associated with the automobile industry since over 25 years. Mr. Sanghi has been trained in the automobile field at the Vauxhall Motors, Luton, England, U.K., which was subsidiary of General Motors Limited, U.S.A. in 1970. Mr. Sanghi was the President of the Western India Automobile Association, Mumbai in 1990-91. He is the Director of Sah & Sanghi Group of Companies and manages the trading, manufacturing and investment operations of the Sah & Sanghi Group. He was the President of the Bombay Gymkhana Limited between 1995-1997.

### **Mr. Shobhan Thakore**

Mr. Shobhan Thakore, Independent Director of the Company is 62 years of age. Mr. Thakore has completed his B.A. (Politics) and Bachelor of Law from the Bombay University. He is a Solicitor of High Court, Bombay and Supreme Court of England and Wales. He is presently the Senior Partner of M/s. Talwar Thakore & Associates, a leading solicitor firm.

Mr. Shobhan Thakore is an advisor to several leading Indian Companies on corporate law matters and securities related legislations. He has also acted on behalf of leading investment banks and issuers for Indian IPO offerings and several international equity and equity linked debt issuances by Indian corporates. He has also advised in the establishment and operations of various India dedicated equity funds and domestic mutual funds. Being a solicitor for over 30 years, he has instructed leading Indian Counsel before various courts and forums including High Courts around India as well as the Supreme Court of India in various matters involving indirect tax, commercial and corporate law. He was a partner of Bhaishanker Kanga & Girdharlal, Advocates & Solicitors for more than 30 years, until March 31, 2004 when he became a partner of AZB & Partners, Advocates & Solicitors until December 31, 2006. From January 01, 2007, Mr. Thakore along with Mr. Suresh Talwar (ex-partner of Crowford Bayley & Company) founded Talwar Thakore & Associates.



**2.3 The details of directorship of the Company's Directors in other Public Limited Companies and subsidiaries of Public Limited Companies as on 31<sup>st</sup> March, 2010 are given below:**

Sr. No.	Name of the Director	Other Directorships held
1.	Ms. Urvi A. Piramal	<ul style="list-style-type: none"> <li>Ashok Piramal Management Corporation Limited</li> <li>Delta Magnets Limited</li> <li>Just Textiles Limited</li> <li>Peninsula Land Limited</li> <li>Peninsula Trustee Limited</li> <li>Pune Football Club Limited</li> </ul>
2.	Mr. Harshvardhan A. Piramal	<ul style="list-style-type: none"> <li>Arrow Textiles Limited</li> <li>Ashok Piramal Management Corporation Limited</li> <li>Camphor and Allied Products Limited</li> <li>Integra Apparels and Textiles Limited</li> <li>Just Textiles Limited</li> <li>Peninsula Facility Management Services Limited</li> <li>Peninsula Mega Properties Private Limited</li> <li>Pune Football Club Limited</li> </ul>
3.	Mr. Mahesh S. Gupta	<ul style="list-style-type: none"> <li>Ashok Piramal Management Corporation Limited</li> <li>Ceat Limited</li> <li>City Parks Private Limited</li> <li>Delta Corp Limited</li> <li>Delta Magnets Limited</li> <li>Just Textiles Limited</li> <li>Peninsula Holdings and Investments Private Limited</li> <li>Peninsula Investment Management Company Limited</li> <li>Peninsula Land Limited</li> <li>Peninsula Pharma Research Centre Private Limited</li> <li>Renato Finance and Investments Private Limited</li> <li>RPG Life Sciences Limited</li> </ul>
4.	Mr. R. K. Rewari	<ul style="list-style-type: none"> <li>Just Textiles Limited</li> <li>Integra Apparels and Textiles Limited</li> </ul>
5.	Mr. Aditya Mangaldas	<ul style="list-style-type: none"> <li>Arrow Textiles Limited</li> <li>The Victoria Mills Limited</li> </ul>
6.	Mr. Pradipta Mohapatra	<ul style="list-style-type: none"> <li>Chennai Business School Limited</li> <li>Executive &amp; Business Coaching Foundation India Limited</li> <li>RPG Life Sciences Limited</li> <li>Saregama India Limited</li> <li>Spencer International Hotels Limited</li> <li>Zensar OBT Technologies Limited</li> <li>Zensar Technologies Limited</li> <li>Totus Consulting Limited</li> </ul>

Sr. No.	Name of the Directors	Other Directorships held
7.	Mr. Ranjan Sanghi	<ul style="list-style-type: none"> <li>Bajaj Auto Finance Limited</li> <li>Borax Morarjee Limited</li> <li>HDFC Trustee Company Limited</li> <li>Kemp &amp; Company Limited</li> <li>Bagalkot Cement &amp; Industries Limited</li> <li>Suraj Sanghi Finance Limited</li> <li>Integra Apparels and Textiles Limited</li> </ul>
8.	Mr. Shobhan Thakore	<ul style="list-style-type: none"> <li>Alkyl Amines Chemicals Limited</li> <li>Bharat Forge Limited</li> <li>Carborundum Universal Limited</li> <li>DSP Blackrock Investment Managers Limited (Advisory Board)</li> <li>Uni Deritend Limited</li> <li>Uni Klinger Limited</li> </ul>

#### 2.4 Attendance at Board Meetings and last Annual General Meeting

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of Companies and Committees where she / he is a Director / Member.

Name	Category	Relationship with other Directors	Attendance		No. of Board / Committees (other than Morarjee Textiles Limited) as at 31.03.2010		
			Board Meetings	AGM held on 16.09.2009	No of other Directorships	Committees	
Ms. Urvi A. Piramal	Chairperson	Mother of Mr. Harshvardhan A. Piramal	5	Yes	6	—	1
Mr. Harshvardhan A. Piramal	Executive Vice Chairman	Son of Ms. Urvi A. Piramal	5	Yes	8	2	—
Mr. Mahesh S. Gupta	Non Executive Non Independent Director	None	5	Yes	12	4	3
Mr. R. K. Rewari*	CEO & Executive Director	None	1	N.A.	2	—	—
Mr. P. K. Gothi **	Managing Director	None	3	Yes	N.A	N.A	N.A
Mr. Aditya Mangaldas	Independent Director	None	4	Yes	2	1	—
Mr. Pradipta Mohapatra	Independent Director	None	3	No	8	—	5
Mr. Ranjan Sanghi	Independent Director	None	5	Yes	7	—	4





Mr. Shobhan Thakore	Independent Director	None	3	Yes	6	1	2
Mr. Takao Yajima <sup>#</sup>	Independent Director	None	None	No	N.A.	N.A	N.A
Mr. Shailesh Haribhakti <sup>#</sup>	Independent Alternate Director	None	3	Yes	N.A	N.A	N.A

\* Appointed as CEO & Executive Director w.e.f. 1<sup>st</sup> February, 2010.

\*\* Retired as a Managing Director w.e.f. 27<sup>th</sup> December, 2009. Appointed as an Additional Non Executive Director w.e.f. 28<sup>th</sup> January, 2010 and thereafter ceased to be a Director w.e.f. 5<sup>th</sup> March, 2010.

# Ceased to be a Director w.e.f. 25<sup>th</sup> December, 2009. Mr. Shailesh Haribhakti, being an Alternate Director to Mr. Takao Yajima automatically ceased to be an Alternate Director w.e.f. 25<sup>th</sup> December, 2009.

The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies other than Subsidiaries of Public Limited Company.

None of the Directors is a member in more than 10 committees nor is a Chairperson / Chairman of more than 5 committees amongst the Companies mentioned above. The Committees considered for the above purpose are those specified in the existing Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders' / Investors' Grievance Committee.

## 2.5 Meetings of the Board of Directors

5 (five) Board Meetings were held during the financial year 2009 - 2010 and the gap between two Board Meetings did not exceed four calendar months.

The dates on which the meetings were held are as follows:

Sr. No.	Date of Meetings	Board Strength	No. of Directors Present
1	1 <sup>st</sup> June, 2009	9	6
2	20 <sup>th</sup> July, 2009	9	9
3	29 <sup>th</sup> October, 2009	9	9
4	28 <sup>th</sup> January, 2010	8	7
5	8 <sup>th</sup> March, 2010	8	6

## 2.6 Board Procedures

The Company Secretary prepares the Agenda in consultation with the Chairperson of the Board of Directors, the Chairperson / Chairman of various Committees and the Executive Directors. The information as required under Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board. The Agenda for the Meetings of the Board and its Committees, together with the appropriate supporting documents and papers are circulated well in advance of the meetings to enable the Board to take informed decisions.

The meetings are generally held in Mumbai.

## 2.7 Details of Directors being appointed and re-appointed

As per the statute, two-thirds of the Directors should be retiring Directors. One-third of these retiring directors are required to retire every year, and if eligible, these directors qualify for re-appointment.

- A detailed profile of Directors eligible for appointment and re-appointment alongwith additional

information required under Clause 49 of the Listing Agreement is provided separately by way of an Annexure to the Notice for the Annual General Meeting.

- Ms. Urvi A. Piramal and Mr. Ranjan Sanghi, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.
- Mr. R. K. Rewari is being appointed as a Director of the Company.

## **2.8 Directors with materially significant related party transactions, pecuniary or business relationship with the Company**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company at large.

## **3. Audit Committee**

### **3.1 Composition, Meetings and Attendance**

The Audit Committee of the Company comprises of 3 (three) Directors, all of whom are Independent Directors namely Mr. Ranjan Sanghi (Chairman), Mr. Aditya Mangaldas and Mr. Shobhan Thakore. Mr. Ranjan Sanghi and Mr. Aditya Mangaldas have expert knowledge of Finance and Accounting. Mr. Shobhan Thakore is an eminent Solicitor. Mr. Ranjan Sanghi, the Chairman of the Audit Committee was present at the last Annual General Meeting held on 16<sup>th</sup> September, 2009. The Executive Directors, Group CFO, Head Finance & Accounts and General Manager - Group Legal & Company Secretary are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The Company Secretary functions as Secretary to the Committee. The Committee oversees the accounting and financial reporting process of the Company, the performance of the internal auditors, performance and remuneration of the statutory auditors and the safeguards employed by them.

During the financial year 2009 - 2010, the Audit Committee met 4 (four) times on 1<sup>st</sup> June, 2009, 20<sup>th</sup> July, 2009, 29<sup>th</sup> October, 2009 and 28<sup>th</sup> January, 2010. The attendance details are given below :

Name of the Director	Designation	No. of meetings during the year	
		Held	Attended
Mr. Ranjan Sanghi	Chairman	4	4
Mr. Aditya Mangaldas	Member	4	3
Mr. Shobhan Thakore	Member	4	3
Mr. Shailesh Haribhakti #	Permanent Invitee	3	3

# Being an Alternate Director to Mr. Takao Yajima, on resignation of Mr. Takao Yajima w.e.f. 25<sup>th</sup> December, 2009, Mr. Shailesh Haribhakti ceased to be an Alternate Director w.e.f. 25<sup>th</sup> December, 2009.

### **3.2 Terms of Reference**

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement, as well as in Section 292A of the Companies Act, 1956 and are as follows :

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. to review with the management, the financial statements at the end of the quarter, half year and the annual financial statements before submission to the Board for approval, focusing particularly on:



- a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
3. to recommend to the Board the appointment, re-appointment, replacement, removal of the statutory auditors, the audit fee, any question of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
  4. to discuss with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management, wherever necessary);
  5. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
  6. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors prior to the Board making its statement thereon;
  7. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  8. discussion with internal auditors any significant findings and follow up there on;
  9. reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  10. 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;
  11. to review the functioning of the Whistle Blower mechanism, in case the same is existing;
  12. to approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
  13. to consider other topics, as defined by the Board;
  14. to review the following information:
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions, submitted by the management;
    - c. Management letters / letters of internal control weakness issued by the Statutory Auditors;
    - d. Internal audit reports relating to internal control weakness; and
    - e. The appointment, removal and terms of remuneration of the Internal Auditor.

#### 4. Remuneration Committee

##### 4.1 Composition, Meeting and Attendance

The Remuneration Committee presently comprises of 4 (four) Directors of which 3 (three) are Independent Directors, namely, Mr. Ranjan Sanghi (Chairman), Mr. Aditya Mangaldas and Mr. Shobhan Thakore and one Non Executive Director, Ms. Urvi A. Piramal.

The Committee met once on 28<sup>th</sup> January, 2010 during the year 2009-2010 for recommending the minimum remuneration to be paid to Mr. R. K. Rewari, CEO & Executive Director subject to the approval of the Central Government. The details are given below :

Name of the Director	Designation	No. of meetings during the year	
		Held	Attended
Mr. Ranjan Sanghi	Chairman	1	1
Mr. Aditya Mangaldas	Member	1	1
Mr. Shobhan Thakore	Member	1	—
Ms. Urvi A. Piramal	Member	1	1

##### 4.2 Terms of Reference & Remuneration Policy

The Committee decides the remuneration of the Executive Directors and commission to Non Executive Directors. The broad terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and commission to be paid to the Executive Directors and to suggest the package of perquisites within the overall ceiling fixed by the Board and also to formulate and administer the Employee Stock Option Scheme including the review and grant of options to eligible employees under this Scheme.

Remuneration to Executive Directors is determined after taking into account their valuable guidance received for the various business initiatives and decisions at the Board level.

#### 5. Investors' Grievance Committee

##### 5.1 Composition, Meeting and Attendance

The Investors' Grievance Committee currently comprises of 2 (two) Non-Executive Directors and one Executive Director, i.e. Mr. Shobhan Thakore (Chairman), Mr. Mahesh S. Gupta and Mr. R. K. Rewari. The Board of Directors at its meeting held on 28<sup>th</sup> January, 2010 re-constituted the Investors' Grievance Committee effective from 1<sup>st</sup> February, 2010 and appointed Mr. Shobhan Thakore, Mr. Mahesh S. Gupta and Mr. R. K. Rewari in place of Ms. Urvi A. Piramal and Mr. P. K. Gothi.

The Committee met four times on 13<sup>th</sup> May, 2009, 20<sup>th</sup> July, 2009, 29<sup>th</sup> October, 2009 and 1<sup>st</sup> February, 2010. The attendance details are given below:

Name of the Director	Designation	No. of meetings during the year	
		Held	Attended
Mr. Shobhan Thakore (w.e.f. 1 <sup>st</sup> February, 2010)	Chairman	1	1
Mr. Mahesh S. Gupta (w.e.f. 1 <sup>st</sup> February, 2010)	Member	1	1
Mr. R. K. Rewari (w.e.f. 1 <sup>st</sup> February, 2010)	Member	1	None
Ms. Urvi A. Piramal (upto 1 <sup>st</sup> February, 2010)	Chairperson	3	3
Mr. P. K. Gothi (upto 1 <sup>st</sup> February, 2010)	Member	3	3



## 5.2 Terms of Reference

The Investors' Grievance Committee specifically looks into the redressal of investors' complaints such as transfer of shares, non-receipt of annual reports, non-receipt of declared dividends, non-receipt of interest / redemption of debentures. In addition, the Committee also looks into matters which can facilitate investors' services and relations.

## 5.3 Details of Shareholders' Complaints

The Company had received 3 complaints during the year ended 31<sup>st</sup> March, 2010 which were replied to the satisfaction of the shareholders. There are no outstanding complaints as on 31<sup>st</sup> March, 2010.

## 5.4 Company Secretary and Compliance Officer

Name of the Company Secretary and the Compliance Officer	Mr. Haresh Vala *
Address	Peninsula Spenta Mathuradas Mills Compound Senapati Bapat Marg Lower Parel, Mumbai 400 013.
Telephone Numbers	+91-22-6615 4651 - 53
Fax Number	+91-22-6615 4593
E-mail ID	investors@morarjee.com

\* Ms. Rupa Desai was appointed as the Company Secretary and Compliance Officer w.e.f. 1<sup>st</sup> November, 2009 in place of Mr. S. C. Kashimpuria. With the resignation of Ms. Rupa Desai, Mr. Haresh Vala was appointed as the Company Secretary and Compliance Officer w.e.f. 23<sup>rd</sup> July, 2010.

## 6. Remuneration of Directors

### 6.1 Remuneration paid to Non Executive Directors of the Company

The Non Executive Directors of the Company are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof.

The details of sitting fees paid during the year 2009-2010 are given below:

Name of the Director	Designation	Sitting Fees (Rs.)
Ms. Urvi A. Piramal *	Chairperson	Nil
Mr. Mahesh S. Gupta **	Director	30,000/-
Mr. Aditya Mangaldas	Director	70,000/-
Mr. Pradipta Mohapatra	Director	30,000/-
Mr. Ranjan Sanghi	Director	90,000/-
Mr. Shobhan Thakore	Director	60,000/-
Mr. P. K. Gothi (appointed as a Non Executive Director w.e.f. 28 <sup>th</sup> January, 2010)	Director	10,000/-
Mr. Takao Yajima	Director	Nil
Mr. Shailesh Haribhakti	Alternate Director	30,000/-

\* Ms. Urvi A. Piramal has not been receiving sitting fees from 20<sup>th</sup> October, 2008 as desired by her.

\*\* Mr. Mahesh S. Gupta has not been receiving sitting fees from 28<sup>th</sup> January, 2010 as desired by him.

### 6.2 Remuneration paid to Executive Directors of the Company

The remuneration of Promoter Director and Executive Directors are decided on the recommendation of



the Remuneration Committee and approved by the Board of Directors and shareholders. Any change in remuneration is also effected in the same manner and / or in the line with the applicable statutory approvals. The remuneration package of Executive Directors comprises of salary, perquisites and allowances, contribution to provident fund and superannuation fund, etc.

The details are summarized as under:

Name of the Director	Designation	Salary, Perquisites and Allowances (Rs.)	Company's contribution to Provident Fund and Superannuation Fund (Rs.)
Mr. Harshvardhan A. Piramal*	Executive Vice Chairman	20,45,000	4,80,000
Mr. P. K. Gothi**	Managing Director	30,93,750	4,72,500
Mr. R. K. Rewari***	CEO & Executive Director	7,79,985	75,298

\* Mr. Harshvardhan A. Piramal has waived off his remuneration from the Company w.e.f. 1<sup>st</sup> October, 2009.

\*\* Mr. P. K. Gothi retired as a Managing Director w.e.f. 27<sup>th</sup> December, 2009.

\*\*\* Mr. R. K. Rewari has been appointed as CEO & Executive Director w.e.f. 1<sup>st</sup> February, 2010.

The tenure of office of the Executive Vice Chairman is for a period of 5 years from the date of his appointment i.e. upto 31<sup>st</sup> May, 2012 and of the CEO & Executive Director is for a period of 3 years from the date of his appointment i.e. 31<sup>st</sup> January, 2013. The services of the Executive Vice Chairman and the CEO & Executive Director can be terminated by either party by giving 3 months' notice in writing. There is no provision for payment of severance fees.

### 6.3 Employee Stock Option Scheme

During the year, the Company has not granted any fresh Stock Options.

## 7. General Body Meetings and Postal Ballot

7.1 Location and time, where Annual General Meeting (AGM) for the last 3 years were held is given below:

Financial Year	Annual General Meeting (AGM)	Date	Time	Location
2006-2007	12 <sup>th</sup> AGM	26 <sup>th</sup> July, 2007	3.00 p.m	M. C. Ghia Hall, Bhogilal Hargovindas Building, 8/20, Kaikhushru Dubhash Marg, Mumbai 400 001
2007-2008	13 <sup>th</sup> AGM	11 <sup>th</sup> August, 2008	3.00 p.m	Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020
2008-2009	14 <sup>th</sup> AGM	16 <sup>th</sup> September, 2009	3.00 p.m	Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020

All the resolutions set out in the respective notice were passed by majority of the shareholders.



## 7.2 Special Resolutions passed in the previous Annual General Meetings (AGM)

AGM	Date of AGM	Special Resolution
12 <sup>th</sup> AGM	26 <sup>th</sup> July, 2007	Resolution No. 9 - Payment of Commission to Non Whole Time Directors.
13 <sup>th</sup> AGM	11 <sup>th</sup> August, 2008	Resolution No. 5 - Payment of Minimum Remuneration to Mr. P. K. Gothi, Managing Director Resolution No. 6 - Payment of Minimum Remuneration to Mr. Harshvardhan A. Piramal, Executive Vice Chairman Resolution No. 7 - Alteration of Articles of Association of the Company
14 <sup>th</sup> AGM	16 <sup>th</sup> September, 2009	No Special Resolution was passed

## 7.3 Special Resolution passed through Postal Ballot

During the year under review, in pursuance of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, 2 (two) Special Resolutions for appointment and payment of remuneration to Mr. R. K. Rewari, CEO & Executive Director and holding of place of profit by Mr. P. K. Gothi, Non Executive Director were passed by Shareholders under a Postal Ballot. The Notice alongwith the Explanatory Statement dated 28<sup>th</sup> January, 2010 and the postal ballot forms were sent to all the Shareholders of the Company along with postage prepaid envelopes. Mr. Nilesh G. Shah, Practicing Company Secretary was appointed as the Scrutinizer to conduct the postal ballot process in a fair and transparent manner. Based on the responses received through valid postal ballots, the Special Resolutions were approved by the requisite majority of the shareholders and the following results were announced on 25<sup>th</sup> March, 2010.

Sr. No.	Particulars	Resolution No. 1		Resolution No. 2	
		No. of Postal Ballot forms	No. of shares	No. of Postal Ballot forms	No. of shares
a.	Postal Ballot Forms received	601	2,37,43,710*	601	2,37,43,710**
b.	Less : Invalid Postal Ballot Forms	44	12,177*	67	14,953**
c.	Net Valid Postal Ballot Forms	557	2,37,31,528*	534	2,37,28,746**
	i) Postal Ballot in favour of the resolution	451	2,36,84,938	431	2,36,83,093
	% to Assent		99.80		99.81
	ii) Postal Ballot against the resolution	106	46,590	103	45,653
	% of Dissent		0.20		0.19

\* Two shareholders have abstained from voting for 5 equity shares out of the total shares held by them in respect of Resolution No. 1.

\*\* Three shareholders have abstained from voting for 11 equity shares out of the total shares held by them in respect of Resolution No. 2.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

## 8. Disclosures

### 8.1 Statutory Compliance, Penalties and Strictures

There were no instances of non-compliance nor have any penalties, strictures been imposed by Stock Exchanges

or Securities and Exchange Board of India or any other statutory authority during the last three years on any matter related to the capital markets.

## **8.2 Materially significant related party transactions**

The transactions between the Company and the Directors and Companies in which the directors are interested are disclosed in Note No. 17 to Schedule 15 to Notes to the Accounts in the Annual Report in compliance with the Accounting Standard relating to “Related Party Disclosures”. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

## **8.3 Code of Conduct**

All the members of the Board and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct of the Company as on 31st March, 2010. The Code of Conduct has been posted on the Company’s website ([www.morarjeetextiles.com](http://www.morarjeetextiles.com)).

A declaration to this effect signed by the CEO & Executive Director is appended to this Report.

## **8.4 Listing Agreement Compliance**

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Listing Agreement.

## **8.5 Risk Management**

The Audit Committee and the Board of Directors regularly review the risk management strategy of the Company to ensure the effectiveness of the risk management policy and procedures. The Company has set up a system to appraise the Board of Directors of the Company on the key risk assessment areas and suggestive risk mitigation mechanism.

## **8.6 CEO and CFO Certification**

The CEO and the CFO of the Company have given the certification on financial reporting and internal controls to the Board of Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

## **8.7 Corporate Social Responsibility Policy**

Morarjee Textiles Limited has initiated community development program as part of its Corporate Social Responsibility (CSR) initiative. The Company has started mobile health clinic van in collaboration with Smile Foundation with the objective of delivering quality health care services. This van is fully equipped with a laboratory for routine medical tests, medicines and a team of doctors. Through this, Morarjee Textiles Limited is reaching out to a population of around 35000 in 15 villages of Nagpur district. Through self help saving groups, the Company is encouraging women to start their own income generation activity. Groups of ten or more women have started the business of stitching cloth bag. The Company is also educating youth from the nearby villages on various livelihood activities. In order to develop learning ability and impart quality education, the Company is running a Pathshala in Butibori for primary students.

## **9. Monitoring of Subsidiary Companies**

The Company monitors the performance of Subsidiary Companies, by the following means :

- (a) Financial statements, in particular the investments made by the unlisted Subsidiary Companies, are reviewed regularly by the Audit Committee of the Company.
- (b) All minutes of the Board meetings of the unlisted Subsidiary Companies are placed before the Board regularly.

## **10. Means of Communication**

The quarterly results and annual results are published in Free Press Journal and Navshakti and simultaneously posted on the Company’s website ([www.morarjeetextiles.com](http://www.morarjeetextiles.com)). The Management Discussion and Analysis Report has been included in the Annual Report.



The Company's website ([www.morarjeetextiles.com](http://www.morarjeetextiles.com)) contains a separate dedicated section 'Investors Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user friendly and downloadable form.

## 11. General Shareholder Information

### 11.1 15<sup>th</sup> Annual General Meeting

Date	Time	Venue
25 <sup>th</sup> November, 2010	3.00 p.m.	Hall of Harmony, Nehru Centre Dr. Annie Besant Road Worli, Mumbai 400 018.

### 11.2 Financial Calendar for the Year 2010 -2011

Financial year	1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March, 2011
Book Closure Dates	Thursday, 18 <sup>th</sup> November, 2010 to Thursday, 25 <sup>th</sup> November, 2010 (both days inclusive)
Financial reporting for the quarter ending (tentative and subject to change)	
30 <sup>th</sup> June, 2010	By 31 <sup>st</sup> July, 2010
30 <sup>th</sup> September, 2010	By 31 <sup>st</sup> October, 2010
31 <sup>st</sup> December, 2010	By 31 <sup>st</sup> January, 2011
Year ending 31 <sup>st</sup> March, 2011	By 30 <sup>th</sup> May, 2011
Annual General Meeting for the year ending 31 <sup>st</sup> March, 2011	By September, 2011

### 11.3 Dividend History

Sr. No.	Financial year	Equity Dividend per share (Rs.)	Date of Declaration (Annual General Meeting)	Date of payment (Date of Dividend Warrant)
1	2004 - 2005	1.50	5 <sup>th</sup> September, 2005	6 <sup>th</sup> September, 2005
2	2005 - 2006	2.50	23 <sup>rd</sup> August, 2006	28 <sup>th</sup> August, 2006
3	2006 - 2007	1.50	26 <sup>th</sup> July, 2007	2 <sup>nd</sup> August, 2007
4	2007 - 2008	NIL	NA	NA
5	2008 - 2009	NIL	NA	NA

### 11.4. Unclaimed dividends

All the shareholders whose dividend is unclaimed are requested to claim their dividend. Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in the Investor Education and Protection Fund.

### 11.5 Transfer to the Investor Education and Protection Fund

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unclaimed for a period of seven years are to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. At present, there are no dividends due for transfer to IEPF.

### 11.6. Registered Office

The Registered Office of the Company is situated at:  
Peninsula Spenta  
Mathuradas Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai 400 013

## 11.7 Listing of Equity Shares on Stock Exchanges and Stock Code

<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 023
	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051

<b>Name of the Exchange</b>	<b>Stock Code</b>
Bombay Stock Exchange Limited	532621
National Stock Exchange of India Limited	MORARJETEX (Series EQ)
ISIN Demat	INE161G01019

The Company has been regular in paying the Annual Listing Fees to the Stock Exchanges. Listing fees for the year 2010 - 2011 have also been paid within the due date.

## 11.8 Stock Market Data

The high / low of the market price of the shares of the Company is given below :

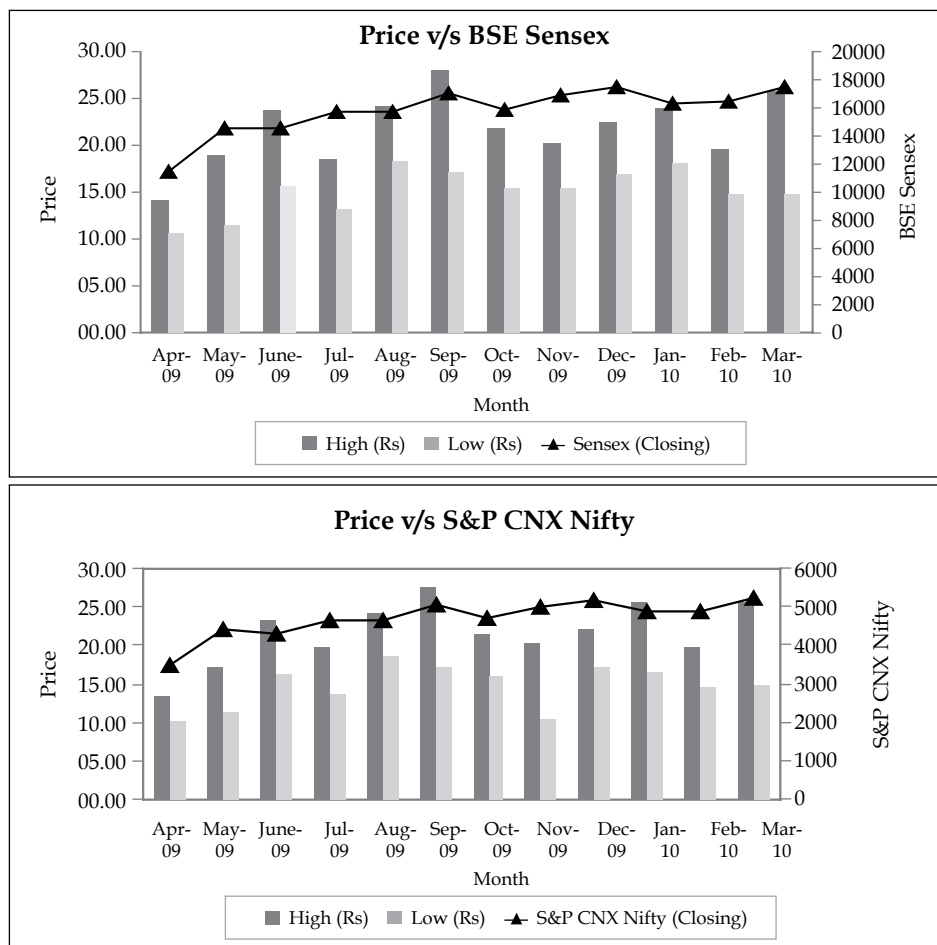
<b>Month</b>	<b>Bombay Stock Exchange Limited (BSE)</b>			<b>National Stock Exchange of India Limited (NSE)</b>		
	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Sensex (closing)</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>S&amp;P CNX NIFTY (Closing)</b>
April, 2009	14.17	10.50	11403.25	13.50	10.05	3473.95
May, 2009	18.90	11.41	14625.25	17.09	11.50	4448.95
June, 2009	23.90	15.70	14493.84	23.25	16.30	4291.10
July, 2009	18.45	13.20	15670.31	19.95	13.60	4636.45
August, 2009	24.30	18.40	15666.64	24.30	18.65	4662.10
September, 2009	27.95	17.20	17126.84	27.65	17.10	5083.95
October, 2009	21.75	15.50	15896.28	21.60	16.00	4711.70
November, 2009	20.35	15.35	16926.22	20.25	10.45	5032.70
December, 2009	22.40	17.05	17464.81	22.10	17.20	5201.50
January, 2010	24.15	18.00	16357.96	25.50	16.70	4882.05
February, 2010	19.70	14.80	16429.55	19.70	14.55	4922.30
March, 2010	25.80	14.85	17527.77	25.70	14.80	5249.10

Sources : BSE, NSE, Sensex and S&P CNX Nifty websites



### Stock Performance v/s BSE Sensex and S & P CNX Nifty

The performance of Morarjee Textiles Limited's Equity Shares relative to the BSE Sensex and S & P CNX Nifty is given in the charts below :



### 11.9 Distribution of shareholding as on 31<sup>st</sup> March, 2010

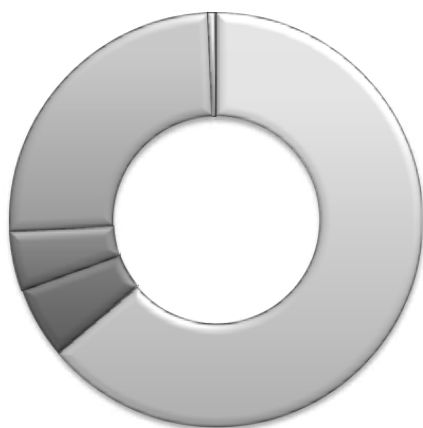
Slab of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 to 5000	19270	98.87	3890471	10.71
5001 to 10000	113	0.58	797437	2.19
10001 to 20000	56	0.29	767785	2.11
20001 to 30000	17	0.09	435721	1.20
30001 to 40000	2	0.01	73822	0.20
40001 to 50000	9	0.05	417143	1.15
50001 to 100000	9	0.05	628878	1.73
100001 & above	15	0.08	29321092	80.70
	<b>19491</b>	<b>100.00</b>	<b>36332349</b>	<b>100.00</b>



### 11.10 Shareholding Pattern as on 31<sup>st</sup> March, 2010

Sr. No.	Category	No. of Shares held	% of Shares held
<b>A</b>	<b>Promoters Holding</b>		
1	Indian promoters	23207635	63.88
	Foreign promoters	—	—
2	Persons acting in concert	—	—
	<b>Sub total (1 + 2)</b>	<b>23207635</b>	<b>63.88</b>
<b>B</b>	<b>Non Promoters Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
a	Mutual Funds and UTI	2711	0.01
b	Banks, Financial Institutions, Insurance Companies (Central / State Govt., Institutions / Non Govt. Institutions)	2023032	5.56
c	Foreign Institutional Investors	1135	0.01
	<b>Sub total (3)</b>	<b>2026878</b>	<b>5.57</b>
<b>4</b>	<b>Others</b>		
a	Private Corporate Bodies	1698367	4.67
b	Indian Public	9154996	25.20
c	Non Resident Indians	205142	0.56
d	Overseas Corporate Bodies	39331	0.11
	<b>Sub total (4)</b>	<b>11097836</b>	<b>30.54</b>
	<b>Grand total (1 + 2 + 3 + 4)</b>	<b>36332349</b>	<b>100.00</b>

**% of Shareholding**



- Promoters – 63.88%
- Mutual Funds and UTI – 0.01%
- Banks, Financial Institutions, Insurance Companies – 5.56%
- Foreign Institutional Investors – 0.01%
- Private Corporate Bodies – 4.67%
- Indian Public – 25.20%
- Non Resident Indians – 0.56%
- Overseas Corporate Bodies – 0.11%



### 11.11 Share Transfers (Physical Form)

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee comprising of Ms. Urvi A. Piramal, Mr. Harshvardhan A. Piramal, Mr. R. K. Rewari and Mr. Mahesh S. Gupta. The Board of Directors at its meeting held on 28<sup>th</sup> January, 2010 re-constituted the Committee effective from 1<sup>st</sup> February, 2010 consequent to the resignation of Mr. P. K. Gothi from the Committee. Mr. R. K. Rewari has been appointed as a member of the Committee in place of Mr. P. K. Gothi.

The share certificates in physical form are generally processed and returned within 30 days from the date of receipt, if the documents are clear in all respects.

For administrative convenience and to facilitate speedy approvals, authority has also been delegated to Senior Executives to approve share transfers upto specified limits.

A summary of the transfer / transmission so approved by the Committee and the authorized Executives is placed at every Board Meeting.

The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

The Company conducts a Secretarial Audit on a quarterly basis in accordance with Securities and Exchange Board of India requirements. M/s. Nilesh Shah & Co., Practising Company Secretary has been appointed by the Company to conduct such audit. The Secretarial Audit Reports of M/s. Nilesh Shah & Co., which have been submitted to the Stock Exchanges within the stipulated period, *inter alia* confirms that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

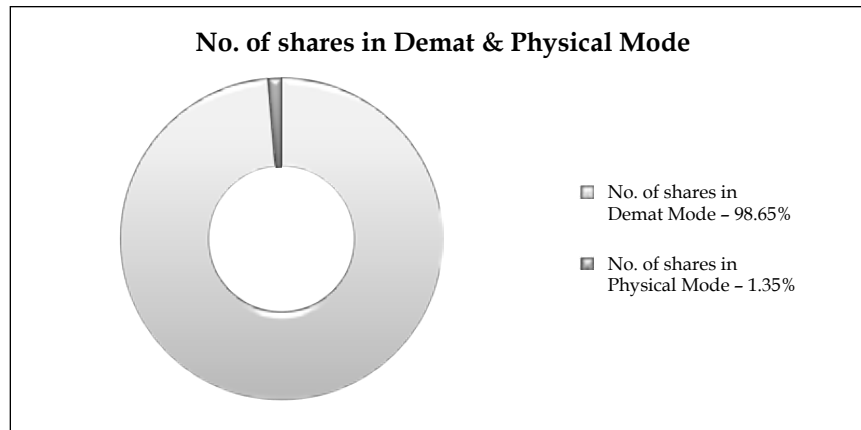
### 11.12 Dematerialisation of shares and liquidity

As on 31<sup>st</sup> March, 2010, 35840681 Equity Shares representing 98.65% of the Company's paid-up Equity Share Capital have been dematerialized.

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India.

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to the Share Transfer Agent of the Company. Upon receipt of the request and share certificates, the Share Transfer Agent will verify the same. Upon verification, the Share Transfer Agent will request National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) to confirm the demat request. The demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In respect of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Share Transfer Agent. The Share Transfer Agent then requests NSDL and CDSL to confirm the same. Approval of the Company is sought and equivalent number of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of shares.



#### 11.13 Share Transfer Agent

Freedom Registry Limited has been appointed as one point agency for dealing with shareholders. Shareholders' correspondence should be addressed to the Company's Share Transfer Agent at the address mentioned hereinbelow:

##### **Registered Office**

Freedom Registry Limited  
Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area  
Satpur, Nasik 422 007  
Tel. : (0253) 2354 032  
Fax : (0253) 2351 126  
E-mail : amtrac\_nsk@sancharnet.in

##### **Mumbai Liasioning Office**

Freedom Registry Limited  
104, Bayside Mall  
35, C. M. M. Malviya Marg  
Tardeo Road, Haji Ali, Mumbai 400 034.  
Tel : (022) 2352 5589 / 6743 2799

#### 11.14 Investor Helpdesk

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of the Share Transfer Agent, Freedom Registry Limited.

For lodgement of transfer deeds and other documents or for any grievance / complaints, shareholders / investors may contact Share Transfer Agent, Freedom Registry Limited at the address mentioned above. Any queries relating to share transfers, dividend payments, annual report, etc. may be mailed at [investors@morarjee.com](mailto:investors@morarjee.com).

#### 11.15 Investor Correspondence

Shareholders can contact the following Official for Secretarial matters of the Company.

Name	E-mail ID	Telephone No.	Fax No.
Mr. Haresh Vala	<a href="mailto:investors@morarjee.com">investors@morarjee.com</a>	+91-22-66154651-53	+91-22-66154593



Shareholders can contact the following Official for Financial matters of the Company :

Name	E-mail ID	Telephone No	Fax No
Mr. S. C. Kashimpuria	info@morarjee.com	+91-22-66154651-53	+91-22-66154593

Correspondence address:

Morarjee Textiles Limited  
Peninsula Spenta  
Mathuradas Mills Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai 400 013

#### 11.16 Outstanding GDRs / ADRs / Convertible Warrants or Instruments

The Company had issued 51,91,275 warrants. The holders of the warrants had the option to exercise their rights to convert the warrant into equity shares of the Company at a price of Rs. 100/- per share at any time after 12 months from the date of allotment (i.e. 3<sup>rd</sup> November, 2006) but not later than 36 months from the date of allotment i.e. upto 2<sup>nd</sup> November, 2009 under the put and call option.

As both, the shareholders and the Company had not exercised their option to convert these detachable warrants into equity shares, all the warrants had lapsed on 2<sup>nd</sup> November, 2009 and are not tradeable since that date. The necessary intimation entailing the same had been dispatched to the shareholders.

#### 11.17 Plant Location

Plot No. G2 - M.I.D.C. Industrial Estate  
Post : Salai Dhaba, Butibori,  
Nagpur - 441108

#### 11.18 Status of Compliance with Non Mandatory Requirements

- For Remuneration Committee, please refer No. 4 above.
- Since the financial results are published in newspapers having wide circulation, only the annual accounts are sent to each of the shareholders.
- The provisions relating to postal ballot shall be complied with on matters as may be applicable.

### 12. Code for Prevention of Insider Trading

The Company has adopted a Code for Prevention of Insider Trading in the shares of the Company which is in line with the Model Code as prescribed by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. The said Code inter alia prohibits purchase / sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the Company.

## **Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct.**

To,

**The Members of Morarjee Textiles Limited**

Declaration by the CEO & Executive Director under Clause 49 of the Listing Agreement

I, R. K. Rewari, CEO & Executive Director of Morarjee Textiles Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2010.

**R. K. Rewari**  
CEO & Executive Director

Mumbai  
28<sup>th</sup> April, 2010

## **AUDITORS' REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF MORARJEE TEXTILES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Morarjee Textiles Limited for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in Mumbai (BSE/NSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor's grievances remaining unattended/pending for more than 30 days as at March 31, 2010.

We further 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.

For SHAH & CO.,  
Chartered Accountants  
FRN. 109430W

**H. N. SHAH**  
Partner  
M. No. 8152

Mumbai: 22<sup>nd</sup> September, 2010



## SECRETARIAL COMPLIANCE CERTIFICATE

To,  
The Board of Directors,  
**MORARJEE TEXTILES LIMITED**  
Mumbai

We have examined the necessary registers, records, books and papers of **Morarjee Textiles Limited** ('MTL' or 'the Company') as required to be maintained under the provisions of the Companies Act, 1956, ('the Act') and the Rules made thereunder, Listing Agreement, applicable SEBI Regulations and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify in respect of the aforesaid financial year that:

1. The Company has kept and maintained the requisite statutory registers and other records as per the provisions of the Act and the Rules made there under either in physical or electronic mode as applicable.
2. The Company has filed the requisite forms and returns as required to be filed with the Registrar of Companies, Maharashtra, Mumbai and other authorities with additional filing fees, in case of delay, as prescribed under the Act and the Rules made thereunder.
3. The Board of Directors of the Company is duly constituted. Following changes had taken place in the Board of Directors during the financial year under review:
  - Mr. Takao Yajima has resigned as a Director of the Company w.e.f. 25.12.2009 and consequently Mr. Shailesh Haribhakti who was acting as an Alternate to him has ceased to be an Alternate Director;
  - Term of Mr. Pramod Gothi as a Managing Director has expired on 27.12.2009. He was inducted as an Additional Non-Executive Director w.e.f. 28.01.2010. He resigned as an Additional Non-Executive Director w.e.f. 05.03.2010;
  - Mr. Rajendra Rewari has been appointed as an Additional Director and then Executive Whole Time Director of the Company w.e.f. 01.02.2010.

The Board of Directors duly met 5 (five) times for

meetings held on 01.06.2009, 20.07.2009, 29.10.2009, 28.01.2010 and 08.03.2010 respectively, and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Mr. Subhash Kashimpuria has resigned as a Company Secretary and Ms. Rupa Desai has been appointed as a Company Secretary w.e.f. 01.11.2009.

4. As required under the provisions of the Listing Agreement and the Companies Act, 1956, the Company has the following Committees:

- Audit Committee: The Committee had met 4 times during the year under review.
- Investor Grievance Committee: The Committee had met 4 times during the year under review.
- Remuneration Committee: The Committee had met once during the year under review. The Committee Meeting held on 28.01.2010 had considered appointment and Payment of remuneration to Mr. Rajendra Rewari as Executive Whole Time Director of the Company.
- Share Transfer Committee: The Committee had held 11 meetings during the financial year under review.
- Besides the above, the Company has also non-mandatory committees like Committee of Directors (Borrowings), Committee of Directors (Bank), Committee of Directors (Rights Issue-2009), Committee of Directors (Postal Ballot-2010) and Management Committee.

Minutes of the above named committee meetings were properly recorded.

5. The Company closed its Register of Members from 15.09.2009 to 16.09.2009 (Both Days Inclusive) and necessary compliance of Section 154 of the Companies Act, 1956 and of the Listing Agreement has been made in respect of the same.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 16.09.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose. The Company has not passed any special resolutions at the said Annual General Meeting.

The Company has passed following resolutions



with requisite majority through the process of Postal Ballot and the result of the same was declared by the Chairperson on 25.03.2010:

- Appointment and payment of remuneration to Mr. Rajendra Rewari as Chief Executive Officer and Executive Whole Time Director.
  - Holding of place of profit by Mr. Pramod Kumar Gothi, Non Executive Director.
7. The Company has complied with the requirements of the Depositories Act, 1996 pertaining to dematerialization of shares and wherever required, share certificates have been issued and delivered to the shareholders within the statutory period and the transfers / transmissions thereof have been carried out and registered as per requirements.
  8. The Company has not declared any dividend during the financial year under review.
  9. Charges modified by the Company were filed and noted and entered in the Register maintained for the purpose during the financial year under review.
  10. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
  11. The Company has issued and allotted 1,81,62,886 Equity Shares on rights basis and complied with the provisions of the Act and rules and regulations framed thereunder during the financial year under review.
  12. The Company has not redeemed any preference shares during the financial year under review.
  13. The Company has not accepted any fixed deposits and has not declared any dividend. The Annual Return and Annual Reports have been filed as required under the Act. The Company has, therefore not defaulted in any of the provisions of Section 274(1)(g) of the Act, which may otherwise disqualify the Directors of the Company from acting as a Director of any other Public Company.
  14. The amount borrowed by the Company from various sources is within the borrowing limits of the Company.
  15. The Company had complied with the provisions of Section 372A and other provisions of the Act in respect of guarantees given, loans granted,

investments made in other bodies corporate including subsidiaries during the financial year under review, wherever applicable.

16. The Company has complied with the requirements in pursuance to the Listing Agreements with the Stock Exchanges in respect of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time. The Company has made disclosures under regulation 7(3) and 8(3) of the said regulation.
17. The Company has substantially complied with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time and has submitted the information as received from the Directors / Shareholders with regard to changes in the shareholding to the Stock Exchanges under regulation 13(6) of the said regulation.
18. The Company has substantially complied with the provisions of the Listing Agreement entered with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, Corporate Governance Standards as prescribed in Clause 49 of Listing Agreement.
19. The Company has instituted the codes for Directors and Senior Executives of the Company and has complied with the Code of Conduct for Directors and other Senior Executives as required under Clause 49 of the Listing Agreements.
20. The Company has not granted any fresh stock options during the financial year under review.
21. The Company has not altered the provisions of Memorandum of Association with respect to name of the Company, Authorised Share Capital of the Company, objects of the Company during the financial year under review.
22. The Company has not altered any provisions of its Articles of Association during the financial year under review.

**(NILESH G. SHAH)**

Company Secretary

C.P. No. 2631

Place: Mumbai

Date: 22.09.2010



## AUDITORS' REPORT

### TO THE MEMBERS OF MORARJEE TEXTILES LIMITED

We have audited the attached Balance Sheet of Morarjee Textiles Limited, ('the Company') as at 31<sup>st</sup> March 2010, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the act') we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.

Further to our comments in the Annexure referred to above, we state that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our Opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred in this report are in agreement with the books of account.

- (d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement read with notes thereon dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
- (e) On the basis of the written representations received from the Directors of the Company as at 31<sup>st</sup> March 2010, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read with notes thereon, give the information required by the Act, in the prescribe manner and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March 2010;
  - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) in case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For SHAH & CO.**  
Chartered Accountants  
FRN. 109430W

**H. N. SHAH**  
Partner  
M. No. 8152

Mumbai : Date : 22<sup>nd</sup> September 2010

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF MORARJEE TEXTILES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010.**

1. (a) The Company has maintained reasonable records showing full particulars including quantitative details and location of the Fixed Assets.  
 (b) As informed, there is a regular programme of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.  
 (c) The Company has not disposed of substantial part of fixed assets during the year.
2. (a) According to the information and explanations given to us, inventory has been physically verified by the management during or at the year end. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business.  
 (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of 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. No material discrepancies were noticed on physical verification between the physical stocks and the book records.
3. (a) The Company has not granted any loan during the year to the parties covered in the register maintained under sections 301 of the Companies Act, 1956.  
 In view of clause 4 (iii)(a) of the Companies (Auditor's Report) Order, 2003, clause 4(iii)(b, c, & d) are not applicable to the company.  
 (b) The Company has not accepted any loans, secured or unsecured, from the parties covered in the register maintained under section 301 of the Companies Act, 1956.  
 In view of clause 4 (iii)(e) of the Companies (Auditor's Report) Order, 2003, clause 4(iii)(f & g) are not applicable to the company.
4. In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, plant & machinery, equipment & other assets and with regards to sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, there is no major weakness in the internal control procedures.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of all contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been properly entered in the register maintained under section 301 of the Act.  
 (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 Lacs with any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from public and hence provisions of clause 4 (vi) are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the cost records are required to be maintained by the Company under section 209 (1) (d) of the Companies Act, 1956 for textile product of the Company. We have not reviewed the cost record maintained by the Company, but we are informed that the Company maintained the prescribed cost records.
9. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities during the year. There are no undisputed statutory dues outstanding as on 31 March 2010 for the period of more than six month.



(b) According to the records of the Company and information and explanation given to us, there are following disputed dues on account Income Tax, Service Tax, Excise Duty, dues which have not been deposited with respective authorities.

Nature of Statute	Nature of Dues	Financial Year	Amount Rs. in Lacs	Forum where Dispute is Pending
Central Excise Act, 1944	Interpretation of Act	1976-1977	00.19	First Appeal (Commissioner Level)
		1979-80 to 1985-86	06.84	
		1990-91	00.09	
		1993-94 to 1995-1996	146.49	
		1999-2000 to 2008-09	933.19	
Central Excise Act, 1944	Interpretation of Act	1990-91 to 1991-92	02.35	Second Appeal (CESTAT)
		1995-96 to 2004-05	346.30	
		2007-08 to 2008-09	61.93	
Central Excise Act, 1944	Interpretation of Act	1997-98 to 2001-02	03.19	High Court
Central Excise Act, 1944	Interpretation of Act	1981-1984	296.14	Supreme Court
		1998-99 to 2000-01	715.11	
Income Tax Act, 1961	Penalty	2004-05	167.75	CIT Appeal

- 10 The Company has not incurred cash loss during the current year but has incurred cash loss during the immediately preceding financial year and the accumulated losses as at the end of financial year ended 31<sup>st</sup> March 2010 is less than 50% of the net worth of the company.
- 11 According to the information and explanation given to us The Company has not defaulted in repayment of dues to any financial institution or bank. Also Company does not have any debentures.
- 12 According to the information and explanation given to us The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 As the Company is not a chit fund, nidhi, mutual benefit fund or society the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 14 As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 15 According to the information and explanation given to us, the Company has not given any guarantees during the year.

- 16 According to the information and explanation given to us, the term loans taken during the year are utilized for the purpose for which it was taken.
- 17 According to the information and explanations given to us and on overall examination of balance sheet of the Company we are of the opinion that funds raised on short term basis have not been used for long term investment.
- 18 The Company has not made any preferential allotment of shares during the year.
- 19 The Company has not issued any debentures during the year.
- 20 The Company has raised money by way of public issue (right issue) during the year. The management has disclosed on the end use of money raised by public issues (right issue) and the same has been verified.
21. As per the information and explanation given to us no material fraud on or by the Company has been noticed during the year.

For SHAH & CO.  
Chartered Accountants

**H. N. SHAH**  
Partner  
M. No. 8152

Mumbai: 22<sup>nd</sup> September, 2010

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

	Schedule Nos	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>	1			
a) Capital		4,633.24		2,816.95
b) Reserves and Surplus		4,163.76		3,353.80
			8,797.00	6,170.75
<b>2. Loan Funds</b>	2			
a) Secured		15,384.42		13,210.65
b) Unsecured		9,526.20		7,844.07
			24,910.62	21,054.72
<b>TOTAL</b>			<b>33,707.62</b>	<b>27,225.47</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	3			
a) Gross Block		33,475.17		22,118.52
Less : Depreciation		9,884.68		7,295.05
Net Block		23,590.49		14,823.47
b) Capital Work In Progress		9.30		67.50
			23,599.79	14,890.97
<b>2. Investments</b>	4		865.92	2,553.56
<b>3. Current Assets, Loans and Advances</b>	5			
a) Inventories		5,831.59		4,718.90
b) Sundry Debtors		4,035.26		4,263.88
c) Cash and Bank Balances		127.34		138.24
d) Loans and Advances		3,541.06		2,727.52
		13,535.25		11,848.54
Less : Current Liabilities and Provisions	6	7,271.05		5,269.85
Net Current Assets			6,264.20	6,578.69
<b>4. Profit &amp; Loss Account Debit Balance</b> (Net of General Reserve Adjustment)			2,977.71	3,202.25
<b>TOTAL</b>			<b>33,707.62</b>	<b>27,225.47</b>
Accounting Policies	14			
Notes to the Accounts	15			
As per our report of even date.	Ms. Urvi A. Piramal	Chairperson		
For and on behalf of	Mr. Harshvardhan A. Piramal	Executive Vice Chairman		
SHAH & CO.	Mr. R. K. Rewari	CEO & Executive Director		
Chartered Accountants	Mr. Mahesh S. Gupta	Director		
	Mr. Aditya Mangaldas	Director		
H. N. SHAH	Mr. Pradipta Mohapatra	Director		
Partner	Mr. Ranjan Sanghi	Director		
Membership No. 8152	Mr. Shobhan Thakore	Director		
	Mr. S. C. Kashimpuria	Head - Finance & Accounts		
Mumbai : 22 <sup>nd</sup> September, 2010	Mr. Haresh Vala	Company Secretary		





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	Schedule Nos	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>INCOME</b>				
Income from Operations			25,763.94	20,573.11
Less : Excise Duty			295.67	214.67
Net Income from Operations			25,468.27	20,358.44
Other Income	7		0.85	3.71
Increase / (Decrease) in WIP & Finished Goods	8		723.10	(423.71)
<b>Total Income</b>			<b>26,192.22</b>	<b>19,938.44</b>
<b>EXPENDITURE</b>				
Materials Consumed	9	9,304.77		6,001.24
Manufacturing & Other Expenses	10	8,459.16		7,206.94
Employment Cost	11	2,464.83		1,818.34
Administrative, Selling & Other Expenses	12	3,057.18		3,220.78
Forex Loss / (Gain)		(256.86)		1,786.83
Interest	13	2,297.61		2,045.18
<b>Total Expenditure</b>			<b>25,326.69</b>	<b>22,079.31</b>
Profit / (Loss) Before Depreciation & Tax			865.53	(2,140.87)
Less: Depreciation			1,233.97	1,050.96
<b>Profit / (Loss) Before Tax &amp; Exceptional item</b>			<b>(368.44)</b>	<b>(3,191.83)</b>
Exceptional Item (Provision for Diminution in Investment)			—	587.25
Profit / (Loss) after exceptional item but Before Tax			(368.44)	(3,779.08)
Less: Fringe Benefit Tax			—	28.10
Less: Fringe Benefit Tax & Income Tax - Prior Period			6.64	—
Profit / (Loss) After Tax			(375.08)	(3,807.18)
Profit / (Loss) brought forward from previous year			(4,708.67)	(901.49)
Profit / (Loss) carried to the Balance Sheet			<b>(5,083.75)</b>	<b>(4,708.67)</b>
Earning Per Equity Share (Rs.) (Face value Rs. 10/- each) (After Exceptional item)			<b>(1.67)</b>	<b>(21.28)</b>
Earning Per Equity Share (Rs.) (Face value Rs. 10/- each) (Before Exceptional item) (Refer Sr. No. 18 of Schedule 15)			<b>(1.67)</b>	<b>(18.04)</b>
Accounting Policies	14			
Notes to Accounts	15			
As per our report of even date.	Ms. Urvi A. Piramal	Chairperson		
For and on behalf of	Mr. Harshvardhan A. Piramal	Executive Vice Chairman		
SHAH & CO.	Mr. R. K. Rewari	CEO & Executive Director		
Chartered Accountants	Mr. Mahesh S. Gupta	Director		
	Mr. Aditya Mangaldas	Director		
H. N. SHAH	Mr. Pradipta Mohapatra	Director		
Partner	Mr. Ranjan Sanghi	Director		
Membership No. 8152	Mr. Shobhan Thakore	Director		
	Mr. S. C. Kashimpuria	Head - Finance & Accounts		
Mumbai : 22 <sup>nd</sup> September, 2010	Mr. Haresh Vala	Company Secretary		



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 1 :</b>			
<b>A) Share Capital</b>			
<b>Authorised :</b>			
4,30,00,000 (Previous Year 4,30,00,000) Equity Shares of Rs. 10/- each		<b>4,300.00</b>	4,300.00
10,00,000 (Previous year 10,00,000) 5% Redeemable Cumulative Non Convertible Preference Shares of Rs. 100/- each		<b>1,000.00</b>	1,000.00
		<b>5,300.00</b>	5,300.00
<b>Issued, Subscribed and Paid-up:</b>			
3,63,32,349 (Previous Year 1,81,69,463) Equity Shares of Rs. 10/- each fully paid up 1,81,62,886 Equity Shares of Rs. 10/- each fully paid issued to Existing shareholder on Rights basis (Does not include 6577 Equity Shares kept in abeyance) (Refer Note 13 of Schedule 15)		<b>3,633.24</b>	1,816.95
10,00,000 5% (Previous year 10,00,000) Redeemable Cumulative Non Convertible preference Shares of Rs. 100/- each (Redeemable anytime between 15 <sup>th</sup> November, 2014 and 15 <sup>th</sup> November, 2019 at the option of the Company)		<b>1,000.00</b>	1,000.00
		<b>4,633.24</b>	2,816.95
<b>B) Reserves and Surplus</b>			
<b>1. General Reserve</b>			
- Opening balance	<b>1,506.42</b>		1,506.42
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)	<b>599.62</b>		—
Less : Deducted from Profit & Loss Account per contra	<b>2,106.04</b>		1,506.42
		—	—
<b>2. Share Premium Account</b>			
- Opening balance		<b>3,353.80</b>	3,353.80
Add : Received during the year		<b>908.14</b>	—
Less : Rights issue expenses		<b>98.18</b>	—
		<b>4,163.76</b>	3,353.80
<b>TOTAL</b>		<b>8,797.00</b>	6,170.75


**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 2 : LOAN FUNDS</b>			
<b>A) Secured Loans</b>			
<b>Term Loan from Bank</b>		<b>7,538.84</b>	<b>6,644.14</b>
(Secured by a pari passu charge on the movable assets including its moveable plant and machinery, spare, tools and accessories secured by a pari passu equitable mortgage on Company's immovable properties at Butibori, Nagpur in respect of Rs. 5,594.12 lacs) (Previous year Rs. 6,644.14 lacs)			
Secured by first and exclusive charge on the present and future movable and immovable fixed assets at Bangalore (Karnataka) of the Company in respect of Rs. 1,944.72 lacs.			
<b>Term Loan from Financial Institution</b>		<b>62.50</b>	<b>125.00</b>
(Secured by way of Equitable Mortgage on Company's Immovable Properties at Butibori, Nagpur and by a charge created on Company's moveable assets including its moveable plant and machinery spares, tools and accessories both present and future, subject to prior charge of Company's Bankers)			
<b>Cash Credit/ Packing Credit from Banks</b>		<b>7,783.08</b>	<b>6,441.51</b>
(Secured by way of hypothecation of Current Assets of the Company viz., Raw Materials, Stock-in-Process, Finished Goods, Consumable Store and Spares, Book debts and other moveable both present and future and secured by pari passu second charge created on Company's moveable assets including its moveable plant and machinery, spares, tools and accessories both present and future)			
<b>TOTAL</b>		<b>15,384.42</b>	<b>13,210.65</b>
<b>B) Unsecured Loans:</b>			
Bodies Corporate		<b>9,447.68</b>	<b>7,737.13</b>
Banks		<b>—</b>	<b>106.94</b>
Others		<b>78.52</b>	<b>—</b>
<b>TOTAL</b>		<b>9,526.20</b>	<b>7,844.07</b>

# **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

## **SCHEDULE 3 : FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block			
	Bal as on 01.04.2009	Additions as per- Scheme of Amalgama- tion (Refer Note 3 of Schedule 15)	Additions	Deduction	Bal as on 31.03.2010	Bal as on 01.04.2009	Additions as per Scheme of Amalgama- tion (Refer Note 3 of Schedule 15)	For the Year	Deduction	Bal as on 31.03.2010	Bal as on 31.03.2009	
<b><u>Tangible Assets</u></b>												
Land - Leasehold	109.69	2,487.01	-	-	2,596.70	13.09	-	8.30	-	21.39	2,575.31	96.60
Building	4,172.60	4,205.71	-	-	8,378.31	1,122.96	136.44	185.71	-	1,445.11	6,933.20	3,049.64
Plant & Machinery	1,6837.59	3,505.63	393.66	-	20,736.88	5,696.72	865.13	933.26	-	7,495.11	13,241.77	11,140.87
Computer	292.39	140.02	8.22	-	440.63	240.75	72.37	35.13	-	348.25	92.38	51.80
Furniture, Fixture & Office Equipment	184.26	383.83	8.69	-	576.78	87.46	188.58	17.11	-	293.15	283.63	96.80
Motor Vehicles	25.38	14.80	8.43	5.94	42.67	23.51	14.53	(4.73)	4.08	29.23	13.44	1.87
<b><u>Intangible Assets</u></b>												
Designs & Archives	277.42	-	-	-	277.42	90.37	-	9.27	-	99.64	177.78	187.05
Computer Software	219.19	149.74	56.85	-	425.78	20.19	82.69	49.92	-	152.80	272.98	198.84
<b>Total</b>	22,118.52	10,886.74	475.85	5.94	33,475.17	7,295.05	1,359.74	1,233.97	4.08	9,884.68	23,590.49	14,823.47
Previous Year	21,509.47	-	609.05	-	22,118.52	6,244.09	-	1,050.96	-	7,295.05	14,823.47	-
Capital W.I.P.	67.50	-	-	74.71	-	-	-	-	-	-	9.30	67.50
<b>Grand Total</b>											23,599.79	14,890.97


**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 4 : INVESTMENTS</b>			
<b>LONG TERM INVESTMENTS</b>			
<b>Govt. Securities (Unquoted)</b>		<b>0.64</b>	0.64
Trade Investments (Unquoted)			
<b>Wholly owned Subsidiary</b>			
Morarjee International srl (EURO 10000) (10000 Equity Shares of EURO 1 each fully paid up)		<b>5.61</b>	5.61
<b>Subsidiary</b>			
Integra Apparels and Textiles Limited (Nil (Previous year 7798000) Equity Shares of Rs. 10/- each fully paid up)		—	1,687.64
Mens Club s.p.a. (1020000 Equity Shares of EURO 1 each fully paid up) (Previous year 1020000 Equity shares of EURO 1 each)	587.25		587.25
Less : Provision for Diminution in Investment	587.25		587.25
		—	—
<b>Joint Venture</b>			
Morarjee Castiglioni (India) Private Limited (10,00,000 Equity Shares of Rs. 10/- each fully paid up)		<b>64.10</b>	64.10
Just Textiles Limited (795560 Equity Shares of Rs. 100/- each fully paid up)		<b>795.56</b>	795.56
<b>Others</b>			
Morarjee Goculdas Spg. & Wvg. Private Limited (Formerly known as Morarjee Legler Private Limited) (2000 Equity Shares of Rs. 10/- each fully paid up)		<b>0.01</b>	0.01
<b>TOTAL</b>		<b>865.92</b>	2,553.56

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 5 : CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>a) Inventories</b>			
Raw materials	1,170.87		1,012.95
Work-In- Progress	2,586.58		1,998.80
Finished Goods	1,830.50		1,445.88
Consumable, Stores, Spares, etc.	243.64		261.27
		5,831.59	4,718.90
<b>b) Sundry Debtors (Unsecured, considered good)</b>			
Outstanding for more than Six months	433.44		415.08
Others	3,601.82		3,848.80
		4,035.26	4,263.88
<b>c) Cash and Bank Balances</b>			
Cash in hand	27.19		6.88
Bank Balances			
– in current account	32.58		25.35
– in Fixed Deposits	67.57		106.01
		127.34	138.24
<b>d) Loans and Advances (Unsecured and considered good)</b>			
i) Advances recoverable in cash or kind or for value to be received	1,571.09		1,133.04
ii) Deposit and other advances	604.74		245.07
iii) Loans to Subsidiaries	293.92		355.91
iv) Advances to Staff	35.60		30.91
v) Deposit with Excise / Sales Tax authorities	801.02		774.35
vi) MAT Credit Entitlement	234.69		188.24
		3,541.06	2,727.52
<b>TOTAL</b>		<b>13,535.25</b>	<b>11,848.54</b>



## **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 6 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
I) Acceptances	1,283.10	1,328.12
II) Sundry Creditors		
i) Dues of Micro and small Enterprises (See Note No. 8 of Schedule 15)	64.53	91.05
ii) Others	5,469.09	3,481.93
	5,533.62	3,572.98
III) Interest Accrued but not due	73.78	45.66
IV) Investor Education and Protection Fund*		
- Unclaimed Dividend	8.78	8.91
V) Trade Deposits	108.72	117.91
	7,008.00	5,073.58
<b>Provisions</b>		
Provision for MAT & Fringe Benefit Tax (net)	14.84	6.56
Employees Retirement Benefits	248.21	189.71
	263.05	196.27
<b>TOTAL</b>	<b>7,271.05</b>	<b>5,269.85</b>

\* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31<sup>st</sup> March, 2010. These amounts shall be paid to the fund as and when they become due.



**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 7 : OTHER INCOME</b>			
Insurance Claim Received		0.06	3.63
Profit on Sale of Assets		0.73	—
Miscellaneous Receipt		0.06	0.08
<b>TOTAL</b>		<b>0.85</b>	<b>3.71</b>
<b>SCHEDULE 8 : INCREASE / (DECREASE ) IN WORK IN PROGRESS AND FINISHED GOODS</b>			
<b>Opening Stock</b>			
Work in Progress	1,998.80		2,723.09
Finished Goods & Stock in Trade	1,445.88		1,179.39
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)			
Work in Progress	160.17		—
Finished Goods & Stock in Trade	52.74		—
		3,657.59	3,902.48
<b>Closing Stock</b>			
Work in Progress	2,586.58		1,998.80
Finished Goods & Stock in Trade	1,830.50		1,445.88
		4,417.08	3,444.68
Excise Duty (Increase) / Decrease on Finished Goods Increase / (Decrease )		(36.39) 723.10	34.09 (423.71)
<b>SCHEDULE 9 : MATERIAL CONSUMED</b>			
Opening Stock		1,012.95	957.08
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)		52.57	—
Add : Purchases		9,410.12	6,057.11
Less : Closing Stock		1,170.87	1,012.95
Material Consumed		9,304.77	6,001.24



## **SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 10 : MANUFACTURING EXPENSES &amp; OTHER EXPENSES</b>			
Processing Charges		2,214.20	1,773.28
Dyes & Chemicals		2,352.55	2,006.22
Packing Material		244.88	184.88
Stores & Spares		366.65	352.89
Other Consumables		140.39	131.10
Repairs & Maintenance - Building		10.69	24.10
Repairs & Maintenance - Plant & Machinery		281.27	213.11
Repairs & Maintenance - Others		43.60	23.22
Power & Fuel		2,579.95	2,321.72
Rates, Taxes & Water charges		214.94	165.27
Other Expenses		10.04	11.15
<b>TOTAL</b>		<b>8,459.16</b>	<b>7,206.94</b>
<b>SCHEDULE - 11 : EMPLOYEE COST</b>			
Salaries & Wages		2,198.49	1,650.78
Provident Fund - Employers Contribution		183.82	99.17
Staff Welfare Expenses		82.52	68.39
<b>TOTAL</b>		<b>2,464.83</b>	<b>1,818.34</b>
<b>SCHEDULE 12 : ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>			
Freight Out		678.48	717.12
Insurance Charges		23.52	25.33
Legal & Professional Expenses		341.94	480.75
Rent		236.41	176.47
Telephone Expenses		49.79	48.16
Travelling		254.52	182.10
Marketing Service fee & Commission		454.05	676.43
Directors Remuneration		62.39	86.95
Audit Fees, Certification & Out of Pocket Expenses		11.48	10.90
Miscellaneous Expenses		944.60	816.57
<b>TOTAL</b>		<b>3,057.18</b>	<b>3,220.78</b>
<b>SCHEDULE 13 : INTEREST</b>			
Interest on Term Loan		399.29	519.54
Others		1,925.36	1,558.50
		2,324.65	2,078.04
Less: Interest Income		27.04	32.86
<b>TOTAL</b>		<b>2,297.61</b>	<b>2,045.18</b>

## **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

### **SCHEDULE 14 : ACCOUNTING POLICIES**

#### **1. Basis of preparation of financial statement**

##### **(a) Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

##### **(b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements.

#### **2. Fixed Assets**

All the fixed assets are stated at historical cost. In respect of Assets acquired under new project/ expansion/ restructuring, interest cost on borrowings and other related expenses during trial runs and upto satisfactory commencement of commercial production have been capitalised to Plant & Machinery and any subsidy given for a specific asset is reduced from cost. The Accounting Standard -10 of the Institute of Chartered Accountants of India has been compiled with in this respect.

#### **3. Depreciation**

Depreciation has been provided net of reversal of excess provision if any on straight line method on all fixed assets except Leasehold land at the rates specified in Schedule XIV to the Companies Act, 1956. Premium on lease hold land is amortised over the period of lease. Intangible assets are amortised over their estimated useful life.

#### **4. Lease Accounting**

Lease rentals on assets taken on lease are recognized as expense in the statement of profit and loss account on an accrual basis over the lease term.

#### **5. Inventory**

- a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded goods and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.
- b) In determining cost of raw materials, packing materials, traded goods, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- c) Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

#### **6. Investments**

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of the management. Short term investments are carried at



lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit and loss on sale of investments is determined on a first in first out (FIFO) basis.

## 7. Revenue Recognition

Revenue is recognized only when there is no significant uncertainty as to the measurability / collectability of amount.

## 8. Transactions in Foreign Exchange

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 Profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in the Profit and loss account.

The premium or discount on forward exchange contracts is recognized over the period of the contracts in the profit and loss account.

## 9. Employee Benefits

### (i) Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### (ii) Post-Employment Benefits:

#### (a) Defined contribution plans

Defined contribution plans are Government administered Provident Fund Scheme and Government administered Pension Fund Scheme for all employees and Superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognized in the profit and loss account in the financial year to which they relate.

The interest to the beneficiaries every year is being notified by the Government.

#### (b) Defined benefit plans

##### (i) Defined benefit gratuity plan

The Company operates a defined benefit gratuity plan for employees.

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognized immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested.

The defined benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs and as reduced by the fair value of plan assets, if applicable. Any defined benefit

asset (negative defined benefit obligations resulting from this calculation) is recognized representing the unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

(iii) Other long term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit Method with actuarial valuations being carried out at each balance sheet date.

**10. Provision for Taxation**

Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax (computed in accordance with the relevant provisions of the Income tax Act, 1961).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date to reassess realisation.

**11. Provisions and Contingencies**

The company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**12. Earnings per share**

The basic and diluted earnings per share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

**13. Proposed Dividend**

Dividend if any recommended by the Board of Directors is provided for in the accounts, pending approval at the Annual General Meeting.



## SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

### SCHEDULE 15 : NOTES FORMING PART OF THE ACCOUNTS

1. a) Contingent Liability not provided for in respect of	31.03.2010 Rs. In Lacs	31.03.2009 Rs. In Lacs
i. Bank Guarantees	357.94	440.99
ii. Corporate Guarantee	—	5,450.00
iii. Contingent Liability for bill discounted	183.46	433.72
iv. Dividend on Redeemable Cumulative Non Convertible Preference shares together with dividend Tax	175.50	117.00

- b) The Excise department and Income Tax department have raised claims on the Company for Rs. 2,511.82 lacs and Rs. 167.75 lacs (Previous Year Rs. 1,663.24 & Nil lacs) respectively. The Company has disputed the same with the appropriate authorities.

	31.03.2010 Rs. In Lacs	31.03.2009 Rs. In Lacs
2. Open Letters of credit	476.87	298.21

3. The Hon'ble High Court of Karnataka at Bangalore vide its order dated 27<sup>th</sup> August, 2010 sanctioned the Scheme of Amalgamation of Integra Apparels & Textiles Ltd (Integra) a 100% subsidiary of the Company engaged in the business of manufacturing of garments, with the Company as per the provisions of Sections 391 to 394 of the Companies Act, 1956. Since Integra was a 100% subsidiary company, no shares were issued pursuant to the Scheme of Amalgamation.

The Appointed Date of Scheme of Amalgamation was 1<sup>st</sup> January 2010, being the date on which the entire business including all assets and liabilities of Integra has been transferred to the Company.

The amalgamation has been accounted under purchase method of accounting. Consequently, the assets and liabilities of Integra taken over by the company are recorded at the fair values of Rs. 47.11 crores and Rs. 70.09 crores respectively. Investments of Rs. 25.97 crores made by the company in Integra would stand extinguished as a result of the amalgamation. Further, as per the Scheme of the Amalgamation and in the opinion of the Board, revision in the assets of the Transferee Company would be Rs. 54.94 crores.

Net amount arrived after adjusting the above is Rs. 5.99 crores which has been transferred to the General Reserve in terms of the Scheme of Amalgamation approved by the Hon'ble High Court.

Consequently, the figures for the previous financial year are not comparable with the current year.



		Year Ended 31.03.2010			Year Ended 31.03.2009		
		Unit	Quantity	Value (Rs. in Lacs)	Unit	Quantity	Value (Rs. in Lacs)
4	a) Consumption of Raw Material						
	Cotton	Tons	1,541.09	1,685.00	Tons	1,260.59	1,176.16
	Yarn	Tons	1,259.69	3,546.84	Tons	1,009.44	3,050.82
	Cloth	Lac Mtrs.	67.79	3,905.19	Lac Mtrs.	41.14	1,774.26
	Others			167.74			—
				9,304.77			6,001.24
	b) Value of Imported and Indigenous Raw Materials, Stores, Spare parts, Components, Dyes & Chemicals.		31.03.2010 Value (Rs. in Lacs)	%		31.03.2009 Value (Rs. in Lacs)	%
	I. Raw Material						
	i) Imported		1,552.83	16.69		1,137.94	18.96
	ii) Indigenous		7,751.94	83.31		4,863.30	81.04
			9,304.77	100.00		6,001.24	100.00
	II. Stores & Spares Components, Dyes & Chemicals						
	i) Imported		396.26	14.57		287.47	12.19
	ii) Indigenous (including imported items purchased locally)		2,322.94	85.43		2,071.64	87.81
			2,719.20	100.00		2,359.11	100.00
	c) I) Value of Imports calculated on C.I.F. basis					31.03.2010 Value (Rs. in Lacs)	31.03.2009 Value (Rs. in Lacs)
	i) Raw Materials					1,412.74	1,308.86
	ii) Consumables					434.70	253.48
	iii) Capital Goods					52.67	109.36
	II) Expenditure in Foreign Currency						
	i) Professional Fees					5.03	178.55
	ii) Marketing Service fee and Sales Commission					382.41	623.09
	iii) Foreign Travel					75.64	47.30
	iv) Others					154.30	124.47
	III) Earning in Foreign Currency						
	FOB Value of Exports					14,359.01	12,495.46



5) Turnover / Production	Year Ended 31.03.2010				Year Ended 31.03.2009			
	Unit	Production (Quantity)	Turnover		Unit	Production (Quantity)	Turnover	
			Qty.	Value (Rs. in Lacs)			Qty.	Value (Rs. in Lacs)
a) Manufactured Goods								
Finished Fabrics	Mtrs. (lacs)	197.35	196.72	22,875.23	Mtrs. (Lacs)	171.16	169.54	19,790.50
Yarn	Tons	1,011.56	121.02	139.86	Tons	938.59	48.26	41.45
Finished Fabrics Shirt	Nos. (lacs)	4.76	4.59	1,618.03				
Others *				1,130.82				741.16
Total				25,763.94				20,573.11

\* Consists of sale / use of DEPB licence, waste, cotton, etc.

		Licensed Capacity	Installed Capacity	Licensed Capacity	Installed Capacity
LOOMS	NOS.	Not Applicable	248	Not Applicable	248
SPINDLES	NOS.	Not Applicable	31568	Not Applicable	31568
Commercial Production	PCS.	Not Applicable	2400000	—	—

Inventory	Stock as on 31.03.2010		Stock as on 31.03.2009	
	Quantity (Lac Mtrs.)	Value Rs. in Lacs	Quantity (Lac Mtrs.)	Value Rs. in Lacs
Finished Fabric	10.43	1,800.72	9.80	1,445.88
Finished Fabrics Shirt (Nos. lacs)	0.50	29.78		

6) Auditor's Remuneration	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Audit Fees	6.50	6.50
Tax Audit Fees	1.50	1.50
Certification fees	3.40	2.75
Out of Pocket Expenses	0.08	0.15
	11.48	10.90

		Rs. in lacs
7) a) Computation of Profit under Section 198 & 349 of the Companies Act, 1956	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Net Profit / (Loss) as per Profit and Loss Account	(375.08)	(3,807.18)
Add : Exceptional items	—	587.25
Add: Fringe Benefit Tax	—	28.10
Less: Profit on sale of assets	0.73	—
Profit/(Loss) as per Section 349 of the Companies Act, 1956	(375.81)	(3,191.83)
Add: Managerial Remuneration	78.28	102.85
Profit/(Loss) as per Section 198 of the Companies Act, 1956	(297.53)	(3,088.98)
b) Remuneration to Whole Time Directors		
Subject to Ceiling of 10% of the Profits Calculated above	—	—
Total remuneration actually paid is minimum under Schedule XIII	75.08	98.05
c) Managerial Remuneration paid		
Remuneration	51.08	63.60
Contribution to provident fund & Other	10.28	15.90
Perks	13.72	18.55
	75.08	98.05
Directors sitting fees	3.20	4.80
	78.28	102.85

The above remuneration does not include gratuity provision based on actuarial valuation.

8. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2010. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The names are as follows :

Suresh Polymers Pvt. Limited, Bindal Packagings, RSA Industries Pvt. Ltd., Shirish Polychem Pvt. Limited, AGS Infotech Pvt. Ltd., Bajrang Spiropack Pvt. Ltd., Nova Transfers Pvt. Ltd., Valkal Concepts Pvt. Ltd., Giriraj Packing, Bharat Packing, New Tech Packing, Afson Packing Co., Cardboard & Packing Co. (Mysore) Pvt. Ltd. & Krishna Packing.

9. The accumulated deferred tax assets of the Company has not provided in the books of accounts due to virtual uncertainty of realisation of such assets.
10. The Company is engaged in manufacture of textile products which is considered as the only reportable business segment.
11. Employee Benefits:
- a) Short term employee benefits:
- The liability towards short term employee benefits for the year ended 31<sup>st</sup> March, 2010 has been recognised in the Profit and Loss Account.



## b) Post - employment benefits:

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	Unfunded 31.03.2010		Unfunded 31.03.2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
<b><u>Amount Recognised in Balance sheet</u></b>				
Present Value of Unfunded Obligation	169.37	78.83	137.91	51.80
Unrecognised Past Service Cost	—	—	—	—
Amount not recognised as an Asset, because of the limit in Para 59(b)	—	—	—	—
<b><u>Amount in Balance Sheet</u></b>				
Liability	169.37	78.83	137.91	51.80
Assets	—	—	—	—
Net Liability	169.37	78.83	137.91	51.80
<b><u>Expense Recognised in the Statement of Profit &amp; Loss</u></b>				
Opening Defined Benefit Obligation less benefits Paid	—	—	—	—
Current Service Cost	22.17	11.30	13.68	12.41
Interest Cost on Defined Benefit Obligation	11.94	4.27	9.42	3.99
Expected Return on Plan Assets	—	—	—	—
Net Actuarial Losses / (Gains) Recognised in Year	1.74	2.46	6.11	0.73
Past Service Cost	—	—	—	—
Effect of the limit in Para 59(a)	—	—	—	—
Losses / (Gains) on "Curtailements and Settlements"	—	—	—	—
Total Included in "Employee Benefit Expense"	35.85	18.03	29.21	17.13
<b><u>Change in Defined Benefit Obligation</u></b>				
Opening Defined Benefit Obligation as at 01.04.2009	181.76	77.63	117.72	49.90
Current Service Cost	22.17	14.26	13.68	12.41
Interest Cost	11.94	4.72	9.42	3.99
Actuarial Losses / (Gain)	1.74	5.79	6.11	0.73
Liabilities Extinguished on Curtailment	—	—	—	—
Liabilities Extinguished on Settlements	—	—	—	—
Liabilities Assumed on Acquisition	—	—	—	—
Exchange Difference on Foreign Plans	—	—	—	—
Benefits Paid	(48.24)	(23.57)	(9.02)	(15.23)
Closing Defined Benefit Obligation as at 31.03.2010	169.37	78.83	137.91	51.80

## Summary of the Actuarial Assumptions :

## Note :

- The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.
- Comparative values of defined benefit plans for the past four financial years as required by AS-15 (Revised) are not provided, being March 2008 first year of adoption of the standard.

12. Till date no options under the Employees Stock Option Plan has been exercised by any of the eligible employees. Considering the present market price of the Equity Share of the Company, it is unlikely that the options will be exercised in future also and accordingly the options granted under the Plan are not treated as potential equity shares as defined in Accounting Standard -20 "Earning Per Share" and thus no impact of dilution on EPS is considered.
13. During the year ended 31<sup>st</sup> March, 2010, the Company raised Rs. 2,724.43 lacs by issue of 1,81,62,886 fully paid equity shares of Rs. 10/- each at a premium of Rs. 5/- per equity share to the existing equity shareholders on rights basis. Post this issue the Company's share capital has increased to Rs. 3,633.24 lacs . The net proceeds from the Rights issue of equity shares of the company after meeting issue expenses, have been used for repayment of debt.
14. The Company has taken vehicles on an operating lease basis for a period of 48 & 60 months. The lease rentals are payable on monthly instalments by the Company.

Future minimum lease rentals payable as per the lease agreements:

	Rs. in lacs	
	31.03.2010	31.03.2009
a) Not later than one year	45.96	27.01
b) Later than one year but not later than five years	35.02	31.06
c) Later than five years	—	—
Total	80.98	58.07

Lease payment recognised in Profit & Loss Account for the year is Rs. 34.69 lacs (Previous year Rs. 35.97 lacs)

15. A) Pursuant to Accounting Standard (AS-27) - Financial Reporting of interest in Joint Venture, the disclosures relating to the joint Venture viz. Just Textiles Limited (hereinafter referred to as JV) are as follows:

- The proportion of interest of the Company in the JV is by way of 49% equity participation. The balance 51% held by Mr. Pradeep Modi and others.
- The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31<sup>st</sup> March, 2010

	Rs. in lacs	
	31.03.2010	31.03.2009
i) Assets	2,639.79	2,740.42
ii) Liabilities	1,578.62	1,750.05
iii) Income	2,026.12	2,233.46
iv) Expenses	1,955.16	2,227.37

- The Company's share of capital commitments of the JV as at 31<sup>st</sup> March, 2010 is Rs. Nil (Previous year Rs. Nil)
- The Company's share of contingent liabilities of the JV as at 31<sup>st</sup> March, 2010 is Nil. (Previous year Rs. Nil)
- No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2010 in relation to the Company's interest in the JV alongwith the other venture.

- B) Pursuant to Accounting Standard (AS-27) - Financial Reporting of interest in Joint Venture, the disclosures relating to the joint Venture viz. Morarjee Castiglioni (India) Private Limited (hereinafter referred to as JV) are as follows:

- The Proportion of interest of the Company in the JV is by way of equal equity participation with Manifattura Castiglioni s.p.a.



- b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31<sup>st</sup> March, 2010

	31.03.2010	Rs. in lacs 31.03.2009
i) Assets	82.24	84.44
ii) Liabilities	3.53	4.97
iii) Income	2.14	0.60
iv) Expenses	2.68	0.89

- c) The Company's share of capital commitments of the JV as at 31<sup>st</sup> March, 2010 is Rs. Nil. (Previous year Nil)
- d) The Company's share of contingent liabilities of the JV as at 31<sup>st</sup> March, 2010 is Nil. (Previous year Nil)
- e) No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2010 in relation to the Company's interest in the JV alongwith the other venture. (Previous year Nil)

16. The Sundry Debtors include Rs. 34.43 lacs (Previous year Rs. 196.79 lacs) due from subsidiary companies.

17. As required by Accounting Standard - AS 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows:

List of Related Parties with whom transactions have taken place during the year:

**A. Enterprises over which Directors/Key Management personnel exercise significant influence**

Peninsula Land Limited  
 Ashok Piramal Management Corporation Limited  
 Morarjee Goculdas Spg. & Wvg. Private Limited  
 (Formerly Morarjee Legler Private Limited)  
 Peninsula Facility Management Services Limited

**B. Subsidiary Companies**

Morarjee International s.r.l.  
 Integra Apparels & Textiles Limited (upto 31.12.2009)  
 Mens Club s.p.a.

**C. Joint Ventures**

Morarjee Castiglioni (I) Private Limited  
 Just Textiles Limited

**D. Key Management Personnel**

Mr. Harshvardhan A. Piramal  
 Mr. P. K. Gothi (upto 31.12.2009)  
 Mr. R. K. Rewari (from 02.02.2010)  
 Mr. R Krishna Kumar (upto 26.02.2010)

**E. Relatives of Key Management Personnel**

Mrs. Jayashree Krishnakumar (upto 26.02.2010)



**Details of Transactions are as follows :**

	<b>31.03.2010</b> <b>Rs in lacs</b>	<b>31.03.2009</b> <b>Rs in lacs</b>
<b>A) Sales to and recoveries from related parties</b>		
<u>Subsidiary Companies</u>		
Integra Apparels and Textiles Limited (up to 31.12.2009)	<b>227.33</b>	174.51
Mens Club s.p.a.	<b>3.44</b>	20.45
<b>B) Purchase and other Services from related parties</b>		
<u>Subsidiary Companies</u>		
Morarjee International srl	<b>63.10</b>	311.57
<u>Enterprises over which Directors/Key Management personal exercise significant influence</u>		
Ashok Piramal Management Corporation Limited	<b>54.60</b>	68.69
Peninsula Facility Management Services Limited	<b>36.82</b>	44.16
<b>Joint Ventures</b>		
Just Textiles Limited	<b>2.07</b>	15.33
<b>C) Purchase and other Services from related parties (Capital Items)</b>		
<u>Joint Ventures</u>		
Just Textiles Limited	<b>—</b>	8.93
<b>D) Loan/ Advance paid to related parties</b>		
<u>Subsidiary Companies</u>		
Morarjee International s.r.l.	<b>14.27</b>	8.95
<b>E) Investments</b>		
<u>Subsidiary Companies</u>		
Integra Apparels and Textiles Limited (up to 31.12.2009)	<b>909.06</b>	17.64
<b>F) Interest received from related parties</b>		
<u>Subsidiary Companies</u>		
Integra Apparels and Textiles Limited (up to 31.12.2009)	<b>5.81</b>	6.46
<b>G) Remuneration/ Sitting Fees</b>		
<u>Key Management Personnel</u>		
Mr. Harshvardhan A. Piramal	<b>25.25</b>	50.50
Mr. P. K. Gothi	<b>35.66</b>	47.55
Mr. R. K. Rewari	<b>8.56</b>	—
Mr. R. Krishna Kumar	<b>5.61</b>	—
Sitting Fees & Commission	<b>3.20</b>	4.80
<b>H) Relatives of Key Management Personnel</b>		
Mrs. Jayashree Krishnakumar	<b>2.50</b>	—
<b>I) Rent paid</b>		
<u>Enterprises over which Directors/Key Management personnel exercise significant influence</u>		
Peninsula Land Limited	<b>111.67</b>	111.67



	31.03.2010 Rs in lacs	31.03.2009 Rs in lacs
<b>J) Outstanding balance</b>		
<u>Due to Enterprises over which Directors/Key Management personnel exercise significant influence</u>		
Ashok Piramal Management Corporation Limited	10.40	10.42
Peninsula Land Limited	16.62	218.25
Peninsula Facility Management Services Limited	—	49.14
<u>Due to Joint Venture Companies</u>		
Morarjee Castiglioni (I) Private Limited	139.47	145.16
Just Textiles Limited	24.60	34.56
<u>Due from Subsidiary Companies</u>		
Morarjee International s.r.l.	293.92	306.23
Integra Apparels and Textiles Limited	—	169.96
Mens Club s.p.a.	34.43	76.50

18 Earnings Per Share (Basic / Diluted)	31.03.2010		31.03.2009	
(After Prior Period and Exceptional items)	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
<b>a. Profit / (Loss) after Tax</b>	(375.08)		(3,807.18)	
Less: Preference Share Dividend & Taxes	58.50		58.50	
		(433.58)		(3,865.68)
b. Number of Shares (weighted average)		25,981,992		18,169,463
c. Earnings Per Share (Rs.)		(1.67)		(21.28)
	31.03.2010		31.03.2009	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
<b>Earnings Per Share (Basic / Diluted)</b>				
(Before Prior Period and Exceptional items)				
a. Profit / (Loss) after Tax	(375.08)		(3,807.18)	
Less : Exceptional items	—		587.25	
Less: Preference Share Dividend & Taxes	58.50		58.50	
		(433.58)		(3,278.43)
b. Number of Shares (weighted average)		25,981,992		18,169,463
c. Earnings Per Share (Rs.)		(1.67)		(18.04)

**19. Previous year's figures have been regrouped / reclassified wherever necessary.**

As per our report of even date.	Ms. Urvi A. Piramal	Chairperson
For and on behalf of	Mr. Harshvardhan A. Piramal	Executive Vice Chairman
SHAH & CO.	Mr. R. K. Rewari	CEO & Executive Director
Chartered Accountants	Mr. Mahesh S. Gupta	Director
	Mr. Aditya Mangaldas	Director
H. N. SHAH	Mr. Pradipta Mohapatra	Director
Partner	Mr. Ranjan Sanghi	Director
Membership No. 8152	Mr. Shobhan Thakore	Director
	Mr. S. C. Kashimpuria	Head - Finance & Accounts
Mumbai : 22 <sup>nd</sup> September, 2010	Mr. Haresh Vala	Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss)</b>	<b>(375.08)</b>	<b>(3,807.18)</b>
Provision for Tax - (FBT / MAT)	6.64	28.10
Exceptional Item	—	587.25
Depreciation	1,233.97	1,050.96
Interest Expense	2,324.65	2,078.04
Interest Income	(27.04)	(32.86)
Profit on Sale of Assets	(0.73)	—
	<u>3,537.49</u>	<u>3,711.49</u>
<b>Operating Profit Before Working Capital Changes</b>	<b>3,162.41</b>	<b>(95.69)</b>
Adjustments for Changes in Working Capital		
(Increase) / Decrease in Trade and Other Receivables	232.42	(991.58)
(Increase) / Decrease in Inventories	(847.21)	513.41
Increase / (Decrease) in Trade Payables	(333.04)	1260.46
	<u>(947.83)</u>	<u>782.29</u>
<b>Cash From Operating Activities</b>	<b>2,214.58</b>	<b>686.60</b>
Less: Income Tax Paid (FBT&MAT)	13.20	24.44
<b>Net Cash From Operating Activities</b>	<b>(A) 2,201.38</b>	<b>662.16</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(482.41)	(394.04)
Sale of Fixed Assets	2.59	—
Loans (to) / from subsidiaries	6.80	(33.67)
Interest Income	27.04	32.86
Purchase of Investments	(909.06)	(17.64)
<b>Net Cash Used in Investing Activities</b>	<b>(B) (1,355.04)</b>	<b>(412.49)</b>



	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	—	—
Repayment of Long Term Borrowings	(1204.61)	(343.86)
Proceeds from Rights Issue (net)	2626.25	—
Increase/ (Decrease) in Short term Borrowings	(72.81)	1584.42
Interest Paid	(2296.53)	(2119.37)
<b>Net Cash Used in Financing Activities</b>	<b>(C) (947.70)</b>	<b>(878.81)</b>
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	<b>(101.36)</b>	<b>(629.14)</b>
Cash and Cash Equivalents at the beginning of the year	<b>138.24</b>	<b>767.38</b>
Cash and Cash Equivalents as per scheme of amalgamation	<b>90.46</b>	<b>—</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>127.34</b>	<b>138.24</b>

As per our report of even date.  
For and on behalf of  
SHAH & CO.  
Chartered Accountants

H. N. SHAH  
Partner  
Membership No. 8152  
Mumbai : 22<sup>nd</sup> September, 2010

Ms. Urvi A. Piramal  
Mr. Harshvardhan A. Piramal  
Mr. R. K. Rewari  
Mr. Mahesh S. Gupta  
Mr. Aditya Mangaldas  
Mr. Pradipta Mohapatra  
Mr. Ranjan Sanghi  
Mr. Shobhan Thakore  
Mr. S. C. Kashimpuria  
Mr. Haresh Vala

Chairperson  
Executive Vice Chairman  
CEO & Executive Director  
Director  
Director  
Director  
Director  
Director  
Head - Finance & Accounts  
Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No. 90643

State Code 11

Balance Sheet Date 31.03.2010

### II Capital raised during the year (Amount Rs. in Lacs)

Public Issue

NIL

Right Issue

1816.29

Bonus Issue

NIL

Private Placement

NIL

Share Premium

809.96

(Net of Expenses)

### III Position of Mobilisation and Deployment of Funds (Amount Rs. in Lacs)

Total Liabilities

40978.67

Total Assets

38000.96

Sources of Funds

Paid-up Capital

4633.24

Reserve & Surplus

4163.76

Secured Loans

15384.42

Unsecured Loans

9526.20

Application of Funds

Net Fixed Assets

23599.79

Investments

865.92

Net Current Assets

6264.20

Misc. Expenditure

NIL

Accumulated Losses

2977.71

### IV Performance of Company (Amount Rs. in Lacs)

Turnover

25763.94

Total Expenditure

26192.22

Profit/(Loss) Before Tax

(368.44)

Profit/(Loss) After Tax

(375.08)

Earning Per Share in Rs. (After Exceptional Item)

(1.67)

Dividend Rate %

NIL

(Net of General Reserve Adjustment)

### V Generic Name of Three Principal Products/Service of Company (As per Monetary Terms)

Item Code No. 520880

Product Description COTTON WOVEN FABRIC



# ANNEXURE TO THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1.	NAME OF THE SUBSIDIARY COMPANY	MORARJEE INTERNATIONAL srl	MENS CLUB S.P.A. **
2.	FINANCIAL YEAR OF THE SUBSIDIARY COMPANY	31.03.2010	31.12.2009
3.	DATE FROM WHICH IT BECAME SUBSIDIARY	27.01.2005	25.01.2007
4.	EXTENT OF THE HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY AT THE END OF THE FINANCIAL YEAR OF THE SUBSIDIARY COMPANY	10000 EQUITY SHARES OF 1 EURO EACH (100%)	1340000 EQUITY SHARES OF 1 EURO EACH (67%)
5.	NET AGGREGATE AMOUNT OF THE PROFIT/(LOSS) OF THE SUBSIDIARY COMPANY NOT DEALT WITH IN THE HOLDING COMPANY'S ACCOUNTS (CONCERNING THE MEMBERS OF THE HOLDING COMPANY):		
	A) FOR THE CURRENT YEAR (Rs. in lacs)	30.08	(173.34)
	B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY (Rs. in lacs)	(296.89)	(375.11)
6.	NET AGGREGATE AMOUNT OF THE PROFIT OF THE SUBSIDIARY COMPANY DEALT WITH IN THE HOLDING COMPANY'S ACCOUNTS:		
	A) FOR THE CURRENT YEAR	NIL	NIL
	B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY	NIL	NIL

**\*\* Including 16<sup>th</sup> held by Morarjee International srl.**

Mumbai : 22 <sup>nd</sup> September, 2010	Ms. Urvi A. Piramal Mr. Harshvardhan A. Piramal Mr. R. K. Rewari Mr. Mahesh S. Gupta Mr. Aditya Mangaldas Mr. Pradipta Mohapatra Mr. Ranjan Sanghi Mr. Shobhan Thakore Mr. S. C. Kashimpuria Mr. Haresh Vala	<i>Chairperson</i> <i>Executive Vice Chairman</i> <i>CEO &amp; Executive Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Head - Finance &amp; Accounts</i> <i>Company Secretary</i>
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# AUDITORS' REPORT

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MORARJEE TEXTILES LIMITED GROUP ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MORARJEE TEXTILES LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated Balance Sheet of Morarjee Textiles Limited group as at 31st March 2010, and also the Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Morarjee Textiles Limited's management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries mentioned in Annexure to this report whose total assets and total revenues are mentioned in the annexure to this report whose financial statements have been audited by other auditors and whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on the reports of the other auditors. The financial statements of other subsidiaries and joint venture companies have been audited by us and have been considered in above consolidation.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) - Consolidated Financial Statements, (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements and (AS-27) Financial reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

Based on our audit of financial statements of Morarjee Textiles Limited and on consideration of reports of other auditors of subsidiaries, included in the consolidated financial statements read with Notes 9 and 10 of Schedule 15, and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

In the case of consolidated Balance Sheet, of the state of affairs of Morarjee Textiles Limited group as at 31st March 2010;

In the case of consolidated Profit and Loss Account, of the loss for the year ended on that date;

and

in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **SHAH & CO.**  
Chartered Accountants  
FRN. 109430W

H.N. Shah  
Partner  
M. No. 8152

Mumbai: 22<sup>nd</sup> September 2010



The subsidiary companies considered in the consolidated financial statements and audited by other Auditors are:

Rs. In Lacs

Name of the Company	Financial Year	Total Assets	Total Revenues
Morarjee International srl	April to March 2010	40.26	73.92
Mens Club S.P.A.	January to December 2009	921.86	599.79
Integra Apparels & Textiles Limited*	April to December 2009	—	5413.50

\*Merged with Morarjee Textiles Limited with effect from 1<sup>st</sup> January, 2010.

#### Joint Venture:

The Joint Venture units considered in the consolidated financial statements as audited by us are:

- I. Morarjee Castiglioni (I) Pvt. Ltd., a Joint Venture between the parent company and the Manifattura Castiglioni s.p.a. Where in the parent company has equal equity participation.
- II. Just Textiles Limited, a Joint Venture Company where in the parent company has 49% equity participation.

For SHAH & CO.,  
Chartered Accountants  
FRN: 109430W

**H. N. SHAH**  
Partner  
M. No. 8152

Mumbai: 22<sup>nd</sup> September, 2010

# **CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule Nos	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>	1			
a) Capital		4,633.24		2,816.95
b) Reserves and Surplus		4,197.78		4,701.13
c) Capital Reserve on Consolidation		14.83		139.30
			8,845.85	7,657.38
<b>2. Loan Funds</b>	2			
a) Secured		16,001.89		17,823.92
b) Unsecured		9,755.92		9,826.55
			25,757.81	27,650.47
<b>3. Minority Interest</b>			201.80	306.23
<b>4. Deferred Tax Liability</b>			131.85	170.50
(includes amount acquired on acquisition)				
<b>TOTAL</b>			<b>34,937.31</b>	<b>35,784.58</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	3			
a) Gross Block		36,305.12		31,177.69
Less : Depreciation		10,829.60		9,251.21
Net Block		25,475.52		21,926.48
b) Capital Work In Progress		151.69		381.89
			25,627.21	22,308.37
<b>2. Investments</b>	4		1.72	1.72
<b>3. Current Assets, Loans and Advances</b>	5			
a) Inventories		6,353.60		7,339.34
b) Sundry Debtors		4,733.45		6,317.44
c) Cash and Bank Balances		249.78		369.82
d) Loans and Advances		3,569.46		3,906.79
		14,906.29		17,933.39
Less : Current Liabilities and Provisions	6	8,163.13		8,250.36
Net Current Assets			6,743.16	9,683.03
<b>4. Debit Balance of Profit &amp; Loss Account</b>			2,565.22	3,791.46
(Net of General Reserve Adjustment)				
<b>TOTAL</b>			<b>34,937.31</b>	<b>35,784.58</b>
Accounting Policies	14			
Notes to the Accounts	15			

As per our report of even date.

For and on behalf of  
SHAH & CO.  
Chartered Accountants

H. N. SHAH  
Partner  
Membership No. 8152

Mumbai : 22<sup>nd</sup> September, 2010

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

Mr. R. K. Rewari

Mr. Mahesh S. Gupta

Mr. Aditya Mangaldas

Mr. Pradipta Mohapatra

Mr. Ranjan Sanghi

Mr. Shobhan Thakore

Mr. S. C. Kashimpuria

Mr. Hareesh Vala

Chairperson

Executive Vice Chairman

CEO & Executive Director

Director

Director

Director

Director

Director

Head - Finance & Accounts

Company Secretary



## CONSOLIDATED PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	Schedule Nos	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>INCOME</b>				
Income from Operations			32,948.51	32,992.06
Less : Excise Duty			295.67	214.67
Net Income from Operations (net)			32,652.84	32,777.39
Other Income	7		121.47	36.89
Increase / (Decrease) in WIP & Finished Goods	8		1,237.37	(26.26)
<b>Total Income</b>			<b>34,011.68</b>	<b>32,788.02</b>
<b>EXPENDITURE</b>				
Materials Consumed	9	12,250.64		11,752.58
Manufacturing & Other Expenses	10	9,908.24		8,935.03
Employment Cost	11	4,331.91		5,033.64
Administrative, Selling & Other Expenses	12	3,991.49		4,740.22
Forex Loss / (Gain)		(230.94)		2,831.17
Interest	13	2,865.52		2,693.38
<b>Total Expenditure</b>			<b>33,116.86</b>	<b>35,986.02</b>
Profit / (Loss) Before Depreciation & Tax			894.82	(3,198.00)
Less: Depreciation			1,610.10	1,562.46
<b>Profit / (Loss) Before Tax</b>			<b>(715.28)</b>	<b>(4,760.46)</b>
Less: Provision for Tax (Including MAT)			4.38	16.28
Less: Fringe Benefit Tax			0.00	41.80
Less: Income Tax & Fringe Benefit Tax- Earlier Years			26.24	3.31
Less: Deferred Tax Adjustment			(64.47)	(56.01)
Add: MAT Credit Entitlement			(4.38)	(0.35)
Less : Provision for Tax for Earlier years			—	0.25
Profit / (Loss) After Tax			(677.05)	(4,765.74)
Prior Period items			(2.45)	0.44
Add / (Less) : Share of Minority Interest			57.20	242.25
Consolidated Profit / (Loss) after Prior Period items & Minority Interest			(617.40)	(4,523.93)
Profit brought forward from previous year			(5,297.88)	(773.95)
Profit / (Loss) carried to the Balance Sheet			(5,915.28)	(5,297.88)
Earning Per Equity Share (Rs.) (Face value Rs.10/- each) (Refer Sr.No. 16 of Schedule 15)			(2.60)	(25.22)
Accounting Policies	14			
Notes to the Accounts	15			
As per our report of even date.		Ms. Urvi A. Piramal	Chairperson	
For and on behalf of		Mr. Harshvardhan A. Piramal	Executive Vice Chairman	
SHAH & CO.		Mr. R. K. Rewari	CEO & Executive Director	
Chartered Accountants		Mr. Mahesh S. Gupta	Director	
		Mr. Aditya Mangaldas	Director	
H. N. SHAH		Mr. Pradipta Mohapatra	Director	
Partner		Mr. Ranjan Sanghi	Director	
Membership No. 8152		Mr. Shobhan Thakore	Director	
		Mr. S. C. Kashimpuria	Head - Finance & Accounts	
Mumbai : 22 <sup>nd</sup> September, 2010		Mr. Haresh Vala	Company Secretary	

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 1 :</b>			
<b>A) Share Capital</b>			
<b>Authorised :</b>			
4,30,00,000 (Previous Year 4,30,00,000) Equity Shares of Rs. 10/- each		4,300.00	4,300.00
10,00,000 5% Redeemable Cumulative Non-Convertible 1st preference Shares of Rs. 100/- each		1,000.00	1,000.00
		<u>5,300.00</u>	<u>5,300.00</u>
<b>Issued, Subscribed and Paid-up:</b>			
3,63,32,349 (Previous Year 1,81,69,463) Equity Shares of Rs. 10/- each fully paid up 1,81,62,886 Equity Shares of Rs. 10/- each fully paid issued to Existing shareholders on Rights basis (Does not include the 6577 Equity shares kept in abeyance) (Refer Note 14 of Schedule 15)		3,633.24	1,816.95
10,00,000 5% (Previous year 10,00,000) Redeemable Cumulative Non-convertible preference Shares of Rs. 100/- each (Redeemable anytime between 15 <sup>th</sup> November 2014 to 15 <sup>th</sup> November 2019 at the option of the Company)		1,000.00	1,000.00
		<u>4,633.24</u>	<u>2,816.95</u>
<b>B) Reserves and Surplus</b>			
<b>1. General Reserve</b>			
- Opening balance	1,506.42		1,506.42
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)	1,843.64		
Less : Deducted from Profit & Loss Account per contra	<u>3,350.06</u>		<u>1,506.42</u>
		—	—
<b>2. Share Premium Account</b>			
- Opening Balance	4,662.80		4,662.80
Add : Received during the year	908.14		—
Less : Rights issue expenses	98.18		—
Less: Adjusted on consolidation as per Scheme of Amalgamation (Refer Note 3 of Schedule 15)	<u>1,309.00</u>		<u>—</u>
		4,163.76	4,662.80
<b>3. Foreign Exchange Reserve</b>			
Opening Balance	38.33		(2.44)
Adjustment for the year	<u>(4.31)</u>		<u>40.77</u>
		34.02	38.33
		<u>4,197.78</u>	<u>4,701.13</u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 2 : LOAN FUNDS</b>			
<b>A) Secured Loans</b>			
<b>Term Loan from Bank</b>		7,873.09	9,299.45
- Secured by a paripassu charge on the movable assets including its moveable plant and machinery, spare, tools and accessories secured by a paripassu equitable mortgage on company's immovable properties at Butibori, Nagpur in respect of Rs. 5,594.12 lacs. (Previous year Rs. 6,644.14 lacs)			
- Secured by first and exclusive charge on the present and future movable and immovable fixed assets of the Company in respect of Rs. 1,944.72 lacs (Previous year Rs. 2,246.26 lacs)			
- Secured against hypothecation of assets, stocks, book debts, vehicles and personal guarantee by directors in respect of Rs. 334.25 lacs - (Previous year Rs. 409.05 lacs)			
<b>Term Loan from Institution</b>		62.50	125.00
(Secured by way of Equitable Mortgage on Company's Immovable Properties at Butibori, Nagpur and by a charge created on Co's moveable assets including its moveable plant and Machinery spares, tools and accessories and other movables, both present and future, subject to prior charge of Company's Bankers )			
<b>Cash Credit / Packing Credit from Banks</b>		8,066.30	8,399.47
(Secured by way of hypothecation of Current Assets of the Co. viz., Raw Materials, Stock- In - Process, Finished Goods, consumables stock and spares, book debts and other moveable both present and future and secured by paripassu second charge created on Co's moveable assets including its moveable plant and machinery, spares, tools and accessories and other moveable, both present and future)			
<b>TOTAL</b>		<b>16,001.89</b>	<b>17,823.92</b>
<b>B) Unsecured Loans:</b>			
Bodies Corporate		9,476.00	9,495.88
Director		27.53	27.00
Banks		3.88	106.94
Others		248.51	196.73
<b>TOTAL</b>		<b>9,755.92</b>	<b>9,826.55</b>



# **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

## **SCHEDULE - 3 : FIXED ASSETS**

Particulars	Gross Block						Depreciation			Net Block	
	Bal as on 01.04.2009	Additions	Deductions	Exchange Rate Difference	Bal as on 31.03.2010	Bal as on 01.04.2009	For the Year	Deduction/ Adjustment	Exchange Rate Difference	Bal as on 31.03.2010	Bal as on 31.03.2009
<b><u>TANGIBLE ASSETS</u></b>											
Goodwill	1,997.82	—	1,715.65	(4.60)	277.57	28.90	15.00	—	(0.57)	234.24	1,968.92
Land - Leasehold	109.69	2,487.01	—	—	2,596.70	13.09	8.30	—	—	2,575.31	96.60
Land	84.71	—	—	—	84.71	—	—	—	—	84.71	84.71
Building	4,610.22	4,047.38	—	—	8,657.60	1,241.75	244.74	—	—	7,171.11	3,368.46
Plant & Machinery	22,381.83	425.92	181.06	(1.49)	22,625.20	7,071.66	1,142.06	24.00	(0.58)	14,436.07	15,310.17
Computer	451.59	10.80	—	—	462.39	286.66	36.84	—	—	138.89	164.93
Furniture & Fixture, Office Equipments	707.92	9.17	1.41	(1.34)	714.34	341.03	64.88	—	(0.47)	308.90	366.90
Motor Vehicles	83.85	8.43	10.72	(0.12)	81.44	54.05	(0.15)	5.24	(0.05)	32.83	29.80
<b><u>INTANGIBLE ASSETS</u></b>											
Designs & Archies	277.42	—	—	—	277.42	90.37	9.27	—	—	177.78	187.05
Computer Software	385.16	56.85	—	(0.27)	441.74	91.64	77.81	—	(0.20)	272.49	293.52
Startup Costs	28.74	—	—	(0.48)	28.26	10.09	5.68	—	(0.20)	12.69	18.65
Brand +Registered Trade Mark	32.82	—	—	(0.55)	32.27	12.40	0.54	—	(0.21)	19.54	20.42
Research & Development	25.92	—	—	(0.44)	25.48	9.58	5.13	—	(0.19)	10.96	16.34
<b>TOTAL</b>	31,177.69	7,045.56	1,908.84	(9.29)	36,305.12	9,251.21	1,610.10	29.24	(2.47)	25,475.52	21,926.48
<b>Previous Year</b>	30,293.01	1,013.25	212.20	83.63	31,177.69	7,788.12	1,562.48	111.05	11.67	21,926.48	
Capital W.I.P.				—		—	—	—	—	151.69	381.89
<b>TOTAL</b>										25,627.21	22,308.37

Rs. in Lacs


**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 4 : INVESTMENTS</b>			
<b>Long Term Investments</b>			
Govt. Securities (Unquoted)		0.64	0.64
<b>Trade Investments (Unquoted)</b>			
Morarjee Goculdas Spg. & Wvg. Private Limited (Formerly - Morarjee Legler Private Limited) (2000 Equity Shares of Rs. 10/- each fully paid up)		0.01	0.01
Just Exports Private Limited (2000 Equity Shares of Rs. 100/- each)		0.98	0.98
<b>Others</b>			
Development Credit Bank Limited (1800 Equity Shares of Rs. 10/- each - Market value as of 31.03.2009 Rs. 0.58 lacs)		0.09	0.09
		<b>1.72</b>	<b>1.72</b>
<b>SCHEDULE 5 : CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>a) Inventories</b>			
Raw materials & Accessories	1,195.88		1,868.92
Work-In-Progress	2,798.63		3,057.46
Finished Goods	2,042.45		2,082.17
Consumable, Stores, Spares etc.	316.64		330.79
		<b>6,353.60</b>	<b>7,339.34</b>
<b>b) Sundry Debtors (Unsecured, considered good)</b>			
Outstanding for more than Six months	455.85		460.97
Others	4,277.60		5,856.47
		<b>4,733.45</b>	<b>6,317.44</b>
<b>c) Cash and Bank Balances</b>			
Cash in hand		45.47	64.92
Bank Balances - In current Account		110.39	184.48
- In Fixed Deposit with Banks		93.92	120.42
		<b>249.78</b>	<b>369.82</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 5 : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)</b>			
<b>d) Loans and Advances (Unsecured and considered good)</b>			
i) Advances recoverable in cash or kind or for value to be received	1,829.94		1,869.60
ii) Deposit and other advances	627.59		802.37
iii) Advances to Staff	37.07		34.03
iv) Deposit with excise, Sales Tax authorities	801.02		931.68
v) MAT Credit Entitlement	273.84		269.11
		3,569.46	3,906.79
<b>TOTAL</b>		<b>14,906.29</b>	<b>17,933.39</b>
<b>SCHEDULE 6 : CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A) Current Liabilities</b>			
i) Acceptances		1,283.10	1,328.12
ii) Sundry Creditors			
a) Dues of macro and small enterprises	64.53		132.23
b) Others	6,277.74		6,280.62
		6,342.27	6,412.85
iii) Interest Accrued but not due		73.78	45.66
iv) Investor Education and Protection Fund *			
- Unclaimed Dividend		8.78	8.91
v) Trade Deposits		108.72	117.91
		7,816.65	7,913.45
<b>B) Provisions</b>			
Provision for Mat & Fringe Benefit Tax - (net)		83.35	80.88
Empolyees retirement benefit		263.13	256.03
		346.48	336.91
		8,163.13	8,250.36
* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2010. These amounts shall be paid to the fund as and when they become due.			



## **SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Rs. in Lacs	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 7 : OTHER INCOME</b>			
i) Insurance Claim Received		0.06	3.63
ii) Profit on Sale of Assets		0.73	3.95
iii) Miscellaneous Receipt		120.68	29.31
		<u>121.47</u>	<u>36.89</u>
 <b>SCHEDULE 8 : INCREASE / (DECREASE ) IN WORK IN PROGRESS AND FINISHED GOODS</b>			
<b>Opening Stock</b>			
Work in Progress	3,057.46		3,143.72
Finished Goods & Stock in Trade	2,091.53		2,065.62
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)			
Work in Progress	160.17		—
Finished Goods & Stock in Trade	52.74		—
		<u>5,361.90</u>	<u>5,209.34</u>
<b>Closing Stock</b>			
Work in Progress	4,141.50		3,057.46
Finished Goods & Stock in Trade	2,494.16		2,091.53
		<u>6,635.66</u>	<u>5,148.99</u>
Excise Duty (Increase) / Decrease on Finished Goods		<u>(36.39)</u>	<u>34.09</u>
Increase / (Decrease )		<u>1,237.37</u>	<u>(26.26)</u>
 <b>SCHEDULE 9 : MATERIAL CONSUMED</b>			
<b>Material Consumed</b>			
Opening Stock		1,868.92	2,023.74
Add: As per Scheme of Amalgamation (Refer Note 3 of Schedule 15)		52.57	—
Add: Purchases		11,975.33	11,597.76
Less: Closing Stock		<u>1,646.18</u>	<u>1,868.92</u>
Material Consumed		<u>12,250.64</u>	<u>11,752.58</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 10 : MANUFACTURING EXPENSES &amp; OTHER EXPENSES</b>		
Processing Charges	2,773.76	2,508.61
Dyes & Chemicals	2,590.65	2,273.08
Packing Material	270.98	211.86
Stores & Spares	405.30	396.06
Other Consumables	159.42	152.69
Repairs & Maintenance -Building	13.87	25.13
Repairs & Maintenance -Plant & Machinery	287.84	246.56
Repairs & Maintenance -Others	93.41	73.96
Power & Fuel	2,993.91	2,790.37
Rates , Taxes & Water Charges	305.86	229.29
Other Expenses	13.24	27.42
<b>TOTAL</b>	<b>9,908.24</b>	<b>8,935.03</b>
<b>SCHEDULE 11 : EMPLOYEE COST</b>		
Salaries & Wages	3,768.87	4,509.96
PF- Employers Contrn	437.35	388.89
Staff Welfare Expenses	125.69	134.79
<b>TOTAL</b>	<b>4,331.91</b>	<b>5,033.64</b>



**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
<b>SCHEDULE 12 : ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Freight Out	809.43	958.81
Insurance Charges	32.05	55.04
Legal & Profession Exp.	443.45	631.97
Rent	521.62	715.32
Telephone Expenses	80.17	91.65
Travelling	327.07	330.48
Marketing Service fee & Commission	431.66	468.71
Directors Remuneration	62.39	92.77
Audit Fees, Certification & Out of Pocket Exps.	15.99	25.83
Loss on Sale of Assets	5.15	5.79
Miscellaneous Expenses	1,262.51	1,363.85
<b>TOTAL</b>	<b>3,991.49</b>	<b>4,740.22</b>
<b>SCHEDULE 13 : INTEREST</b>		
Interest on Term Loan	630.74	777.50
Others	2,262.46	1,951.02
Total	2,893.20	2,728.52
Less : Interest Income	27.68	35.14
<b>TOTAL</b>	<b>2,865.52</b>	<b>2,693.38</b>

## **SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

### **SCHEDULE - 14 : ACCOUNTING POLICIES**

#### **1. Basis of preparation of financial statement**

##### **(a) Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

##### **(b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements.

#### **2. Fixed Assets**

All the fixed assets are stated at historical cost. In respect of Assets acquired under new project/ expansion/ restructuring, interest cost on borrowings and other related expenses during trial runs and upto satisfactory commencement of commercial production have been capitalised to Plant & Machinery and any subsidy given for a specific asset is reduced from cost. The Accounting Standard -10 of the Institute of Chartered Accountants of India has been compiled with in this respect.

#### **3. Depreciation**

Depreciation has been provided on straight line method on all fixed assets except Leasehold land at the rates specified in Schedule XIV to the Companies Act, 1956. Premium on lease hold land is amortised over the period of lease. Intangible assets are amortised over their estimated useful life.

#### **4. Lease Accounting**

Lease rentals on assets taken on lease are recognized as expense in the statement of profit and loss account on an accrual basis over the lease term.

#### **5. Inventory**

- a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded goods and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.
- b) In determining cost of raw materials, packing materials, traded goods, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- c) Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

#### **6. Investments**

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of the management. Short term investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.





Profit and loss on sale of investments are determined on a first in first out (FIFO) basis.

## **7. Revenue Recognition**

Revenue is recognized only when there is no significant uncertainty as to the measurability / collectability of amount.

## **8. Transactions in Foreign Exchange**

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 Profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss account.

The premium or discount on forward exchange contracts are recognized over the period of the contracts in the profit and loss account.

## **9. Translation of foreign Currency Statements**

In translation the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rate prevailing at the balance sheet date of respective subsidiaries and income and expense items are translated at the average rates of exchange for the year. The resulting exchange differences are classified as foreign currency translation reserve.

## **10. Research and Development**

The Revenue Expenditure on Research and Development is charged to Profit & Loss account.

## **11. Voluntary Retirement Scheme**

In case of subsidiary compensation paid on voluntary retirement scheme has been deferred and one half has been charged to Profit and Loss account.

## **12. Employee Benefits**

### **(i) Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### **(ii) Post-Employment Benefits:**

#### **(a) Defined contribution plans**

Defined contribution plans are, Government administered Provident Fund Scheme and Government administered Pension Fund Scheme for all employees and Superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognized in the profit and loss account in the financial year to which they relate.

The interest to the beneficiaries every year is being notified by the Government.

#### **(b) Defined benefit plans**

##### **(i) Defined benefit gratuity plan**

The Company operates a defined benefit gratuity plan for employees.

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognized immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested.

The defined benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the unrecognized past service cost plus the present value of available refunds and reductions in future contributions to the plan.

(iii) Other long term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit Method with actuarial valuations being carried out at each balance sheet date

**13. Goodwill**

Goodwill is written off over a period of ten years.

**14. Provision for Taxation**

Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax (computed in accordance with the relevant provisions of the Income tax Act, 1961).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date to reassess realisation.

**15. Provisions and Contingencies**

The company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**16. Earnings per share**

The basic and diluted earnings per share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

**17. Proposed Dividend**

Dividend if any recommended by the Board of Directors is provided for in the accounts, pending approval at the Annual General Meeting



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

### SCHEDULE - 15 : NOTES FORMING PART OF THE ACCOUNTS

#### 1. a) Contingent Liability not provided for in respect of

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
i. Bank Guarantees	357.94	447.30
ii. Corporate Guarantee	—	5,450.00
iii. Contingent Liability for bill discounted	183.46	433.72
iv. Dividend on Redeemable Cumulative Non Convertible Preference shares together with dividend Tax	175.50	117.00

b) Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. Nil lacs. (Previous year Rs. 159.95 lac)

c) The Excise Department and Income Tax Department has raised a claim on the Company for Rs. 2,511.82 Lacs and Rs. 167.75 (Previous year Rs. 1,663.24 lacs and Rs. Nil lacs) respectively. The Company has disputed the same with the appropriate authority.

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
	476.87	578.27

#### 2. Open Letters of credit

3. The Hon'ble High Court of Karnataka at Bangalore vide its order dated 27<sup>th</sup> August, 2010 sanctioned the Scheme of Amalgamation of Integra Apparels & Textiles Ltd. (Integra) a 100% subsidiary of the Company engaged in the business of manufacturing of Garment, with the Company as per the provisions of Section 391 to 394 of the Companies Act, 1956. Since Integra was a 100% subsidiary company, no shares were issued pursuant to the Scheme of Amalgamation.

The Appointed Date of Schemes of Amalgamation was 1<sup>st</sup> January 2010, being the date on which the entire business including all assets and liabilities of Integra has been transferred to the Company. Hence, the financial statement of Integra is consolidated with that of the Company for the 9 months period ending 31<sup>st</sup> December, 2009.

#### 4 Auditor's Remuneration

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
Audit Fees	10.74	19.77
Tax Audit Fees	1.77	3.16
Certification fees	3.40	2.75
Out of Pocket Expenses	0.08	0.15
Total	15.99	25.83

5. The Parent company and one of the subsidiary company has taken vehicles on an operating lease basis for a period of 48 & 60 months. The lease rentals are payable on monthly instalments by the Company.

#### Future minimum lease rentals payable as per the lease agreements:

	31.03.2010 Rs. in Lacs	31.03.2009 Rs. in Lacs
a) Not later than one year	45.96	61.45
b) Later than one year but not later than five years	35.02	63.86
c) Later than five years	—	—
Total	80.98	125.31

Lease payment recognised in Profit & Loss Account for the year is Rs. 60.80 lacs. (Previous year Rs. 70.36 lacs)

6. One of the subsidiary company has commenced commercial production in respect of additional 6 lines during the previous year and has capitalised following expenses to plant & machinery as pre-operative expenses. As required by Accounting standard 16 on borrowing cost as issued by ICAI interest amounting to Nil (Previous Year Rs. 38.94 lacs) also has been capitalised.

	<b>31.03.2010</b>	31.03.2009
	<b>Rs. in Lacs</b>	Rs. in Lacs
Salary & wages	—	79.68
Other exp.	—	41.79
Power & Fuel	—	12.39
	—	133.86

7. The group recognises deferred tax arising on account of timing differences being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent periods in compliance with the applicable accounting standards. The major components of deferred tax assets / (liabilities) arising on account of timing differences as at 31st March, 2010 are as follows except in case of parent company where deferred tax assets has not been provided in the books of accounts due to virtual uncertainty of realisation of such assets.

	Rs. in lacs
Particulars	<b>As at 31.03.10</b>
Deferred Tax Assets / (Liabilities)	<b>(275.32)</b>
Accumulated losses as per IT Act 1961	<b>143.47</b>
Liability As on 31.03.2010	<b>(131.85)</b>

8. As required under accounting standard (AS 27) - Financial Reporting of interest in Joint Venture, the audited financial statement of Just Textiles Limited, (hereinafter referred to as JV), is between the parent company and Mr. Pradeep Modi and others have been consolidated using proportionate consolidation method.

- The financial year of the JV is April 09 to March 10 for the consolidation purpose. The parent company share of each of the assets, liabilities, income and expenses of JV have been included in the consolidated financial statement.
- the parent company's share of capital commitments in the JV as at 31<sup>st</sup> March 2010 is Rs. Nil
- The parent company's share of contingent liabilities of the JV as at 31<sup>st</sup> March 2010 is Rs. Nil
- No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March 2010 in relation to the parent company's interest in the JV along with the other venturer.

As required under accounting standard (AS 27) - Financial Reporting of interest in Joint Venture, the audited financial statement Morarjee Castiglioni (India) Private Limited, (hereinafter referred to as JV), is between the parent company and Manifattura Castiglioni S.P.A. have been consolidated using proportionate consolidation method.

- The financial year of the JV is April 09 to March 10 for the consolidation purpose. The parent company share of each of the assets, liabilities, income and expenses of JV have been included in the consolidated financial statement.



- the parent company's share of capital commitments in the JV as at 31<sup>st</sup> March, 2010 is Rs Nil (Previous year Nil)
- The parent company's share of contingent liabilities of the JV as at 31<sup>st</sup> March, 2010 is Rs Nil (Previous year Nil)
- No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2010 in relation to the parent company's interests in the JV along with the other venturer. (Previous year Nil)

9. The Company is engaged in manufacture of textile products which is considered as the only reportable business segment.

#### 10. Details of Subsidiary, Joint Venture

	Nature	Country of Incorporation	% of Voting Power
Morarjee International s.r.l.	Subsidiary	Italy	100%
Just Textiles Limited - Joint Venture	Joint Venture	India	49%
Morarjee Castiglioni (I) Private Limited - Joint Venture	Joint Venture	India	50%
Mens Club s.p.a. *	Subsidiary	Italy	67%

#### 11. Principles of Consolidation:-

- a) The Consolidated Financial statements are based on the audited financial statements of the subsidiary for the year ended 31<sup>st</sup> March, 2010 except for Mens Club which is for the period Jan 2009 to December, 2009 . No significant transactions have occurred after the Balance Sheet date of subsidiaries.
- b) The Financial statements of the Company and its subsidiary have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group balances and transactions have been eliminated on consolidation.
- c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's financial statements.
- d) The goodwill / capital reserve on consolidation has been recognised in the consolidated financial statement.
- e) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately.

#### 12. Employee Benefits:

Short term employee benefits:

The liability towards short term employee benefits for the year ended 31<sup>st</sup> march, 2010 has been recognised in the Profit and Loss Account.

Post - employment benefits:

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	Unfunded 31.03.2010		Unfunded 31.03.2009	
	Gratuity	Leave	Gratuity	Leave
	Rs. in Lacs	Encashment Rs. in Lacs	Rs. in Lacs	Encashment Rs. in Lacs
<u>Amount Recognised in Balance sheet</u>				
Present Value of Unfunded Obligations	176.61	86.50	169.00	87.03
Unrecognised Past Service Cost	—	—	—	—
Amount not recognised as as Asset, because of the limit in Para 59(b)	—	—	—	—
<u>Amount in Balance Sheet</u>				
Liability	176.61	86.50	169.00	87.03
Assets	—	—	—	—
<u>Net Liability</u>	<u>176.61</u>	<u>86.50</u>	<u>169.00</u>	<u>87.03</u>
<u>Expense Recognised in the Statement of Profit &amp; Loss</u>				
Opening Defined Benefit Obligation less benefits Paid	—	—	—	—
Current Service Cost	40.06	24.83	33.45	27.78
Interest Cost on Defined Benefit Obligation	14.12	6.35	13.41	7.19
Expected Return on Plan Assets	—	—	—	—
Net Actuarial Losses / (Gains) Recognised in Year	6.42	19.69	(27.74)	(0.34)
Past Service Cost	—	—	—	—
Effect of the limit in Para 59(a)	—	—	—	—
Losses/(Gains) on "Curtailements and Settlements"	—	—	—	—
Total Included in "Employee Benefit Expense"	<u>60.60</u>	<u>50.87</u>	<u>19.12</u>	<u>34.63</u>
<u>Change in Define Benefit Obligation</u>				
Opening Defined Benefit Obligation as at 01.04.2009	171.17	76.96	160.10	97.39
Current Service Cost	40.06	24.83	33.45	27.78
Interest Cost	14.12	6.35	13.41	7.19
Actuarial Losses / (Gain)	6.42	19.69	(27.74)	(0.34)
Liabilities Extinguished on Curtailment	—	—	—	—
Liabilities Extinguished on Settlements	—	—	—	—
Liabilities Assumed on Acquisition	—	—	—	—
Exchange Difference on Foreign Plans	—	—	—	—
Benefits Paid	(55.16)	(41.33)	(10.22)	(44.99)
Closing Defined Benefit Obligation as at 31.03.2010	<u>176.61</u>	<u>86.50</u>	<u>169.00</u>	<u>87.03</u>

Note:

1. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.



2. Comparative values of defined benefit plans for the past four financial years as required by As-15 (Revised) are not provided, being the March 2008 first year of adoption of the standard.
13. Till date no options under the Employees Stock Option Plan has been exercised by any of the eligible employees. Considering the present market price of the Equity Share of the company it is unlikely that the options will be exercised in future also and accordingly the options granted under the Plan are not treated as potential equity shares as defined in Accounting Standard -20 "Earning Per Share" and thus no impact of dilution on EPS is considered.
14. During the year ended 31.3.2010, the company raised Rs. 2724.43 lacs by issue of 1,81,62,886 fully paid equity shares of Rs.10/- each at a premium of Rs. 5% per equity share to the existing equity shareholders on rights basis. Post this issue the Company's share capital has increased to Rs. 3633.24 lacs.  
The net proceeds from the Rights issue of equity shares of the company after meeting issue expenses, have been used for repayment of debt
15. As required by Accounting Standard - AS 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows:

List of Related Parties with whom transactions have taken place during the year and outstanding as on 31.03.2010

Enterprises over which Directors/Key Management personal exercise of significant influence

Peninsula Land Limited

Just Exports Private Limited

Morarjee Goculdas Spg. & Wvg. Private Limited

(Formerly - Morarjee Legler Private Limited)

Ashok Piramal Management Corporation Limited

Peninsula Facility Management Services Limited

#### **Key Management Personnel**

Mr. Harshvardhan A. Piramal

Mr. P. K. Gothi (upto 31.12.09)

Mr. R. K. Rewari (from 02.02.10)

Mr. R. Krishnakumar (upto 26.02.10)

Mr. Pradeep Modi

Ms. Rita Batra

Ms. Neha Modi

#### **Relatives of Key Management Personnel**

Mrs. Jayashree Krishnakumar (upto 26.02.10)



**Details of Transactions are as follows:**

	<b>31.03.2010 (Rs. in Lacs)</b>	<b>31.03.2009 (Rs. in Lacs)</b>
<b>Purchase and other Services from related parties</b>		
<b>Enterprises over which Directors/Key Management personal exercise of significant influence</b>		
Ashok Piramal Management Corporation Limited	<b>54.60</b>	68.69
Peninsula Facility Management Services Limited	<b>36.82</b>	44.16
<b>Remuneration / Sitting Fees</b>		
<b>Key Management Personnel</b>		
Mr. Harshvardhan A. Piramal	<b>25.25</b>	50.50
Mr. P. K. Gothi (upto 31.12.09)	<b>35.66</b>	47.55
Mr. R. K. Rewari (from 02.02.2010)	<b>8.56</b>	—
Mr. R. Krishnakumar (upto 26.02.10)	<b>30.87</b>	33.68
Mr. Pradeep Modi	<b>12.27</b>	8.82
Ms. Rita Batra	<b>2.56</b>	2.45
Ms. Neha Modi	<b>3.47</b>	1.86
- Sitting Fees & commission	<b>3.20</b>	4.80
<b>Rent Paid</b>		
<b>Enterprises over which Directors/Key Management personal exercise of significant influence</b>		
Peninsula Land Limited	<b>111.67</b>	111.67
<b>Relatives of Key Management Personnel</b>		
Mrs. Jayashree Krishnakumar (upto 26.02.10)	<b>13.75</b>	15.00
<b>Loan Received from Enterprises over which Directors/Key Management personal exercise of significant influence</b>		
Just Exports Private Limited	<b>18.78</b>	10.29
<b>Outstanding balance</b>		
<b>Due to Enterprises over which Directors/Key Management personal exercise of significant influence</b>		
Peninsula Land Limited	<b>16.62</b>	218.25
Ashok Piramal Management Corporation Limited	<b>10.40</b>	10.42
Just Exports Private Limited	<b>55.46</b>	36.67
<b>Peninsula Facility Management Services Limited</b>	<b>—</b>	49.14



# 16. Earnings Per Share (Basic / Diluted)

(After Prior Period and Exceptional items)

	Rs. in Lacs	31.03.2010 Rs. in Lacs	Rs. in Lacs	31.03.2009 Rs. in Lacs
Profit / (Loss) after Tax (Rs in lacs)	(617.40)		(4,765.73)	
Add : Share of Minority interest adjusted	—		242.25	
Less : Prior Period Expenses	—		0.44	
Less : Preference Share dividend & tax thereon	58.50	(675.90)	58.50	(4,582.42)
Number of Shares (weighted average basis)		25981992		18169463
Earnings Per Share (Rs)		(2.60)		(25.22)
<b>Earnings Per Share (Basic / Diluted)</b>				
(Before Prior Period and Exceptional items)				
Profit / (Loss) after Tax (Rs in lacs)	(617.40)		(4,765.73)	
Add : Share of Minority interest adjusted	—		242.25	
Less : Preference Share dividend & taxes thereon	58.50	(675.90)	58.50	(4,581.98)
Number of Shares (weighted average basis)		25981992		18169463
Earnings Per Share (Rs.)		(2.60)		(25.22)

17 Previous year's figures have been regrouped wherever necessary.

As per our report of even date.

For and on behalf of  
SHAH & CO.

Chartered Accountants

H. N. SHAH

Partner

Membership No. 8152

Mumbai : 22<sup>nd</sup> September, 2010

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

Mr. R. K. Rewari

Mr. Mahesh S. Gupta

Mr. Aditya Mangaldas

Mr. Pradipta Mohapatra

Mr. Ranjan Sanghi

Mr. Shobhan Thakore

Mr. S. C. Kashimpuria

Mr. Haresh Vala

Chairperson

Executive Vice Chairman

CEO & Executive Director

Director

Director

Director

Director

Director

Head - Finance & Accounts

Company Secretary

**INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES AS ON /  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

Rs. in Lacs		
Particulars	Morarjee International srl	Mens Club S.P.A.
Capital	5.61	1,162.40
Reserve & Surplus	(266.81)	(521.94)
Total Assets	40.26	921.86
Total Liabilities	301.46	281.40
Investment	—	—
Turnover	63.10	710.86
Profit / (Loss) Before Taxation	30.08	(173.34)
Provision for Taxation	—	—
Profit / (Loss) After Taxation	30.08	(173.34)
Proposed Dividend	—	—



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	31.03.2010	31.03.2009
Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) for the year	(677.05)	(4,765.74)
Provision for Tax (MAT/FBT)	(38.23)	5.28
Depreciation	1,610.10	1,562.46
Interest Paid	2,893.20	2,728.52
Foreign Exchange Reserve on consolidation	(4.31)	40.77
Interest Income	(27.68)	(35.14)
Adjustment on consolidation	(34.98)	(21.40)
Prior Period Expenses	2.45	(0.44)
(Profit) / Loss on Sale of Assets (net)	4.42	1.84
	<b>4,404.97</b>	<b>4,281.89</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>3,727.92</b>	<b>(483.85)</b>
Adjustments for Changes in Working Capital		
(Increase)/ Decrease in Trade and Other Receivables	523.64	(617.46)
(Increase) /Decrease in Inventories	(993.66)	337.90
Increase/(Decrease) in Trade Payables	(709.75)	1,531.90
	<b>(1,179.77)</b>	<b>1,252.34</b>
Cash From Operating Activities	<b>2,548.15</b>	<b>768.49</b>
Less: Income Tax Paid (MAT/FBT)	<b>28.50</b>	<b>25.39</b>
Net Cash From Operating Activities	<b>(A) 2,519.65</b>	<b>743.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(589.76)	(960.02)
Sale of Fixed Assets	53.88	99.31
Interest Income	27.68	35.14
	<b>(B) (508.20)</b>	<b>(825.57)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(0.00)	95.80
Repayment of Long Term Borrowings	(1,488.86)	(433.43)
Proceeds from Rights Issue	2,626.25	
Increase/ (Decrease) in Short term Borrowings	(403.80)	2,658.25
Interest Paid	(2,865.08)	(2,769.85)
Net Cash Used in Financing Activities	<b>(C) (2,131.49)</b>	<b>(449.23)</b>
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	<b>(120.04)</b>	<b>(531.70)</b>
Cash and Cash Equivalents at the beginning of the year	<b>369.82</b>	<b>901.52</b>
Cash and Cash Equivalents at the end of the year	<b>249.78</b>	<b>369.82</b>

As per our report of even date.

For and on behalf of  
**SHAH & CO.**  
*Chartered Accountants*

H. N. SHAH  
 Partner  
 Membership No. 8152

Mumbai : 22<sup>nd</sup> September, 2010

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal  
 Mr. R. K. Rewari  
 Mr. Mahesh S. Gupta  
 Mr. Aditya Mangaldas  
 Mr. Pradipta Mohapatra  
 Mr. Ranjan Sanghi  
 Mr. Shobhan Thakore  
 Mr. S. C. Kashimpuria  
 Mr. Haresh Vala

*Chairperson*

*Executive Vice Chairman*  
*CEO & Executive Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Head - Finance & Accounts*  
*Company Secretary*

## FINANCIAL HIGHLIGHTS

Rs. in Lacs

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
<b>PROFIT &amp; LOSS ACCOUNT</b>					
Total Income	<b>26,192.22</b>	19,938.44	17,765.96	22,004.41	17,400.43
Profit / (Loss) Before Depreciation, Interest & Tax	<b>3,163.14</b>	(95.69)	246.82	2,762.01	2,507.40
Interest	<b>2,297.61</b>	2,045.18	1,490.34	968.19	619.29
Cash Profit / (Loss)	<b>865.53</b>	(2,140.87)	(1,243.52)	1,793.82	1,888.11
Depreciation	<b>1,233.97</b>	1,050.96	1,009.69	926.74	807.33
Profit / (Loss) Before Tax & Exceptional items	<b>(368.44)</b>	(3,191.83)	(2,253.21)	867.08	1,080.78
Exceptional item	<b>—</b>	587.25	—	—	—
Profit / (Loss) Before Tax	<b>(368.44)</b>	(3,779.08)	(2,253.21)	867.08	1,080.78
Provision for Tax	<b>6.64</b>	28.10	20.91	25.07	35.74
Profit / (Loss) after Tax	<b>(375.08)</b>	(3,807.18)	(2,274.12)	842.01	1,045.04
Earnings per share (Rs.)	<b>(1.67)</b>	(21.28)	(12.84)	5.78	9.52
Equity Dividend (%)	<b>—</b>	—	—	15%	25%
Book Value per share (Rs.)	<b>16.02</b>	16.34	37.29	49.81	43.32



# MORARJEE TEXTILES LTD.

**Regd. Office:**

Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

**Share Transfer Agent:**

Freedom Registry Limited, Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area, Satpur, Nasik - 422 007.

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 15<sup>th</sup> Annual General Meeting of the Company held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, at 3.00 p.m. on Thursday, 25<sup>th</sup> November, 2010.

Name and Address of the Shareholder(s)

If Shareholder(s), please sign here

If Proxy, please mention name and sign here

Name of Proxy

Signature

### Notes :

1. Shareholder/Proxyholder, as the case may be, is requested to sign and hand over this slip at the entrance of the meeting venue.
2. Members holding physical shares are requested to advise the change of their address, if any, to Freedom Registry Limited at the above address.



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**Share Transfer Agent:**

Freedom Registry Limited, Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area, Satpur, Nasik - 422 007.

DP ID No. :	L. F. No. :
Client ID No. :	No. of shares held :

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member/members of MORARJEE TEXTILES LIMITED hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the 15<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 25<sup>th</sup> November, 2010 at 3.00 p.m. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Signature \_\_\_\_\_

Please  
affix  
15 p.  
revenue  
stamp

### Notes :

1. If you intend to appoint a proxy to attend the meeting instead of yourself, the proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.



## **MORARJEE TEXTILES LTD.**

**Registered Office :** Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.