



ASHOK
PIRAMAL
GROUP



MORARJEE TEXTILES LTD.

18th Annual Report
2012 - 2013



Winding Machine



Beam Warping



Zimmer



Loom



Laser Engraving

**BOARD OF DIRECTORS**

| | |
|-------------------------------|--------------------------------|
| Ms. Urvi A. Piramal | <i>Chairperson</i> |
| Mr. Harsh A. Piramal | <i>Executive Vice Chairman</i> |
| Mr. Mahesh S. Gupta | |
| Mr. Ranjan Sanghi | |
| Mr. Shobhan Thakore | |
| Mr. Aditya Mangaldas | |
| Mr. Pradipta Mohapatra | |

CEO & EXECUTIVE DIRECTOR**Mr. R. K. Rewari****HEAD - FINANCE & ACCOUNTS****Mr. S. C. Kashimpuria****DEPUTY COMPANY SECRETARY****Ms. Karina Vaz****STATUTORY AUDITORS****M/s. Shah & Co.**
*Chartered Accountants***BANKERS**Allahabad Bank
Export - Import Bank of India
AXIS Bank Limited
IDBI Bank Limited
Saraswat Co-op. Bank Limited**REGISTERED OFFICE**Peninsula Spenta,
Mathuradas Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.**SHARE TRANSFER AGENT****Freedom Registry Limited**
Registered OfficePlot No. 101/102, 19th Street, MIDC Area,
Satpur, Nasik - 422 007.

Email : amtrac_nsk@sancharnet.in

Mumbai Liaisoning Office104, Bayside Mall,
35, C.M.M. Malviya Marg,
Tardeo Road, Haji Ali,
Mumbai 400 034.**CONTENTS**

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18th Annual General Meeting of the Company will be held on **Wednesday, 14th August 2013**, at 11.00 a.m. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai - 400 001.

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of Morarjee Textiles Limited will be held on Wednesday, 14th August, 2013, at 11.00 a.m. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai-400 001 to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on preference and equity shares of the Company.
3. To appoint a Director in place of Ms. Urvi A. Piramal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Ranjan Sanghi, who retires by rotation and is eligible for re-appointment.
5. 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:

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 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (‘the Act’) (including any statutory modifications or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, Mr. Harshvardhan A. Piramal be and is hereby appointed as Executive Vice Chairman for a period of 5 (five) years with effect from 1st April, 2013 upon the terms and conditions including payment of remuneration, perquisites and benefits as under with the liberty and powers to the Board of Directors (including its Committee

appointed for the purpose) (“the Board”) to grant increment/s and alter and vary from time to time, the amount and type of perquisites payable to Mr. Harshvardhan A. Piramal within the limits specified in Schedule XIII of the Act or any amendments thereto and subject to the approval of the Central Government, if and to the extent required :

a) Salary

Basic Salary: In the scale of ₹ 11,00,000/- to ₹ 18,00,000/- per month

*With authority to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall also include any Committee thereof) to grant suitable increment within the aforesaid salary range.

b) Perquisites

- Reimbursement of Leave Travel Expenses once in a year for self and family as per the rules of the Company.
- Reimbursement of Medical Expenses including hospitalisation for self and family as per the rules of the Company.
- Insurance Premium for medical and hospitalization policy for self and family, as per the rules of the Company.
- Personal Accident Insurance Cover as per the rules of the Company.
- Use of Car, Telephone and Mobile phone as per the rules of the Company.
- Leave and encashment of Leave at the end of the tenure as per the rules of the Company.
- Gratuity on the basis of 15 days salary for each year of completed service as per the rules of the Company.
- Contribution to Provident Fund as per the rules of the Company.



- Contribution to Superannuation Fund or cash in lieu thereof as per the rules of the Company.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of the Executive Vice Chairman, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary with the approval of the Central Government;

RESOLVED FURTHER THAT the terms and conditions of Mr. Harshvardhan A. Piramal appointment as Executive Vice Chairman may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Act or any amendments made hereafter in this regard."

RESOLVED FURTHER THAT any one of the Directors of the Company or the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things, as may be required to be done to give effect to the aforementioned resolution"

NOTES :

- 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.
- 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.
- The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 6th August, 2013 to Wednesday, 14th August, 2013 (both days inclusive).
- Payment of Dividend as recommended by the Board of Directors, if approved at the meeting, will be made on or after 14th August, 2013 to those members whose names appear on the Company's Register of Members on 14th August, 2013 for shares held in physical form and in respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose as on 5th August, 2013. After dispatch of dividend warrants, any request for change in the bank account will not be entertained by the Company or its Share Transfer Agent.
- 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.
- 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.
- To ensure against misappropriation of dividend warrants to be mailed to you, members holding shares in physical form who have not sent their bank details are requested to provide their bank account number, name and address of the bank branch to the Company's Share Transfer Agent for incorporating the same on the dividend warrants.
- Members whose shareholding is in electronic mode are requested to inform change of address and updates of bank account details to their respective depository participants. Members are requested to utilize Electronic Clearing Service (ECS) for receiving dividends.
- 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.

10. The Ministry of Corporate Affairs ("MCA") has, taken a Green initiative in Corporate Governance by allowing Paperless Compliances by the Companies for legal validity of compliances under the Companies Act, 1956 through Electronic Mode.

Henceforth, service of documents through electronic mode would be deemed to be an accepted mode of service in accordance with Section 53 of the Companies Act, 1956, provided the Company has obtained the email address of its members for sending the notice/documents, etc. through e-mode.

The Company therefore requests its shareholders to register their e-mail address and changes therein from time to time with its Share Transfer Agent, so as to carry out this Green Drive of MCA.

11. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
12. 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.

13. 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.
14. Brief resume of the Directors seeking re-appointment and other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Annexure to the Notice.
15. Queries on accounts of the Company if any, may be sent to the Company at least 7 days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
16. Members / proxies are requested to bring the attendance slip duly filled in.

By Order of the Board

Karina Vaz

Dy. Company Secretary

Registered Office :

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

Mumbai : 28th May, 2013.



EXPLANATORY STATEMENT

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

Item No. 6

Mr. Harshvardhan A. Piramal was appointed as Executive Vice Chairman of the Company for a period of 5 years from 1st June, 2007 to 31st May, 2012. The appointment and remuneration of Mr. Harshvardhan A. Piramal as Executive Vice Chairman was approved by the shareholders at the Annual General Meeting held on 26th July, 2007. The said term of appointment expired on 31st May, 2012.

On 28th May, 2013, the Board of Directors at its meeting held on 28th May, 2013, upon the recommendation of the remuneration committee at its meeting held on 28th May, 2013 considered the appointment of Mr. Harshvardhan A. Piramal as Executive Vice Chairman of the Company, for a period of 5 years with effect from 1st April, 2013, not liable to retire by rotation, on the terms and conditions including the payment of perquisites and benefits as set out in the resolution at Item No. 6 of the accompanying Notice.

Brief resume of Mr. Harshvardhan A. Piramal, his experience and other directorships held by him is given in the Section concerning Corporate Governance in this Annual Report.

Pursuant to the provisions of the Companies Act, 1956, the aforesaid appointment and the terms of remuneration are subject to the approval of the members of the Company. The Board, therefore, recommends the resolution at Item No. 6 of the accompanying Notice for the approval of the members.

Mr. Harshvardhan A. Piramal satisfies all the conditions set out in part I of Schedule XIII of the Act for being eligible for appointment.

The draft of the agreement between the Company and Mr. Harshvardhan A. Piramal is available for inspection by the members of the Company at its Registered Office between 2.00 p.m to 5.00 p.m on any working day.

Brief particulars of Mr. Harshvardhan A. Piramal, as required under Clause 19 of the Listing Agreement is given as an Annexure to notice

Mr. Harshvardhan A. Piramal, as it concerns himself is deemed to be concerned or interested in this resolution. Ms. Urvi A. Piramal, Chairperson, being relative of Mr. Harshvardhan A. Piramal, is also deemed to be concerned or interested in the said resolution.

This may be treated as abstract of the terms and conditions of appointment as per the provisions of section 302 of the Companies Act, 1956.

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

Ms. Urvi A. Piramal

Date of Birth

19th July, 1952

Date of Appointment

1st February, 2005

Professional and Educational Qualification

B. Sc.

Advanced Management Program from Harvard Business School, USA

Excellent managerial and leadership skills Spearheading the Group in its real estate, textiles, engineering, entertainment and sports activities

Profile and Experience

Ms. Urvi Piramal oversees a professionally managed business conglomerate with business interest in real estate, infrastructure, textiles, engineering, sports and renewable energy. 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.

Ms. Piramal plays a leading role in envisioning and formulating the Group's strategies in the businesses.

Ms. Piramal has been a member of Technology and Quality Improvement Committee of IMC since its inception in 1994, and also the Chairperson of Supply Chain & Retail business (Internal Trade) Committee (04-05).

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

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 India Institute of Materials Management.

She is a Trustee of the Piramal Education Trust, Ashok G Piramal Trust and Urvi Ashok Piramal Foundation (UAPF) which has been set up for the underprivileged. Through these trusts, Mrs Piramal has initiated social projects within the Group.

UAPF operates a 25-bed maternity hospital at Bagar catering to over 30 villages in and around Bagar. The Foundation runs 6 mobile health vans at Bagar, Ankleshwar in Gujarat and Nagpur in Maharashtra, providing quality health-care at peoples' doorstep. Over 3 lakh people have benefited from this initiative.

She is on the board of Population First, an NGO working on creating awareness for the girl child.

Ms. Piramal is a wildlife enthusiast and spends her leisure time reading, listening to music and traveling extensively.

Shareholding in the Company

Ms. Urvi A. Piramal hold 49,566 equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Ashok Piramal Management Corporation Limited
- Delta Magnets Limited
- Peninsula Land Limited
- Peninsula Trustee Limited
- Pune Football Club Limited
- Peninsula Crossroads Private Limited
- Pavurotti Finance and Investments Private Limited
- Peninsula Brookfield Capital Advisors Limited
- Peninsula Holdings and Investments Private Limited
- AGP Infra Private Limited
- AGP Education and Academy Private Limited
- APG Educational Consultants Private Limited
- APG Airports Infrastructure Private Limited
- APG Constructions and Infra Private Limited
- APG Infra Projects Private Limited
- APG Infrastructure Private Limited
- APG Ports Infrastructure Private Limited
- APG Renewable Energy Private Limited
- APG Roads Infrastructure Private Limited
- APG Road and Rail Transports Private Limited
- APG Transformers and Energy Private Limited
- Ashok Piramal Enterprises Private Limited
- Bridgepoint Learning Private Limited
- Crossroads Shoppertainment Private Limited
- CAMS Learning Private Limited
- Edustar Learning Private Limited
- Goldlife Mercantile Company Private Limited
- Highpoint Agro Star Private Limited
- Jammin Recreation Private Limited
- Lifestar Hospitality Private Limited
- Miranda Few Tools Private Limited
- Morarjee Goculdas Spg & Wvg Private Limited
- Onestar Trading Company Private Limited
- Piramyd Retail and Mechandising Private Limited
- Piramal Airports Infrastructure Private Limited



- Piramal Constructions & Infra Private Limited
- Piramal Energy Private Limited
- Piramal Education and Academy Private Limited
- Piramal Infrastructure Private Limited
- Piramal Renewable Energy Private Limited
- Piramal Roads Infra Private Limited
- Piramal Transportation Private Limited
- Piramal Road & Rail Transports Private Limited
- Piramal Land Private Limited
- PMP Auto Components Private Limited
- Rockfield Trading Private Limited
- Toptech Mercantile Company Private Limited
- Peninsula Brookfield Trustee Private Limited
- Miranda Ultra Tools Private Limited

Chairman of Board Committees

Nil

Member of Board Committees

- Peninsula Land Limited (Investor Grievance Committee)

Mr. Ranjan Sanghi

Date of Birth

6th May, 1944

Date of Appointment

1st February, 2005

Professional and Educational Qualification

B. Com. (Hon.)

Law Graduate

Experience of 27 years in the Automobile sector.

Leading the trading, manufacturing and investment operations of the Sah & Sanghi Group.

Profile and Experience

Mr. Ranjan Sanghi, Independent Director of the Company is 69 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.

Shareholding in the Company

Mr. Ranjan Sanghi hold 4000 equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Bajaj Auto Finance Limited
- Borax Morarjee Limited
- HDFC Trustee Company Limited
- Kemp & Company Limited
- Suraj Sanghi Finance Limited
- Rajesh Sanghi Auto Traders Private Limited
- Sah & Sanghi Auto Agencies Private Limited
- Tyresoles Concessionaires Private Limited
- Spirax Marshall Private Limited

Chairman of Board Committees

Kemp & Company Limited (Audit Committee)

Member of Board Committees

Bajaj Auto Finance Limited (Audit Committee and Investor Grievance Committee)

HDFC Trustee Company Limited (Audit Committee)

Borax Morarjee Limited (Shareholders' / Investor Grievance Committee)

Mr. Harshvardhan A. Piramal**Date of Birth**

27th October, 1973

Date of Appointment

1st June, 2004

Professional and Educational Qualification

Bachelor of Science (Physics)

MBA in Finance and strategy, from London Business School

Profile and Experience

Mr. Harshvardhan A. Piramal, Executive Vice Chairman of the Company is 39 years of age and holds a Bachelor of Science (Physics) degree from Kings College, London. Mr. Piramal 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.

In 2004, Mr. Harshvardhan A. Piramal took over Morarjee Textiles and has taken the company from manufacturing to retail and also changed the product portfolio which opened up the global market for the company's products.

He is also the Vice Chairman of PMP Auto Components Private Limited. Under his stewardship, PMP Auto Component Private Limited acquired two European companies to scale up and internationalize its operations.

Mr. Piramal plays competitive polo at the national level and is a keen football player. He co-founded Pune Football Club. He enjoys travel and photography in his spare time.

Shareholding in the Company

Mr. Harshvardhan A. Piramal hold 16,522 equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Ashok Piramal Management Corporation Limited
- Arrow Textiles Limited
- Camphor & Allied Products Limited
- City Parks Private Limited
- HEM Infrastructure and Developers Private Limited
- Integra Garments and Textiles Limited
- Peninsula Facility Management Services Limited
- Peninsula Mega Properties Private Limited
- Pune Football Club Limited
- Peninsula Crossroads Private Limited
- Peninsula Integrated Land Developers Private Limited
- Rockfirst Real Estate Limited
- AGP Education and Academy Private Limited
- AGP Infra Private Limited
- APG Airports Infrastructure Private Limited
- APG Constructions and Infra Private Limited
- APG Educational Consultants Private Limited
- APG Infra Projects Private Limited
- APG Infrastructure Private Limited
- APG Ports Infrastructure Private Limited
- APG Roads Infrastructure Private Limited
- APG Renewable Energy Private Limited
- APG Road & Rail Transports Private Limited
- APG Transformers And Energy Private Limited
- Ashok Piramal Enterprises Private Limited
- Ashok Piramal Mega Properties Private Limited
- Ashok Piramal Mega- City Development Private Limited
- Ashok Piramal Township Development Private limited



- Anjoss Trading Private Limited
 - Bridgeview Real Estate Development Private Limited
 - Crossroads Shoppertainment Private Limited
 - Goldlife Mercantile Company Private Limited
 - Highpoint Agro Star Private Limited
 - Lifestar Hospitality Private Limited
 - Miranda Few Tools Private Limited
 - Miranda Ultra Tools Private Limited
 - Morarjee Castiglioni (India) Private Limited
 - Onestar Trading Company Private Limited
 - Piramal Airports Infrastructure Private Limited
 - Piramal Constructions and Infra Private Limited
 - Piramal Education and Academy Private Limited
 - Piramal Energy Private Limited
 - Piramal Infrastructure Private Limited
 - Piramal Renewable Energy Private Limited
 - Piramal Road and Rail Transports Private Limited
 - Piramal Transportation Private Limited
 - Peninsula SA Realty Private Limited
 - Peninsula Townships Development Private Limited
 - PMP Auto Components Private Limited
 - Pune Sports Club Private Limited
 - Rockfield Trading Private Limited
 - Shobla Hydro Power Private Limited
 - Toptech Mercantile Company Private Limited
- Chairman of Board Committees**
- Arrow Textiles Limited- Audit Committee
 - Camphor & Allied Products Limited - Audit Committee & Investors' Grievance Committee
- Member of Board Committees**
- NIL

DIRECTORS' REPORT

Dear Shareholders,

- The Directors present their 18th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2013.

2. Financial Results

| ₹ in lacs | | |
|-------------------------------|---|---|
| Particulars | Year ended 31 st March, 2013 | Year ended 31 st March, 2012 |
| Total Income | 36,411.59 | 29,076.50 |
| PBIDTA | 6,535.79 | 4,396.57 |
| Interest and Finance Expenses | 2,725.66 | 2,758.30 |
| Depreciation | 1,416.05 | 1,326.90 |
| Profit before tax | 2,394.08 | 311.37 |
| Provision for Tax (MAT) | 512.23 | 32.48 |
| MAT Credit Entitlement | (512.23) | (32.48) |
| Profit after Tax | 2,394.08 | 311.37 |

3. Operations Highlights - Standalone

During the year under review, the total income of the Company was ₹ 36,411.59 lacs as against ₹ 29,076.50 lacs in the previous year, an increase of 25.23 %. The year ended at a profit of ₹ 2,394.08 lacs as against profit of ₹ 311.37 lacs in the previous year.

Your Company could achieve a rise in overall profitability through a judicious mix of strategies and cost control measures.

4. Dividend

In view of the improved performance, your directors are pleased to recommend dividend on the shares of the Company, as per the details given below, for the financial year ended 31st March, 2013.

Preference Shares

| Particulars | Dividend for F.Y 2012- 2013 ₹ | Cumulative dividend up to F. Y. 2011-2012 ₹ |
|---|--|--|
| 5% Redeemable Cumulative Non-Convertible Preference Share | 50,00,000 | 2,50,00,000 |
| 9% Redeemable Cumulative Non-Convertible Preference Share (allotment date 4 th December, 2010) | 1,35,00,000 | 1,78,64,000 |

Equity Shares

The Board of Directors have recommended dividend of ₹ 1.75/- per Equity Share of ₹ 7/- each for the year ended 31st March, 2013.

The dividend will be free of tax in the hands of the shareholders.

5. Management Discussion and Analysis Report

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

6. Corporate Governance

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended together with a Certificate on Corporate Governance from M/s. Shah & Co., Chartered Accounts, and confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49.



As a part of good Corporate Governance, the Board of Directors of the Company has appointed M/s. Nilesh G. Shah, Practising Company Secretary to conduct Secretarial Audit of the Company. The Secretarial Compliance Certificate which entitles the 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 has been enclosed in the Annual Report.

7. Directors

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.

The Board of Directors has appointed Mr. Harshvardhan A. Piramal, as Executive Vice Chairman of the Company w.e.f. 1st April, 2013. As per the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 the said appointment is subject to the approval of shareholders in general meeting.

Your directors recommended the above appointment/reappointment for your approval in the ensuing Annual General Meeting.

8. 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 2013-2014.

The Company has received a confirmation from M/s. Shah & Co. to the effect that their 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.

The qualifications and observations given by the Auditor's in their report read together with notes to accounts are self-explanatory and hence do not call for any further comments under section 217 of the Companies Act, 1956.

The Company has re-appointed Ms. Phatak Paliwal & Co as Cost Auditor for conducting the cost audit for the financial year 2013-2014.

9. Particulars of Employees

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011 are required to be annexed to the Directors' Report. Having regard to the provisions of Section 219 (1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Dy. Company Secretary at the Registered Office of the Company.

10. Subsidiary Company

Morarjee International s.r.l.

Morarjee International s.r.l., the Company's 100% subsidiary continue to performs well in the highly demanding European premium fabric market.

In accordance with the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts

of the Subsidiary Company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary Company.

The Annual Report will also be displayed on our website, www.morarjeetextiles.com.

11. 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, 2013 and its profit for that year;
- c. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 1956 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 31st March, 2013 on a going concern basis.

12. Employee Stock Option Scheme

During the year under review, the Company has not granted any stock options.

13. 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.

14. Foreign Exchange earnings and outgo

During the year under review, foreign exchange earnings were ₹ 21,442.18 lacs and outgoings were ₹ 2,548.67 lacs making the Company a net foreign exchange earner with a net inflow of ₹ 18,893.51 lacs.

15. Fixed Deposits

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

16. Acknowledgements

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

By Order of the Board

Urvi A. Piramal
Chairperson

Mumbai : 28th May, 2013



ANNEXURE 'A'

FORM - "A"

Form of disclosure of particulars with respect to conservation of energy

| | Units | Current Year 31 st March, 2013 | Previous Year 31 st March, 2012 |
|--|-----------|--|---|
| A) Power & Fuel Consumption | | | |
| 1 Electricity | | | |
| a) Purchased Units | Lacs Kwhs | 425.02 | 401.97 |
| Total Cost | ₹ Lacs | 2,394.67 | 2,162.89 |
| Rate / Unit | ₹ | 5.63 | 5.38 |
| b) Own Generation | | | |
| Through Diesel Generator Units | Lacs Kwhs | 0.56 | 0.47 |
| Unit per litre of Diesel Oil | Kwhs | 2.50 | 2.23 |
| Cost / Unit (Diesel Oil Only) | ₹ | 17.04 | 18.88 |
| Total Cost of Diesel | ₹ Lacs | 9.49 | 8.83 |
| 2 Coal (slack coal for Boiler) | | | |
| Quantity | M. T. | 22,215.84 | 24,237.71 |
| Total Cost | ₹ Lacs | 1,078.25 | 1,125.50 |
| Average rate per M. T. | ₹ | 4,853.52 | 4,643.58 |
| 3 Furnace Oil | | | |
| Quantity | K. Ltrs | 58.42 | 36.35 |
| Total Amount | ₹ Lacs | 21.51 | 9.39 |
| Average rate per K. Ltr | ₹ | 36,822.00 | 25,834.00 |

B) Consumption per unit of Production.

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)

Expenditure on R&D

| | | |
|----|---|------------|
| a. | Capital expenditure | nil |
| b. | Recurring | 39.13 lacs |
| c. | Total | 39.13 lacs |
| d. | Total R&D expenditure as a percentage of total turnover | 0.11 % |

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Zimmer machine Is the latest technology rotary printing machine from Austria. It is a 8 head machine with computerized controls. It is a high precision machine capable of printing intricate designs with perfection. The addition of this machine has uplifted our ability to print very fine and difficult designs with perfection. We have added this machine to enable us to cater to high end brands in domestic as well as export market.

MANAGEMENT DISCUSSION & ANALYSIS

Global Textile Scenario

The global trade in textile and apparel is expected to reach US\$805 billion by 2015 from US\$480 billion in 2005, which is a CAGR of 5.3%. While the world textile and apparel trade map will not change dramatically, countries like Vietnam, Cambodia and Burma are expected to emerge as apparel suppliers. China, Bangladesh and India are expected to maintain their prominent roles in the textile and clothing industry over the next few years

Sluggish economic conditions and changing demographics of the US and the EU are adversely impacting the exports of countries supplying to them, such as China and India. On the other hand, domestic markets in China and India are providing new avenues of growth for textile and apparel companies from these countries.

Indian Textiles

The Indian Textile industry remains one of the largest and most significant industries in the Indian economy – it constitutes 4% of India's GDP, 14% of industrial production and approximately 17% of India's foreign exchange earnings. The sector is also a leading employment generator and it is estimated that it provides jobs to over 100 million people, either directly or indirectly.

India's cotton textile exports grew by 10% in value between April 2012 and March 2013 (though this was mainly due to the depreciating rupee). India's textile industry has the potential to grow exports to US\$80 billion and domestic trade to US\$140 billion by the end of this decade. Every major global retailer, including the likes of H&M, Zara, Wal Mart, JC Penney, Gap and Marks & Spencer, sources from India.

Despite the diversification of exports to newer geographies, the growth of Indian exports was subdued in this fiscal year. This was due to the bleak outlook for Europe in particular and the rest of the world in general. Slow pick-up in demand and lack of competitiveness has taken a heavy toll on exports. However, exports to non-traditional markets have shown an upward trend, though these will take several years to reach the volumes currently exported to the US and the EU.

Impact of FY14 Budget

The Indian textile industry had expectations from the FY14 union budget to regain its global competitiveness, which is facing a tough challenge due to volatility in cotton prices, an erratic power supply and sluggish market conditions. The budget did come up with benefits for the textile & apparel industry, though the interventions are not as strong as they could have been. Nevertheless, the tone of the proposals is positive, conveying the message that the government is seriously working towards providing support to the industry in its quest for growth.

Some important features of the budget are:

- Zero Excise duty on cotton textiles at fibre, yarn and garment stage
- Continuation of the Technology Upgradation Fund scheme
- Reduction in the base custom duty for imported textile machinery and parts from 7.5% to 5%
- Extending the optional route for central excise duty for the fibre-to-finished-goods value chain

It is hoped that these policies provide a platform for the modernisation and expansion plans that textile and apparel companies undertake so that India can meet its domestic and export targets.

Morarjee Textiles

Morarjee Textiles once again grew profit in FY13 due to a continued focus on quality and value. As it has for the past few years, the company once again beat its previous year's performance.

On standalone basis, Morarjee Textiles ended the year with a profit of ₹ 23.94 crore as against ₹ 3.11 crore in FY12. Total revenue increased by 25%, from ₹ 290.77 crore to ₹ 364.12 crore. EBIDTA stood at ₹ 65.36 crore as against ₹ 43.96 crore in FY12. EBIDTA margin increased from 15% last year to 18% in FY12, mainly due to investments in modern machinery, improved



operational efficiencies, savings in power and water cost and a strong focus on profitable products and customers.

On a consolidated basis, the year ended with a profit of ₹ 23.91 crore against a loss of ₹ 59 lakh (after Extraordinary Items) in FY12. Total revenue increased by 16% from ₹ 313.18 crore to ₹ 364.20 crore.

As a part of strategy to spread market risk, new territories and customers were added in both domestic and non-traditional international markets. The company also augmented its product basket with the production of linen, viscose and cotton-viscose.

With the acquisition of clients like H&M, S. Oliver, A&F, Triburg, Orient Craft, Next and Kohls, the average order size has gone up, leading to cost and lead time reduction.

Morarjee's culture of world-class quality is inculcated in every employee through continuous training, Lean Six Sigma projects and Quality Circles. The Company has trained 20 employees in Lean Six Sigma practice, including 2 who have Black Belt status. Employee interactions with top management are held at regular intervals through town hall meets, offsite meets and the annual day function.

Operational excellence continued to be a theme at the company. During the year, the company increased dyeing production by 40%, thereby reducing dyeing cost by 11%. A new printing machine and new looms were also commissioned at the beginning of the year.

Morarjee is a company that takes its commitment to the environment very seriously. During FY13, we reduced our carbon emissions by 19% compared to the previous year due to operational efficiencies, power saving measures, reduction of 8% in fuel consumption and investment in energy efficient devices and lighting.

Outlook

The organised textile sector made a slight recovery in FY13 compared to the previous year, riding on the strength of stabilising cotton prices. There are several

expansion plans on the anvil in the next two years as industry players attempt to reach out to new markets and boost sales.

Global cotton textile exports are projected to grow by 9% this fiscal year despite the global slowdown. Yarn exports are expected to grow at 8%, fabrics at 9% and home textiles at 10%. India has the potential to increase its textile and apparel share in the world trade from current level of 4.5% to 8% and reach \$80 billion by 2020.

The outlook for Indian cotton textile exports, though in recovery mode, is still expected to remain sluggish. India's two major export destinations, the EU and the US, continue to experience sluggish consumer spending. Meanwhile, exports to non-traditional markets have risen by 4%.

Domestically, economic growth and increasing disposable income is expected to drive a healthy demand for textiles going forward.

Volatile commodity prices, fluctuating and increasingly expensive power supply and the uncertain currency exchange rate are key challenges for the industry.

Risk Management

Risks are inherent in all businesses. The challenge for the Company is to effectively and responsibly manage and control the risks on a sustained basis to enhance returns.

Industry Risk

The demand for textiles is perennial and major fluctuations occur largely due to changes in overall economic growth and manufacturing competitiveness.

However, the business is cyclical on the supply side considering the quantum of capital investment involved in capacity expansion. This makes it necessary for the Company to incur large capital expenditure at the right time. An error in estimation, can, therefore, affect its financial health.

Risk Mitigation

Morarjee has consistently invested funds in its manufacturing plants to bring them in line with the latest technology. During the year the company invested in 24 additional looms, warping and winding machines, a laser engraving machine, a coating machine and a two-for-one twister.

The prudent capital expenditure is reflected in the enhanced market presence due to higher production and improved quality at a lower cost of production

To strengthen its competitive position further, the company is poised to incur further capital expenditure, which will enhance capacity, quality and cost competitiveness.

Raw Material Risk

The company is exposed to the vagaries of nature, with cotton being the principal raw material for fabric manufacturing.

Risk Mitigation

The Company covers its cotton requirements well in advance through the domestic and international markets. The Company also seeks out alternative cotton varieties and blends to increase its raw material basket.

Energy Risk

Apart from raw materials, electrical & thermal energy supply is the most critical factor for fabric manufacturing. A stoppage in the supply of power and fuel can bring operations to a halt and undue increments in tariffs and fuel can affect margins.

Risk Mitigation

The Company's total energy input (electrical, coal and other fuels) for the financial year FY12 was 14,086 MTOE (Metric Ton Oil Equivalent). During the year the

Company invested in energy efficient equipment & took various energy saving initiatives which translated into declining energy consumption & reduction in cost of energy. The total energy input in FY13 was 13,959 MTOE (Metric Ton Oil Equivalent) even though increase in the production.

Product Substitution Risk

Man Made Fibres are a direct substitute for cotton textiles.

Risk Mitigation

The company specialises in producing the best quality cotton fabrics, which are at par with the highest global quality standards, and has created a niche positioning with products which cater to premium customers. The company also produces high-quality printed cotton fabric for the African market and enjoys a strong brand name and reputation, thereby reducing the chance of substitution.

Financial Snapshot

During the year, the total income of the company on a standalone basis was ₹ 36,412 lakh as against ₹ 29,077 lakh in the previous year, an increase of 25.23%. There was a strong increase of EBITDA margin to 17.95% against 15.12% in the previous year. This has boosted the bottom line more than seven-fold, with the company posting a PBT of ₹ 2,394 lakh against ₹ 311 lakh in the previous year.

Standalone

₹ in Lakhs

| Particulars | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|-------------------|--------------------------|--------------------------|
| Income | 36412 | 29,077 |
| EBITDA | 6536 | 4,396 |
| % to income | 17.95% | 15.12% |
| Interest | 2726 | 2,758 |
| Depreciation | 1416 | 1,327 |
| Profit Before Tax | 2394 | 311 |



On a consolidated basis the revenue increased by 16%, from ₹ 31,318 lakh to ₹ 36,420 lakh. EBITDA improved to 17.94% in FY13 against 15.14% the previous year. PBT was ₹ 2,392 lakh in FY13 against ₹ 415 lakh (before Extraordinary Items) in the previous year.

Consolidated

₹ in Lakhs

| Particulars | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|--------------------------|--------------------------|
| Income | 36420 | 31318 |
| EBITDA | 6534 | 4740 |
| % to income | 17.94% | 15.14% |
| Interest | 2726 | 2,879 |
| Depreciation | 1416 | 1,446 |
| Profit Before Tax | 2392 | 415 |
| Provision for Tax (MAT) Net | 1 | 2 |
| Less: Extraordinary Item | 0 | 472 |
| Profit/ (Loss) After Tax but before Minority Interest | 2391 | (59) |

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.

Cautionary Statement

Statements in this Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions maybe 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

Morarjee Textiles Limited is respected in the Industry for its professional style of management and best business practices, its core values are based on integrity, emphasis on product quality and transparency in its dealings with all stakeholders. Morarjee Textiles Limited believes that good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. Through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making.

Morarjee Textiles Limited believes Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investors' confidence and commitment to the Company. Morarjee Textiles Limited is committed to adhering to good corporate governance practices to effectively meet its Statutory, Financial and Social obligations. Morarjee Textiles Limited has not only adopted practices mandated in the clause 49 of the Listing Agreement, but also incorporated some of the non- mandatory recommendations to uphold its core values of Customer Focus, Integrity, Teamwork, Passion for excellence , Accountability and Respect.

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 st March, 2013 |
|--------------------|-----------------------------|--------------------------|---|
| 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 |



| | | | |
|---|-------------------------------|-----------------|--------------|
| Non Executive Non Independent Director | Mr. Mahesh S. Gupta | Director | Nil |
| Independent Directors | Mr. Ranjan Sanghi | Director | 4,000 |
| | Mr. Shobhan Thakore | Director | Nil |
| | Mr. Aditya Mangaldas | Director | Nil |
| | Mr. Pradipta Mohapatra | Director | Nil |

2.2 Directors Profile

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

Ms. Urvi A. Piramal

The Chairperson of Ashok Piramal Group, Ms. Urvi A. Piramal is 60 years of age and oversees a professionally managed business conglomerate with business interest in real estate, infrastructure, textiles, engineering, sports and renewable energy. 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.

Ms. Piramal plays a leading role in envisioning and formulating the Group's strategies in the businesses.

Ms. Piramal has been a member of Technology and Quality Improvement Committee of IMC since its inception in 1994, and also the Chairperson of Supply Chain & Retail business (Internal Trade) Committee (04-05).

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

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 India Institute of Materials Management.

She is a Trustee of the Piramal Education Trust, Ashok G Piramal Trust and Urvi Ashok Piramal Foundation (UAPF) which has been set up for the underprivileged. Through these trusts, Ms. Piramal has initiated social projects within the Group.

UAPF operates a 25-bed maternity hospital at Bagar catering to over 30 villages in and around Bagar. The Foundation runs 6 mobile health vans at Bagar, Ankleshwar in Gujarat and Nagpur in Maharashtra, providing quality health-care at peoples' doorstep. Over 3 lakh people have benefited from this initiative.

She is on the board of Population First, an NGO working on creating awareness for the girl child.

Ms. Piramal is a wildlife enthusiast 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 39 years of age and holds a Bachelor of Science (Physics) degree from Kings College, London. Mr. Piramal 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.

In 2004, Mr. Harshvardhan A. Piramal took over Morarjee Textiles and has taken the company from manufacturing to retail and also changed the product portfolio which opened up the global market for the company's products.

He is also the Vice Chairman of PMP Auto Components Private Limited. Under his stewardship, PMP Auto Component Private Limited acquired two European companies to scale up and internationalize its operations.

Mr. Piramal plays competitive polo at the national level and is a keen football player. He co-founded Pune Football Club. He enjoys travel and photography in his spare time.

Mr. Mahesh Gupta

Mr. Mahesh Gupta is the Group Managing Director with Ashok Piramal Group. He oversees all the businesses of the Group which comprises mainly of Real Estate (Peninsula Land Limited, Piramal Road Infrastructure), Textiles (Morarjee Textiles Limited), Cutting Tools (Miranda Tools) and Auto Components (PMP Components Private Limited). The Group has plants/ projects all over the Country and in Czech Republic.

Mr Gupta has over 3 ½ decades of professional experience in the areas of Business Management and all dimensions of finance .

In his current role since 2005 he plays the role of formulating the Group's business strategy, steering the Group to achieve its goals and plays a significant role in guiding each business to attain profitable and sustained growth. Under his stewardship, the Group formulated an aggressive plan which has seen the businesses grow by leap and bounds. Mr Gupta leverages his in-depth understanding of the businesses to enhance the growth of the Group.

Earlier he has been associated with the Piramal Group as Group CFO and had been on the Board of several Companies in the Piramal Group including whole-time Director of Nicholas Piramal India Limited (now Piramal Enterprises Limited) . During this period he was part of the core team which saw Nicholas Piramal grow from a tiny company to amongst the top three Pharmaceutical Company mainly through mergers and acquisitions when he left in Nov 2001. In between Mr Gupta worked with the RPG group as Group CFO and Management Board Member . The RPG Group comprising of companies such as CEAT Limited, KEC International, CESE Limited, Philips Carbon Black Limited, RPG Life Sciences Limited , Saregama Limited , Zensar Technologies Limited etc.

Mr. Gupta has received a number of recognitions for his business 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 Public listed Companies such as Peninsula Land Limited, Morarjee Textiles Limited, Ceat Limited, RPG Life Sciences Limited, Delta Corp Limited etc. From time to time he has also been associated with various Committees of The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs & Treasurers (InACT), Advisory Board of Chennai Business School.

Mr Gupta has an Honours Degree in B.Com; L.L.B (Gen). Fellow Member of The Institute of Chartered Accountants and The Institute of Company Secretaries of India. He had an outstanding academic record and Third Rank Holder and a Silver Medalist in Company Secretaries Final examination.

Mr. R. K. Rewari

Mr. R. K. Rewari, CEO & Executive Director of the Company is 56 years of age. Mr. Rewari is a B.Sc., LLB, PGDPM & MEP from 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 30th 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. Ranjan Sanghi

Mr. Ranjan Sanghi, Independent Director of the Company is 69 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 65 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.

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 corporate. 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 he along with Mr. Suresh Talwar (ex-partner of Crawford Bayley & Company) founded Talwar Thakore & Associates.

Shobhan Thakore is also a Director in Alkyl Amines Chemicals Limited, Bharat Forge Limited, Carborundum Universal Limited, Uni Deritend Limited, Uni Klinger Limited Morarjee Textiles Limited, DSP BlackRock Investment Managers (Mauritius) Limited He is also a member of the Advisory Board of DSP Merrill Lynch Fund Managers.

Mr. Aditya Mangaldas

Mr. Aditya Mangaldas, Independent Director of the Company is 49 years of age. Mr. Aditya Mangaldas is the Chairman and Managing Director of the Victoria Mills Limited He has a wide experience in the Textiles Industry.

Mr. Aditya Mangaldas is actively involved in running St. Jude Child Care Centers, an organization involved in housing and caring for children with serious chronic diseases.

Mr. Mangaldas is a Mechanical Engineer from L.D.College of Engineering, Ahmedabad and has an MBA from Babson College, USA.

Mr. Pradipta Mohapatra

Mr. Pradipta Mohapatra, Independent Director of the Company is 63 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 customized 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 bestselling book, 'India's Global Powerhouses' published by Harvard Business Publishing, Boston.

2.3 The details of directorship of the Company's Directors in other Public Limited Companies and subsidiaries of Public Limited Companies as on 31st March, 2013 are given below:

| S r . No. | Name of the Directors | Other Directorships held |
|----------------------|------------------------------|--|
| 1 | Ms. Urvi A. Piramal | <ul style="list-style-type: none"> • Ashok Piramal Management Corporation Limited • Delta Magnets Limited • Peninsula Land Limited • Peninsula Trustee Limited • Pune Football Club Limited • Peninsula Crossroads Private Limited • Pavurotti Finance and Investments Private Limited • Peninsula Brookfield Capital Advisors Limited • Peninsula Holdings and Investments Private Limited |



| | | |
|----|-----------------------------|--|
| 2. | Mr. Harshvardhan A. Piramal | <ul style="list-style-type: none"> • Ashok Piramal Management Corporation Limited • Arrow Textiles Limited • Camphor and Allied Products Limited • City Parks Private Limited • Hem Infrastructure and Developers Private Limited • Integra Garments and Textiles Limited • Peninsula Facility Management Services Limited • Peninsula Mega Properties Private Limited • Pune Football Club Limited • Peninsula Crossroads Private Limited • Peninsula Integrated Land Developers Private Limited • Rockfirst Real Estate Limited • Takenow Property Developers Private Limited |
| 3. | Mr. Mahesh S. Gupta | <ul style="list-style-type: none"> • Ashok Piramal Management Corporation Limited • Ceat Limited • City Parks Private Limited • Delta Corp Limited • Delta Magnets Limited • Peninsula Holdings and Investments Private Limited • Peninsula Investment Management Company Limited • Peninsula Land Limited • Renato Finance and Investments Private Limited • RPG Life Sciences Limited • Peninsula Real Estate Management Private Limited • Peninsula Brookfield Capital Advisors Limited • Hem Infrastructure and Property Developers Private Limited |
| 4. | Mr. R.K. Rewari | <ul style="list-style-type: none"> • Just Textiles Limited • Integra Garments & Textiles Limited |
| 5. | Mr. Ranjan Sanghi | <ul style="list-style-type: none"> • Bajaj Auto Finance Limited • Borax Morarji Limited • HDFC Trustee Company Limited • Kemp & Company Limited • Suraj Sanghi Finance Limited |
| 6. | Mr. Shobhan Thakore | <ul style="list-style-type: none"> • Alkyl Amines Chemicals Limited • Bharat Forge Limited • Carborundum Universal Limited • DSP Blackrock Investment Managers Limited (Advisory Board) • Uni Deritend Limited • Uni Klinger Limited |
| 7. | Mr. Aditya Mangaldas | <ul style="list-style-type: none"> • Arrow Textiles Limited • The Victoria Mills Limited • Victoria Land Private Limited |

| | | |
|----|------------------------|--|
| 8. | Mr. Pradipta Mohapatra | <ul style="list-style-type: none"> • Chennai Business School Limited • Executive & Business Coaching Foundation India Limited • Dusters Hospitality Services Limited • Saregama India Limited • Zensar Technologies Limited • RPG Life Sciences Limited • Zensar OBT Technologies Limited |
|----|------------------------|--|

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 Particulars | | Membership of Board/ Board Committees | | |
|-----------------------------|--|---------------------------------------|------------------------|------------------------|---|-----------------------|--------|
| | | | Board Meetings | AGM held on 10.08.2012 | No of other Directorships held as at 31.03.2013 | Chairperson/ Chairman | Member |
| Ms. Urvi A. Piramal | Chairperson | Mother of Mr. Harshvardhan A. Piramal | 4 | Yes | 9 | — | 1 |
| Mr. Harshvardhan A. Piramal | Executive Vice Chairman | Son of Ms. Urvi A. Piramal | 4 | Yes | 13 | 3 | — |
| Mr. Mahesh S. Gupta | Non Executive Non Independent Director | None | 4 | Yes | 13 | 4 | 3 |
| Mr. R. K. Rewari | CEO & Executive Director | None | 4 | Yes | 2 | — | — |
| Mr. Ranjan Sanghi | Independent Director | None | 4 | Yes | 5 | 1 | 4 |
| Mr. Shobhan Thakore | Independent Director | None | 2 | Yes | 6 | 1 | 1 |
| Mr. Aditya Mangaldas | Independent Director | None | 4 | No. | 3 | 1 | — |
| Mr. Pradipta Mohapatra | Independent Director | None | 3 | Yes | 7 | — | 5 |

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 existing Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders' / Investors' Grievance Committee.



2.5 Meetings of the Board of Directors

4 (Four) Board Meetings were held during the financial year 2012 - 2013 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 | 10.05.2012 | 8 | 7 |
| 2 | 01.08.2012 | 8 | 8 |
| 3 | 07.11.2012 | 8 | 7 |
| 4 | 28.01.2013 | 8 | 7 |

2.6 Board Procedures

The Dy. 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 re-appointed / 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.

- 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.
- The Board of Directors has appointed Mr. Harshvardhan A. Piramal, as Executive Vice Chairman of the Company w.e.f. 1st April, 2013. As per the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 the said appointment is subject to the approval of shareholder in general meeting.
- A detailed profile of Directors eligible for 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.

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 18th September, 2012. The Executive Vice Chairman, CEO & Executive Director, Group CFO, Head Finance & Accounts and General Manager - Group Legal & Company Secretary and Dy. Company Secretary are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The Dy. 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 2012 – 2013, the Audit Committee met 4 (four) times on 10th May, 2012, 1st August, 2012, 7th November, 2012, and 28th January, 2013. The attendance details are given below:

| Name of the Directors | Designation | No. of meetings during the year | |
|-----------------------|-------------|---------------------------------|----------|
| | | Held | Attended |
| Mr. Ranjan Sanghi | Chairman | 4 | 4 |
| Mr. Shobhan Thakore | Member | 4 | 2 |
| Mr. Aditya Mangaldas | Member | 4 | 4 |

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 are correct, sufficient and credible;
2. To review with the management, the financial statements at the end of the quarter, half year, nine months 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 consider other topics, as defined by the Board;
 13. 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.

3.3 The Company has re-appointed Ms. Phatak Paliwal & Co as Cost Auditor for conducting the cost audit for the financial year 2013-2014. The cost auditor attended the Audit Committee meeting, where the cost audit report was discussed.

The due date for filing the Cost Audit Report for the financial year ended 31st March, 2012, in XBRL mode, was 28th February, 2013 and the cost audit report was filed by the cost Auditor on 27th December, 2012. The due date for filing the cost Audit Report for the financial year ended 31st March, 2013 is 30th September, 2013.

4. Remuneration Committee

4.1 Composition, Meeting and Attendance

The Remuneration Committee presently comprises of 4 (four) Directors of which 3(three) are Non Executive Independent Directors, Mr. Ranjan Sanghi (Chairman), Mr. Aditya Mangaldas and Mr. Shobhan Thakore and 1 (one) Non Executive Director, Ms. Urvi A. Piramal.

The Committee met once on 1st August, 2012 during the year 2012 - 2013 for recommending the minimum remuneration to be paid to the Executive Director. The details are given below:

| Name of the Directors | 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 | 1 |
| Ms. Urvi A. Piramal | Member | 1 | 1 |

4.2 Terms of Reference & Remuneration Policy

The Committee decides the remuneration of the Executive Director and commission to Non Executive Director. 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 Director 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 the Executive Director 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 3 (three) of which 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 Committee met four times on 10th May, 2012, 1st August, 2012, 7th November, 2012, and 28th January, 2013. The attendance details are given below:

| Name of the Directors | Designation | No. of meetings during the year | |
|-----------------------|-------------|---------------------------------|----------|
| | | Held | Attended |
| Mr. Shobhan Thakore | Chairman | 4 | 2 |
| Mr. Mahesh S. Gupta | Member | 4 | 4 |
| Mr. R. K. Rewari | Member | 4 | 4 |

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

Details of investor complaints received and resolved during the year 2012-13 are as follows:-

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| Nil | 7 | 7 | Nil |

5.4 Dy. Company Secretary and Compliance Officer

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

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 2012-2013 are given below:

| Name of the Directors | Designation | Sitting Fees ₹ |
|------------------------|-------------|----------------|
| Ms. Urvi A. Piramal | Chairperson | 80,000 |
| Mr. Mahesh S. Gupta | Director | 80,000 |
| Mr. Ranjan Sanghi | Director | 1,20,000 |
| Mr. Shobhan Thakore | Director | 60,000 |
| Mr. Aditya Mangaldas | Director | 1,20,000 |
| Mr. Pradipta Mohapatra | Director | 60,000 |

6.2 Remuneration paid to the Executive Director of the Company

The remuneration of Executive Director is 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 the Executive Director 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 ₹ | Company's contribution to Provident Fund and Superannuation Fund ₹ |
|----------------------|--------------------------|--------------------------------------|--|
| Mr. R. K. Rewari | CEO & Executive Director | 91,28,440 | 5,97,759 |

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 | AGM | Date | Time | Location |
|----------------|----------------------|----------------------------------|-----------|---|
| 2009-2010 | 15 th AGM | 25 th November, 2010 | 3.00 p.m | Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 |
| 2010-2011 | 16 th AGM | 10 th August, 2011 | 3.00 p.m | M. C. Ghia Hall, 4 th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai-400 001 |
| 2011-2012 | 17 th AGM | 18 th September, 2012 | 10.30 a.m | Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 |

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



7.2 Special Resolution passed in the previous Annual General Meeting (AGM)

| AGM | Date of AGM | Special Resolution |
|----------------------|----------------------------------|--|
| 15 th AGM | 25 th November, 2010 | Resolution No. 8 – Issue and Allot 15,00,000 – 9% Cumulative Redeemable Non Convertible Preference Shares. |
| 16 th AGM | 10 th August, 2011 | Resolution No. 6- Amendment in the Common Seal Clause of the Articles of Association of the Company |
| 17 th AGM | 18 th September, 2012 | Resolution No. 5- Payment of Remuneration by way of Commission to the non-whole time Directors Resolution No. 7- Re-appointment of Mr. R K Rewari as the CEO & Executive Director |

7.3 Special Resolution passed through Postal Ballot

No postal ballot was conducted during the year under review. At present, there is no proposal for passing any 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. 40 of the Financial Statement 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, 2013. The Code of Conduct has been posted on the Company's website (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 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

The Corporate Social Responsibility (CSR) projects at Morarjee Textiles Limited are implemented through Urvi Ashok Piramal Foundation.

Over the last 3 years, Morarjee has expanded its projects in villages in and around its factory in Butibori, benefitting about 1 lakh people. The Company focuses on activities/projects in the health, vocational training and education sector.

The Company has initiated community based health-care activities in approximately 40 villages in Nagpur district. Through two mobile health vans, regular health camps, health check-ups for school children, health education & awareness programs and conducted. The people are also administered medicines.

Under the vocational training programme, women Self-Help groups have been formed and till date, these groups have saved over ₹ 1.5 lakhs. The women are trained to make environment-friendly cloth bags. They are also imparted advanced training in tailoring to make apparels for women such as kurtas and scarves. These groups have participated at district level exhibitions to sell their products.

As part of its Education initiative, Morarjee has been encouraging students to pursue higher education and supporting them through scholarships. Deserving students have been given scholarships to pursue further education post their SSC/HSC.

Morarjee has been supporting "Save the Tiger" campaign and also the Environment as a whole. The Company conducts regular awareness programmes on these issues for school children in the Pench tiger reserve.

As part of employee volunteering programme employee of Morarjee Textiles have participated in Mumbai Marathon 2013 for the cause of "save the girl child" campaign.

9. Monitoring of Subsidiary Companies

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

- (a) Financial statements, in particular the investments made by the unlisted Subsidiary Company, are reviewed regularly by the Audit Committee of the Company.

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).

The Management Discussion and Analysis Report has been included in the Annual Report.

The Company's website (www.morarjeetextiles.com) contains a separate dedicated section financials' 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 18th Annual General Meeting

| Date | Time | Venue |
|-------------------------------|------------|---|
| 14 th August, 2013 | 11.00 a.m. | M. C. Ghia Hall, 4 th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai-400 001 |

11.2 Financial Calendar for the Year 2013 -2014

| | |
|--------------------|---|
| Financial year | 1 st April, 2013 to 31 st March, 2014 |
| Book Closure Dates | 6 th August, 2013 to 14 th August, 2013 |

| | |
|--|------------------------------------|
| Financial reporting for the quarter ending (tentative and subject to change) | |
| 30 th June, 2013 | By 14 th August, 2013 |
| 30 th September, 2013 | By 14 th November, 2013 |
| 31 st December, 2013 | By 14 th February, 2014 |
| Year ending 31 st March, 2014 | By 30 th May, 2014 |
| Annual General Meeting for the year ending 31 st March, 2014 | By September, 2014 |

11.3 Dividend History

| Sr. No. | Financial year | Equity Dividend per share (₹) | Date of Declaration (Annual General Meeting) | Date of payment (Date of Dividend Warrant) |
|---------|----------------|-------------------------------|--|--|
| 1 | 2005-2006 | 2.50 | 23 rd August, 2006 | 28 th August, 2006 |
| 2 | 2006- 2007 | 1.50 | 26 th July, 2007 | 2 nd August, 2007 |
| 3 | 2007 - 2008 | NIL | NA | NA |
| 4 | 2008 - 2009 | NIL | NA | NA |
| 5 | 2009 - 2010 | NIL | NA | NA |
| 6 | 2010 - 2011 | NIL | NA | NA |
| 7 | 2011 -2012 | 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 Investor Education & Protection Fund.

The following table gives information relating to outstanding dividend accounts and the dates by which they need to be transferred:-

| Financial Year | Date of Declaration | Date of Payment | Date on which dividend will become part of IEPF |
|----------------|---------------------|-----------------|---|
| 31-Mar-06 | 5-Sep-05 | 6-Sep-05 | 11-Nov-12 |
| 31-Mar-07 | 23-Aug-06 | 28-Aug-06 | 29-Oct-13 |

The statement of Unclaimed Shares per clause 5A of the Listing agreement is mentioned below

| Sr. No. | Particulars | Status |
|---------|--|--------|
| 1 | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year as on 1 st April, 2012 | Nil |
| 2 | Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2012-2013 | Nil |
| 3 | Number of shareholders to whom shares were transferred from suspense account during the year 2012-2013 | Nil |
| 4 | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year 31 st March, 2013 | Nil |

11.5 Transfer to 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. During the year company transferred ₹ 1,74,980 to Investor Education and Protection Fund. 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 Codes

| | |
|--|---|
| Listing on Stock Exchanges | 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 |
| Name of the Exchange | Stock Code/ID |
| Bombay Stock Exchange Limited | 532621 |
| National Stock Exchange of India Limited | MORARJEE (Series EQ) |
| ISIN Demat | IN161G01027 |

The Company has been regular in paying the Annual Listing Fees to the Stock Exchanges. Listing fees for the year 2013 -2014 have also been paid within the due date.

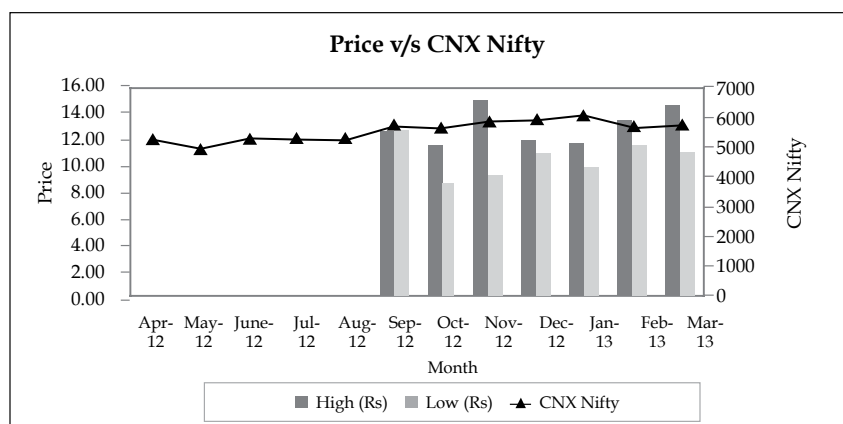
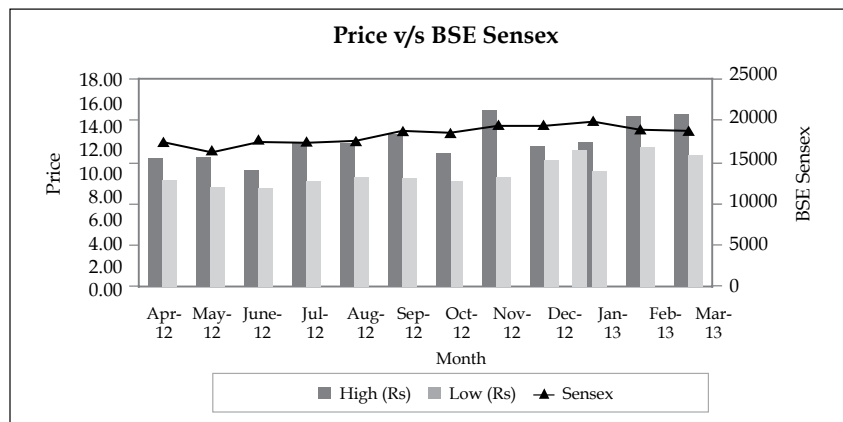
11.8 Stock Market Data The high / low of the market price of the shares of the Company is given below :

Sources : BSE and NSE websites

Stock Performance v/s BSE Sensex and CNX Nifty

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

| Month | Bombay Stock Exchange Limited (BSE) | | | National Stock Exchange of India Limited (NSE) | | |
|--------|-------------------------------------|----------|------------------|--|----------|------------------------|
| | High (Rs) | Low (Rs) | Sensex (Closing) | High (Rs) | Low (Rs) | S&PCNX NIFTY (Closing) |
| Apr-12 | 11.10 | 9.20 | 17318.81 | 0.00 | 0.00 | 5248.15 |
| May-12 | 11.12 | 8.61 | 16218.53 | 0.00 | 0.00 | 4924.25 |
| Jun-12 | 9.97 | 8.55 | 17429.98 | 0.00 | 0.00 | 5278.90 |
| Jul-12 | 12.50 | 9.11 | 17236.18 | 0.00 | 0.00 | 5229.00 |
| Aug-12 | 12.51 | 9.40 | 17429.56 | 0.00 | 0.00 | 5258.50 |
| Sep-12 | 13.25 | 9.29 | 18762.74 | 12.60 | 12.60 | 5703.30 |
| Oct-12 | 11.57 | 9.07 | 18505.38 | 11.50 | 8.60 | 5619.70 |
| Nov-12 | 15.26 | 9.41 | 19339.90 | 14.85 | 9.25 | 5879.85 |
| Dec-12 | 12.19 | 10.94 | 19426.71 | 11.90 | 10.90 | 5905.10 |
| Jan-13 | 12.49 | 9.91 | 19894.98 | 11.65 | 9.85 | 6034.75 |
| Feb-13 | 14.75 | 12.00 | 18861.54 | 13.40 | 11.60 | 5693.05 |
| Mar-13 | 14.85 | 11.72 | 18835.77 | 14.50 | 11.00 | 5682.55 |



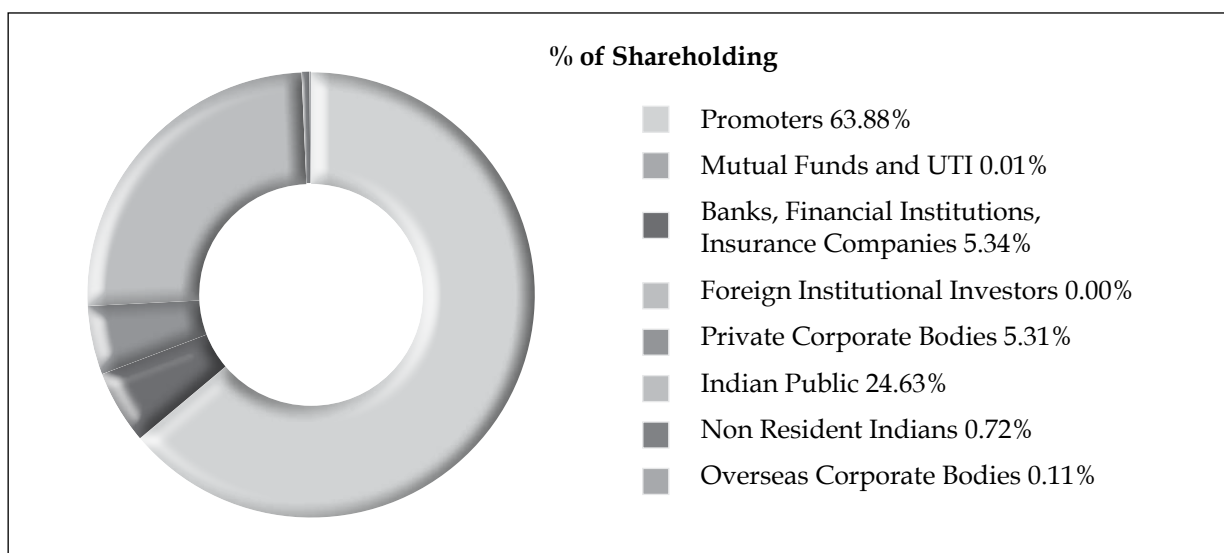
11.9 Distribution of shareholding as on 31st March 2013

| Slab of Shareholding | No of Shareholders | % of Shareholders | No. of Shares held | % of Shares held |
|----------------------|--------------------|-------------------|--------------------|------------------|
| 1 to 5,000 | 18,459 | 98.62 | 42,80,049 | 11.78 |
| 5,001 to 10,000 | 123 | 0.66 | 8,87,375 | 2.44 |
| 10,001 to 20,000 | 77 | 0.41 | 10,80,209 | 2.97 |
| 20,001 to 30,000 | 21 | 0.11 | 5,42,411 | 1.49 |
| 30,001 to 40,000 | 4 | 0.02 | 1,48,488 | 0.41 |
| 40,001 to 50,000 | 7 | 0.04 | 3,16,959 | 0.87 |
| 50,001 to 1,00,000 | 11 | 0.06 | 8,40,428 | 2.31 |
| 1,00,001 & above | 15 | 0.08 | 2,82,36,430 | 77.73 |
| | 19,359 | 100 | 3,63,32,349 | 100.00 |



11.10 Shareholding Pattern as on 31st March 2013

| Sr. No. | Category | No. of Shares held | % of Shares held |
|----------|--|--------------------|------------------|
| A | Promoters Holding | | |
| | 1. Indian promoters | 2,32,07,635 | 63.88 |
| | Foreign promoters | — | — |
| | 2. Persons acting in concert | — | — |
| | Sub total (1+2) | 2,32,07,635 | 63.88 |
| B | Non promoters Holding | | |
| | 3. Institutional Investors | | |
| | a. Mutual Funds and UTI | 2,711 | 0.01 |
| | b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt., Institutions/ Non Govt. Institutions) | 19,41,347 | 5.34 |
| | c. Foreign Institutional Investors | 1,135 | 0.00 |
| | Sub total (3) | 19,45,193 | 5.35 |
| | 4 Others | | |
| | a Private Corporate Bodies | 19,27,765 | 5.31 |
| | b Indian Public | 89,47,888 | 24.63 |
| | c Non Resident Indians | 2,64,537 | 0.72 |
| | d Overseas Corporate Bodies | 39,331 | 0.11 |
| | Sub total (4) | 1,11,79,521 | 30.77 |
| | Grand total (1+2+3+4) | 3,63,32,349 | 100.00 |



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 share certificates in physical form are generally processed and returned within 15 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 Reconsilation of Share Capital Audit Certificate 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.

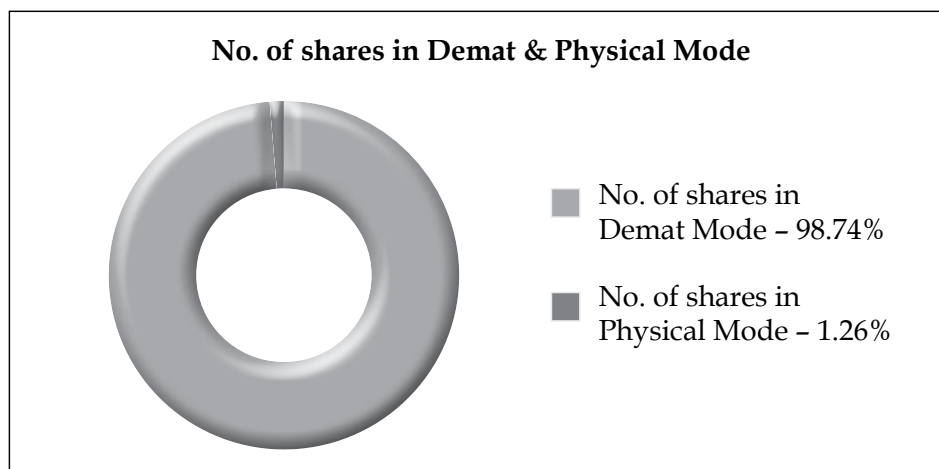
11.12 Dematerialisation of shares liquidity

As on 31st March, 2013, 3,58,74,720 Equity Shares representing 98.74% 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, 19th Street, MIDC Area, Satpur, Nashik 422 007. Tel (0253) – 2354 032 Fax (0253) 2351 126 E-mail : support@freedomregistry.in |
| Mumbai Liaisoning 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.

11.15 Investor Correspondence

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

| Name | E-mail ID | Telephone No | Fax No |
|----------------|------------------------|--------------------|-----------------|
| Ms. Karina Vaz | investors@morarjee.com | +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 Plant Location

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

11.17 Status of Compliance with Non Mandatory Requirements

- For Remuneration Committee, please refer No. 4 above.
- Since the quarterly financial results are published in newspapers having wide circulation, only the annual reports 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 31st March, 2013.

R. K. Rewari
CEO & Executive Director

Mumbai : 28th May, 2013

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of MORARJEE TEXTILES LIMITED

We have examined the compliance with the conditions of corporate governance by MORARJEE TEXTILES LIMITED ('the Company'), for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and the implementation thereof, adopted by the Company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 above mentioned Listing Agreement.

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

Ashish H. Shah
Partner
Membership No: 103750

Mumbai, 28th May, 2013



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, provisions of Listing Agreement, applicable SEBI Rules & Regulations and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. 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 subject to receipt of financial data:

1. The Company has kept and maintained the requisite Statutory Registers 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 as prescribed under the Act and the Rules made thereunder save and except For 25C and 32.
3. The Board of Directors of the Company is duly constituted. Following changes in the Board of Directors took place during the financial year under review:
 - Mr. Rajendra K. Rewari has been re-appointed (subject to approval of members) as Whole Time Director of the Company w.e.f. 01.02.2013.

The Board of Directors duly met 4 (four) times for meetings held on 10.05.2012, 01.08.2012, 07.11.2012 and 28.01.2013 respectively, and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

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 duly met 4 times during the year under review.
- Investor Grievance Committee: The Committee had met 4 times during the year under review.
- Share Transfer Committee: The Committee had held 7 meetings during the financial year under review.
- Besides the above, the Company has also non-mandatory committees like Remuneration Committee, Committee of Directors (Borrowings), Committee of Directors (Bank Accounts), Management Committee and Committee of Directors (De-merger).

Minutes of the above named committee meetings were properly recorded.

5. The Company closed its Register of Members from 17.09.2012 to 18.09.2012 (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 31st March, 2012 was held on 18.09.2012 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 resolution by postal ballot process during the financial year under review.

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 created and 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 not issued and allotted any Equity Shares during the 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 as approved by members u/s 293(1)(d) of the Act.
 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 provisions of SEBI Takeover Regulations as amended from time to time.
 17. The Company has substantially complied with the provisions of SEBI (Provisions of Insider Trading) Regulations, 1992 as amended from time to time.
 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 Code for Directors and Senior Executives of the Company and has substantially 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 during the financial year under review.
 22. The Company has not altered the provisions of Articles of Association during the financial year under review.

(NILESH G. SHAH)
Company Secretary
C.P.No: 2631

Mumbai : 28th May, 2013



INDEPENDENT AUDITORS' REPORT

To the Members of MORARJEE TEXTILES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MORARJEE TEXTILES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

On the basis of inquiries made under sub-section (1A) of Section 227 of The Companies Act, 1956, the Company has not accrued interest income on unsecured loan given to Integra Garments and Textiles Limited (Previously known as Five Star Mercantile Limited) – a company within the same management, amounting to ₹ 422 lacs for the year ended on 31st March 2013. The said loan is recovered in full during the year. (Refer note no. 42 in the financial statements). As a result of the same, the profit for the year ended on 31st March 2013 is lower by ₹ 422 lacs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with

the accounting principles generally accepted in India *except for non provision of interest income in the preceding paragraph*:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Shah & Co.
Chartered Accountants
Firm Registration No: 109430W

Ashish H. Shah
Partner
Membership No: 103750

Mumbai : 28th May, 2013



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 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 program 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 and 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) During the year, the Company has received repayment of an opening unsecured loan to one party covered in the register maintained under section 301 of the Companies Act, 1956.

| Name of the Party | Relationship with the Company | Opening balance as at 1 st April 2012 (₹ In Lacs) | Balance as at 31 st March 2013 (₹ In Lacs) |
|--|-----------------------------------|--|---|
| Integra Garments & Textiles Limited (formerly known as Five Star Mercantile Limited) | Company under the same management | 3,749.51 | NIL |

- (b) *The Company has not accrued interest income amounting to ₹ 422 lacs on the above mentioned unsecured loan.*
 - (c) The principal amount is received in full during the year and the interest portion on the same is waived off. Thus clause 4(iii)(d) is also not applicable to the Company (Refer note no. 42 in the financial statements).
 - (d) 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 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year and hence provisions of clause 4(vi) of Companies (Auditor's Report) Order, 2003 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 has maintained the prescribed cost records.
- 9 (a) The Company is generally 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 except some delay. There are no undisputed statutory dues outstanding as on 31 March 2013 for the period of more than six months from the date they became payable.
- (b) According to the records of the Company and information and explanation given to us, there are following disputed dues on account of Income Tax, Service Tax, Custom Duty, dues which have not been deposited with respective authorities.

| Name of the Statute | Nature of Dues | Financial Year | Amount ₹ in lacs | Forum where Dispute is Pending |
|-------------------------|-----------------------|----------------------|---------------------|-----------------------------------|
| Central Excise Act 1944 | Interpretation of Act | 1979-80 to 1985-86 | 6.84 | First Appeal (Commissioner Level) |
| | | 1990-91 | 0.09 | |
| | | 1993-94 to 1995-96 | 146.49 | |
| | | 1999-2000 to 2008-09 | 494.22 | |
| Central Excise Act 1944 | Interpretation of Act | 1976-77 | 0.19 | Second Appeal (CESTAT) |
| | | 1990-91 to 1991-92 | 2.35 | |
| | | 1995-96 to 2005-06 | 605.63 | |
| | | 2007-08 to 2008-09 | 83.13 | |
| Central Excise Act 1944 | Interpretation of Act | 1997-98 to 2001-02 | 3.19 | High Court |
| Central Excise Act 1944 | Interpretation of Act | 1981-1984 | 296.14 | Supreme Court |
| | | 1998-99 to 2000-01 | 839.54 | |



- 10 The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 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 during the year. 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 under review.
- 16 According to the information and explanation given to us, the term loans taken during the year are utilized for the purpose for which they were 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 not raised any money by way of issue of public issue during the year.
- 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
FRN: 109430W

Ashish H. Shah
Partner
M. No.: 103750

Mumbai : 28th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

| | Note | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|------------------------------------|------|-------------------------|-------------------------|
| I. EQUITIES AND LIABILITIES | | | |
| 1. Shareholders' Funds | | | |
| a) Share Capital | 2 | 5,043.27 | 5,043.27 |
| b) Reserves and Surplus | 3 | 5,679.64 | 4,747.37 |
| | | 10,722.91 | 9,790.64 |
| 2. Non Current Liabilities | | | |
| a) Long Term Borrowings | 4 | 4,187.21 | 11,716.07 |
| b) Other Long Term Liabilities | 5 | 110.39 | 117.02 |
| c) Long Term Provisions | 6 | 232.54 | 180.94 |
| | | 4,530.14 | 12,014.03 |
| 3. Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 7,736.00 | 6,575.25 |
| b) Trade Payables | 8 | 4,490.44 | 2,824.95 |
| c) Other Current Liabilities | 9 | 8,770.51 | 3,272.17 |
| d) Short Term Provisions | 10 | 3,543.53 | 1,269.25 |
| | | 24,540.48 | 13,941.62 |
| TOTAL | | 39,793.53 | 35,746.29 |
| II. ASSETS | | | |
| 1. Non Current Assets | | | |
| a) Fixed Assets | 11 | | |
| Tangible assets | | 23,091.74 | 18,967.57 |
| Intangible assets | | 320.19 | 333.89 |
| Capital Work In Progress | | 240.06 | 340.13 |
| | | 23,651.99 | 19,641.59 |
| b) Non Current Investments | 12 | 866.17 | 866.17 |
| c) Long Term Loans and Advances | 13 | 243.25 | 226.24 |
| d) Other Non Current Assets | 14 | 719.34 | 220.71 |
| | | 25,480.75 | 20,954.71 |
| 2. Current Assets | | | |
| a) Inventories | 15 | 6,808.56 | 5,367.26 |
| b) Trade Receivable | 16 | 5,763.64 | 3,955.00 |
| c) Cash and Bank Balances | 17 | 69.30 | 101.74 |
| d) Short Term Loans & Advances | 18 | 1,571.77 | 5,253.43 |
| e) Other Current Asset | 19 | 99.51 | 114.15 |
| | | 14,312.78 | 14,791.58 |
| TOTAL | | 39,793.53 | 35,746.29 |
| Accounting Policies | 1 | | |

Notes are an Integral part of the financial statements

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

| | |
|-----------------------------|---------------------------|
| Ms. Urvi A. Piramal | Chairperson |
| Mr. Harshvardhan A. Piramal | Executive Vice Chairman |
| Mr. R. K. Rewari | CEO & Executive Director |
| Mr. Mahesh S. Gupta | Director |
| Mr. Ranjan Sanghi | Director |
| Mr. Aditya Mangaldas | Director |
| Mr. Pradipta Mohapatra | Director |
| Mr. S. C. Kashimpuria | Head - Finance & Accounts |
| Ms. Karina Vaz | Deputy Company Secretary |



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Note | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|------|-------------------------|-------------------------|
| INCOME | | | |
| Income from Operations | | 36,518.27 | 29,492.48 |
| Less : Excise Duty | | 111.20 | 430.91 |
| Net Income from Operations | | 36,407.07 | 29,061.57 |
| Other Income | 20 | 4.52 | 14.93 |
| Total Income | | 36,411.59 | 29,076.50 |
| EXPENDITURE | | | |
| Materials Consumed | 21 | 15,080.07 | 11,094.07 |
| Changes in inventories of Work-in-progress & Finished Goods | 22 | (625.56) | (71.76) |
| Manufacturing & other expenses | 23 | 9,750.19 | 8,674.24 |
| Employment Cost | 24 | 2,649.32 | 2,224.70 |
| Administrative, Selling & Other Expenses | 25 | 2,652.17 | 2,607.44 |
| Forex Loss | | 369.61 | 151.24 |
| Total Expenditure | | 29,875.80 | 24,679.93 |
| Profit Before Finance Expenses, Depreciation & Tax | | 6,535.79 | 4,396.57 |
| Finance Expenses | 26 | 2,725.66 | 2,758.30 |
| Depreciation | 11 | 1,416.05 | 1,326.90 |
| Profit Before Tax | | 2,394.08 | 311.37 |
| Less: Provision for Tax (MAT) | | 512.23 | 32.48 |
| Add: MAT Credit Entitlement | | 512.23 | 32.48 |
| Profit After Tax | | 2,394.08 | 311.37 |
| Earning Per Equity Share (₹) (Face value ₹ 7/-each) | | 5.99 | 0.27 |
| (Refer Note No. 41) | | | |
| Accounting Policies | 1 | | |
| Notes are an Integral part of the financial statements | | | |

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harshvardhan A. Piramal
Mr. R. K. Rewari
Mr. Mahesh S. Gupta
Mr. Ranjan Sanghi
Mr. Aditya Mangaldas
Mr. Pradipta Mohapatra
Mr. S. C. Kashimpuria
Ms. Karina Vaz

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

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE 1: 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



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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.



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| Note 2 : Share Capital | | |
| Authorised : | | |
| 4,50,00,000 (Previous Year 4,50,00,000) Equity Shares of ₹ 7/- each (Previous Year ₹ 7/- each) | 3,150.00 | 3,150.00 |
| 25,00,000 (Previous year 25,00,000) Redeemable Cumulative Non Convertible Preference Shares of ₹ 100/- each | 2,500.00 | 2,500.00 |
| | 5,650.00 | 5,650.00 |
| Issued , Subscribed and Paid- up: | | |
| 3,63,32,349 (Previous Year 3,63,32,349) Equity Shares of ₹ 7/- each (Previous Year ₹ 10 each) Fully Paid up (above includes 1,81,62,868 Equity Shares of ₹ 10/- each fully paid issued to existing shareholder on rights basis (Does not include 6577 Equity Shares Kept in abeyance) | 2,543.27 | 3,633.24 |
| Less: Reduction in face value of the Equity Shares by ₹ 3/- per share and transferred to General Reserve (Refer Note No.28) | — | 1,089.97 |
| 3,63,32,349 (Previous Year 3,63,32,349) Equity Shares of ₹ 7/- each (Previous year ₹ 7/- each) Fully Paid up | 2,543.27 | 2,543.27 |
| 25,00,000 (Previous year 25,00,000) Redeemable Cumulative Non Convertible Preference Shares | 2,500.00 | 2,500.00 |
| — 10,00,000 (Previous year 10,00,000) 5% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each | | |
| — 15,00,000 (Previous year 15,00,000) 9% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each | | |
| | 5,043.27 | 5,043.27 |
| A) The reconciliation of the number of shares outstanding is given below: | | |
| | No of shares | No of Shares |
| a) Equity Shares | | |
| Equity Shares at the beginning of the year | 36,332,349 | 36,332,349 |
| Equity Shares at the end of the year | 36,332,349 | 36,332,349 |
| b) Preference Shares | | |
| 5% Preference Shares at the beginning of the year | 1,000,000 | 1,000,000 |
| 5% Preference Shares at the end of the year | 1,000,000 | 1,000,000 |
| 9% Preference Shares at the beginning of the year | 1,500,000 | 1,500,000 |
| Preference Shares at the end of the year | 1,500,000 | 1,500,000 |
| Total Preference Shares at the end of the year | 2,500,000 | 2,500,000 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 No of shares | 31.03.2012 No of Shares |
|---|----------------------------|----------------------------|
| B) Shareholders holding more than 5% shares of the Company | | |
| a) Equity Shareholder | | |
| Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal | | |
| Nos of Shares | 21,590,112 | 21,590,112 |
| % age of holding | 59.42 | 59.42 |
| b) Preference Shareholder | | |
| Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal | | |
| Nos of Shares | 2,500,000 | 2,500,000 |
| % age of holding | 100.00 | 100.00 |
| C) Terms/ rights attached to Equity Shares | | |
| Each Equity shares of Company has a par value of ₹ 7/- as at 31 st March, 2013 (Previous year ₹ 7/- per share). Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. | | |
| D) Terms/ rights attached to Preference Shares | | |
| <ol style="list-style-type: none"> 1. 5% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each, Redeemable anytime between 15th Nov. 2014 and 15th November, 2019 at the option of the Company. The holders of the said Preference Shares shall not have any right to vote in any manner before the Company at any meeting except on resolutions placed before the Company at any meeting which directly affects their rights. 2. 9% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each, Redeemable anytime between 4th June, 2012 and 3rd December, 2015 at the option of the Company. The holders of the said Preference Shares shall not have any right to vote in any manner before the Company at any meeting except on resolutions placed before the Company at any meeting which directly affects their rights. | | |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|---|-------------------------|-------------------------|
| Note 3 : Reserves and Surplus | | |
| a) General Reserve | | |
| Opening balance | 4,897.91 | 2,106.04 |
| Add: The difference in the book value of Assets and liabilities of Integra division (Refer Note No. 28) | — | 1,706.90 |
| Face value of the Equity Shares Reduced by ₹ 3/ per share and transferred to General Reserve (Refer Note No.28) | — | 1,089.97 |
| Less: Investment written off on demerger (Refer Note No.28) | — | 5.00 |
| Add: Transfer from Profit & Loss Account | 240.00 | — |
| | 5,137.91 | 4,897.91 |
| b) Profit & Loss Account | | |
| Opening balance | (150.54) | (461.91) |
| Add: Net Profit for the year | 2394.08 | 311.37 |
| Less: | | |
| Proposed Dividend on Preference Shares | 613.64 | — |
| Dividend Distribution Tax | 104.29 | — |
| Proposed Dividend on Equity Shares | 635.82 | — |
| Dividend Distribution Tax | 108.06 | — |
| Transfer to General Reserve | 240.00 | — |
| | 541.73 | (150.54) |
| | 5,679.64 | 4,747.37 |
| Note 4 : Long Term Borrowings | | |
| <u>Secured</u> | | |
| Term Loan from Bank | 4,187.21 | 6,716.07 |
| <u>Unsecured</u> | | |
| Term Loan from Bank | — | 5,000.00 |
| | 4,187.21 | 11,716.07 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

a) Nature of Security and Term of Repayment for Long Term Secured Borrowings of ₹ 2925 lacs (Previous year ₹ 6019.90 lacs)

(Secured by a 1st pari passu charge on the movable assets including its movable plant & machinery, spares, tools and accessories, secured by pari passu equitable mortgage on company's immovable properties at Butibori, Nagpur and 2nd pari passu charge 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 movable both present and future in respect of ₹ 2925.00 lacs (Previous year ₹ 6019.90 lacs)

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 300 lacs repayable in balance 3 quarterly instalment (excluding current maturities)
- Loan of ₹ 1875 lacs repayable in 5 quarterly instalments (excluding current maturities)
- Loan of ₹ 750 lacs repayable in 3 quarterly instalment (excluding current maturities)

b) Nature of Security and Term of Repayment for Long Term Secured Borrowings of ₹ 1262.21 lacs (Previous year ₹ 696.17 lacs)

(Secured by specific (exclusive) charge on the movable fixed assets and second pari passu charge on current assets viz Raw Materials, stock_in_Process, Finished Goods both present and future of company's plant at Butibori, Nagpur in respect of ₹ 1262.21 lacs) (Previous year ₹ 696.17 lacs)

b) Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 1262.21 lacs repayable in 58 monthly instalments starting from Feb 2014 (excluding current maturities)



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| Note 5 : Other Long Term Liabilities | | |
| Trade Deposits | 110.39 | 117.02 |
| Note 6 : Long Term Provisions | | |
| Employees Retirement Benefits | 232.54 | 180.94 |
| Note 7 : Short Term Borrowings | | |
| Secured | | |
| Cash Credit / Packing Credit from Banks * | 6,625.85 | 6,361.57 |
| Unsecured | | |
| Bodies Corporate | 1,110.15 | 213.68 |
| | 7,736.00 | 6,575.25 |
| * Secured by way of hypothecation of Current Assets of the Co. viz., Raw Materials, Stock- In - Process, Finished Goods, consumables, store and spares, book debts and other moveable both present and future and secured by pari passu second charge on co's moveable assets including its moveable plant and machinery, spares, tools and accessories both present and future. | | |
| Note 8 : Trade Payables | | |
| Dues of Micro and small Enterprises (Refer Note no. 32) | 11.12 | 13.67 |
| Others | 4,479.32 | 2,811.28 |
| | 4,490.44 | 2,824.95 |
| Note 9 : Other Current Liabilities | | |
| Current Maturities of Long Term Loan from Bank | 8,391.72 | 2,961.17 |
| Interest Accrued but not due | 178.64 | 150.38 |
| Unclaimed Dividend | 6.97 | 8.73 |
| Others | 193.18 | 151.89 |
| | 8,770.51 | 3,272.17 |
| Note 10 : Short Term Provisions | | |
| Proposed Dividend | 1,249.46 | — |
| Dividend Distribution Tax | 212.35 | — |
| Provision for Employees Retirement Benefits | 17.27 | 22.49 |
| Provision for Expenses & Others | 2,064.45 | 1,246.76 |
| | 3,543.53 | 1,269.25 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Note 11 : Fixed Assets | | | | | | | | | | ₹ in Lacs | |
|---|--------------------------------|-----------|-----------|--------------------------------|--------------------------------|-----------------|-----------|--------------------------------|--------------------------------|--------------------------------|--|
| | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | | |
| | Balance As On 01/04/2012 | Additions | Deduction | Balance as on 31/03/2013 | Balance as on 01/04/2012 | For the year | Deduction | Balance as on 31/03/2013 | Balance as on 31/03/2013 | Balance as on 31/03/2012 | |
| <u>Tangible Assets</u> | | | | | | | | | | | |
| Land - Leasehold | 2,596.70 | 4,051.00 | — | 6,647.70 | 81.75 | 38.41 | — | 120.16 | 6,527.54 | 2,514.95 | |
| Building | 8,217.90 | 33.58 | — | 8,251.48 | 1,844.59 | 274.98 | — | 2,119.57 | 6,131.91 | 6,373.31 | |
| Plant & Machinery | 18,438.83 | 1,364.63 | — | 19,803.46 | 8,447.52 | 1,026.21 | — | 9,473.73 | 10,329.73 | 9,991.31 | |
| Computer | 302.19 | 12.52 | — | 314.71 | 288.76 | 5.38 | — | 294.14 | 20.57 | 13.43 | |
| Furniture, Fixture & Office Equipments | 175.85 | 14.15 | — | 190.00 | 112.82 | 10.55 | — | 123.37 | 66.63 | 63.03 | |
| Motor Vehicles | 20.13 | 5.74 | — | 25.87 | 8.59 | 1.92 | — | 10.51 | 15.36 | 11.54 | |
| <u>Intangible Assets</u> | | | | | | | | | | | |
| Designs & Archives | 277.42 | — | — | 277.42 | 118.16 | 9.27 | — | 127.43 | 149.99 | 159.26 | |
| Computer Software | 314.99 | 44.90 | — | 359.89 | 140.36 | 49.33 | — | 189.69 | 170.20 | 174.63 | |
| Total | 30,344.01 | 5,526.52 | — | 35,870.53 | 11,042.55 | 1,416.05 | — | 12,458.60 | 23,411.93 | 19,301.46 | |
| Previous Year * | 29,348.75 | 1,021.57 | 26.31 | 30,344.01 | 9,730.37 | 1,326.90 | 14.72 | 11,042.55 | 19,301.46 | — | |
| Capital W.I.P. | | | | | | | | | 240.06 | 340.13 | |
| | | | | | | | | | 23,651.99 | 19,641.59 | |

* Previous year opening balance amount is net off deduction amount towards demerger.

* Previous year opening balance amount is net off deduction amount towards demerger.



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| Note 12 : Non Current Investments (Unquoted) | | |
| Others | | |
| a) Investment in Equity Shares | | |
| <u>Whollyowned Subsidiary</u> | | |
| Morarjee International srl (Euro 10,000) | 5.61 | 5.61 |
| 10000 (Previous year 10000) Equity Shares of EURO 1 each fully paid up | | |
| <u>Joint Venture</u> | | |
| Morarjee Castiglioni I PrivateLimited | 64.10 | 64.10 |
| 10,00,000 (Previous year 10,00,000) Equity Shares of ₹ 10 each fully paid up | | |
| Just Textiles Limited | 795.56 | 795.56 |
| 795560 (Previous year 7,95,560) Equity Shares of ₹ 100 each fully paid up | | |
| <u>Other Entities</u> | | |
| Saraswat Bank | 0.25 | 0.25 |
| 2500 (Previous year 2,500) Equity shares of ₹ 10 each fully paid | | |
| Morarjee Goculdas Spg. & Wvg. Co.PrivateLimited | 0.01 | 0.01 |
| (Formerly known as Morarjee Legler PrivateLimited) | | |
| 2000 (Previous year 2,000) Equity Shares of ₹ 10 each fully paid up | | |
| b) Investment in Government Securities | | |
| Govt securities | 0.64 | 0.64 |
| | 866.17 | 866.17 |
| Note 13 : Long Term Loans & Advances (Unsecured & considred good) | | |
| Capital Advances | 4.47 | 58.79 |
| Deposit / balance with govt authorities etc. | 183.43 | 113.43 |
| Deposit and Other advances | 14.02 | 14.05 |
| Advances Tax | 41.33 | 39.97 |
| | 243.25 | 226.24 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| Note 14 : Other Non Current Assets | | |
| MAT Credit Entitlement | 719.34 | 220.71 |
| | <u>719.34</u> | <u>220.71</u> |
| Note 15 : Inventories | | |
| Raw materials | 1,199.89 | 460.94 |
| Work-In- Progress | 2,783.98 | 2,057.43 |
| Finished Goods | 2,528.38 | 2,593.35 |
| Consumable, Stores, spares etc | 296.31 | 255.54 |
| | <u>6,808.56</u> | <u>5,367.26</u> |
| Note 16 : Trade Receivables (Unsecured, considered good) | | |
| Outstanding for more than Six months | 238.66 | 325.61 |
| Others | 5,524.98 | 3,629.39 |
| | <u>5,763.64</u> | <u>3,955.00</u> |
| Note 17 : Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash in hand | 10.28 | 3.75 |
| Bank Balances | 31.27 | 21.39 |
| Cash & Cash Equivalents | <u>41.55</u> | <u>25.14</u> |
| • in Unclaimed dividend Account | 6.97 | 8.73 |
| • in Fixed Deposits (Margin Money) | 20.78 | 67.87 |
| Other Bank Balances | 27.75 | 76.60 |
| Cash & Bank Balances | <u>69.30</u> | <u>101.74</u> |
| Note 18 : Short Term Loans & Advances | | |
| Advances recoverable in cash or kind or for value to be received | 818.75 | 780.21 |
| Loans & Advances to Related Party | — | 3,749.51 |
| Deposit and other advances | 4.48 | 205.28 |
| Advances to Staff | 9.28 | 10.47 |
| Deposit with Government Authorities | 739.26 | 507.96 |
| | <u>1,571.77</u> | <u>5,253.43</u> |
| Note 19 : Other Current Assets | | |
| Interest Receivable | 99.51 | 114.15 |
| | <u>99.51</u> | <u>114.15</u> |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| Notes 20 : Other Income | | |
| Interest Income | 4.47 | 11.91 |
| Profit on Sale of Investment | — | 3.00 |
| Dividend Income | 0.05 | 0.02 |
| | <u>4.52</u> | <u>14.93</u> |
| Notes 21 : Material Consumed | | |
| Opening Stock | 460.94 | 687.41 |
| Add: Purchases | 15,819.02 | 10,867.60 |
| Less : Closing Stock | 1,199.89 | 460.94 |
| Material Consumed | <u>15,080.07</u> | <u>11,094.07</u> |
| Notes 22 : Change in Inventories of Work-in-progress and Finished Goods | | |
| Opening Stock | | |
| Work in Progress | 2,057.43 | 2,065.12 |
| Finished Goods & Stock in Trade | 2,593.35 | 2,975.30 |
| | <u>4,650.78</u> | <u>5,040.42</u> |
| Less : Stock Destroyed in Fire | — | 465.22 |
| Closing Stock | | |
| Work in Progress | 2,783.98 | 2,057.43 |
| Finished Goods & Stock in Trade | 2,528.38 | 2,593.35 |
| | <u>5,312.36</u> | <u>4,650.78</u> |
| Excise Duty (Increase) / Decrease on Finished Goods | (36.02) | (3.82) |
| (Increase) / Decrease | <u>(625.56)</u> | <u>(71.76)</u> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|---|-------------------------|-------------------------|
| Note 23 : Manufacturing & Other Expenses | | |
| Processing Charges | 1,627.40 | 1,735.64 |
| Dyes & Chemicals | 2,838.38 | 2,294.29 |
| Packing Expenses | 348.60 | 265.08 |
| Stores & Spares | 768.59 | 484.04 |
| Other Consumables | 164.31 | 134.25 |
| Repairs & Maintenance -Building | 27.40 | 11.54 |
| Repairs & Maintenance -Plant & Machinery | 148.16 | 147.90 |
| Repairs & Maintenance -Others | 6.05 | 11.12 |
| Power & Fuel | 3,566.44 | 3,364.62 |
| Rates, Taxes & Water charges | 254.86 | 225.76 |
| | <u>9,750.19</u> | <u>8,674.24</u> |
| Notes 24 : Employee Cost | | |
| Salaries & Wages | 2,443.06 | 2,048.97 |
| Provident Fund- Employers Contribution | 129.17 | 112.36 |
| Staff Welfare Expenses | 77.09 | 63.37 |
| | <u>2,649.32</u> | <u>2,224.70</u> |
| Note 25 : Administrative, Selling & Other Expenses | | |
| Freight Out | 665.25 | 657.25 |
| Insurance Charges | 16.64 | 6.52 |
| Legal & Professional expenses | 296.71 | 207.60 |
| Rent | 136.20 | 140.41 |
| Telephone Expenses | 23.78 | 24.51 |
| Travelling | 161.42 | 125.11 |
| Provision for Doubtful advances | — | 293.41 |
| Marketing Service fee & Commission | 756.18 | 594.24 |
| Audit Fees, Certification & Out of Pocket expenses | 16.70 | 12.80 |
| Miscellaneous Expenses | 579.29 | 545.59 |
| | <u>2,652.17</u> | <u>2,607.44</u> |
| Notes 26 : Finance Expenses | | |
| Interest on Term Loan | 1,687.66 | 1,461.90 |
| Interest on Others | 860.31 | 1,012.38 |
| | <u>2,547.97</u> | <u>2,474.28</u> |
| Other Borrowing Cost | 71.33 | 142.16 |
| Net (Gain) / loss on foreign currency transaction and translation | 106.36 | 141.86 |
| | <u>2,725.66</u> | <u>2,758.30</u> |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

27 A) Contingent Liability not provided for in respect of

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|---|-------------------------|-------------------------|
| i Contingent Liability for bill discounted | 1,657.62 | 1,757.86 |
| ii Dividend on Redeemable Cumulative Non Convertible Preference shares together with dividend Tax | — | 498.18 |
| iii The Excise department has raised claims on the company The company has disputed the same with the appropriate authority. | 2477.80 | 2477.70 |
| iv Claim against the company not acknowledged as debts | 1344.40 | — |

B) Commitments

| | | |
|--|--------|--------|
| i Bank Guarantees | 626.03 | 436.58 |
| ii Estimated amount of contracts remaining to be executed on capital accounts and not provided | 91.37 | 446.86 |
| iii Open Letters of credit | 348.45 | 276.94 |

28 Demerger of Garment Undertaking of the Company

A. During the previous year (F.Y. 2011-12), The Composite Scheme of Arrangement and Amalgamation ('Scheme') under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 between the Company, Five Star Mercantile Limited ('FSML') and Morarjee Holding Private Limited ('MHPL') and their respective shareholders, has been sanctioned by the Honorable High Court of Judicature at Bombay vide its Order dated 29th June 2012 and has been made effective on filing of the certified copies of the Order of the court on 17th July, 2012 ('Effective date')

B In accordance with the scheme :

The difference between the book value of assets and the book value of liabilities transferred of the Integra Division, after adjusting the amount of investments held by the Company in FSML shall, be adjusted to the General Reserve Account of the company.

C) Further, pursuant to the scheme, the equity share capital of the Company shall stand reduced by 30%. Accordingly, the face value and the paid up value per equity share of the company shall, without any application or deed, stand reduced by ₹ 3/- without any payments to the holders of such equity shares of the Company. Simultaneously with the reduction of the paid up value of the equity shares of the company, an equivalent amount to capital reduction shall be credited to General Reserve Account of the Company.

D) The carrying amounts of the total assets and liabilities of Integra division transferred to FSML and the amount adjusted in General reserve account is as under:

| | As of 1 st April, 2011 ₹ in Lacs |
|--|--|
| Total Assets | 5,254.29 |
| Total Liabilities | 6,961.19 |
| Net assets transferred to FSML | (1,706.90) |
| Add: Capital Reduction as per the Scheme | 1,089.97 |
| Less: Investment in FSML written off | 5.00 |
| Amount Transferred to General Reserve | 2,791.87 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | | | | |
|--|--|---------------|--|---------------|
| 29 (a) Consumption of Raw Material | Year ended 31.03.2013 (₹ in Lacs) | | Year ended 31.03.2012 (₹ in Lacs) | |
| Cotton | 2,088.97 | | 2,475.47 | |
| Yarn | 4,932.41 | | 4,015.60 | |
| Cloth | 8,058.69 | | 4,603.00 | |
| | 15,080.07 | | 11,094.07 | |
| (b) Value of Imported and Indigenous Raw Materials, Stores, Spares parts, Components, dyes & chemicals. | 31.03.2013 (₹ in Lacs) | % | 31.03.2012 (₹ in Lacs) | % |
| I) Raw Material | | | | |
| i) Imported | 892.13 | 5.92 | 980.35 | 8.84 |
| ii) Indigenous | 14,187.94 | 94.08 | 10,113.72 | 91.16 |
| | 15,080.07 | 100.00 | 11,094.07 | 100.00 |
| II) Stores & Spares components, Dyes & Chemicals | | | | |
| i) Imported | 156.13 | 4.33 | 236.86 | 8.53 |
| ii) Indigenous (Including imported items purchased locally) | 3,450.83 | 95.67 | 2,541.47 | 91.47 |
| | 3,606.97 | 100.00 | 2,778.33 | 100.00 |
| (c) I) Value of Imports calculated on C.I.F. basis | Year Ended 31.03.2013 (₹ in Lacs) | | Year Ended 31.03.2012 (₹ in Lacs) | |
| i) Raw Materials | 904.78 | | 990.54 | |
| ii) Consumables | 158.43 | | 192.04 | |
| iii) Capital Goods | 747.69 | | 703.48 | |
| II) Expenditure in Foreign Currency | | | | |
| i) Professional Fees | 38.39 | | 67.53 | |
| ii) Marketing Service fee and Sales Commission | 539.84 | | 429.27 | |
| iii) Foreign Travel | 42.15 | | 41.07 | |
| iv) Processing Charges | 99.66 | | 284.59 | |
| v) Others | 17.73 | | 12.57 | |
| III) Earning in Foreign Currency FOB Value of Exports | 21,442.18 | | 17,677.97 | |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | Year Ended 31.03.2013 ₹ in Lacs | Year Ended 31.03.2012 ₹ in Lacs |
|---|--|--|
| 30 Turnover | | |
| <u>Manufactured Goods</u> | | |
| Finished Fabrics | 35,837.50 | 28,626.55 |
| Yarn | 59.72 | 78.28 |
| Others* | 621.05 | 787.65 |
| | 36,518.27 | 29,492.48 |
| * Consists of Sale/ use of DEPB Licences, waste, etc. | | |
| 31 Auditor's Remuneration | Year ended 31.03.2013 ₹ in Lacs | Year ended 31.03.2012 ₹ in Lacs |
| Audit Fees | 8.00 | 7.00 |
| Tax Audit Fees | 2.50 | 2.00 |
| Certification fees | 6.20 | 3.80 |
| | 16.70 | 12.80 |
| 32 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 st March, 2013. This information as required to be disclosed under the 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. | | |
| | As on 31.03.2013 ₹ in Lacs | As on 31.03.2012 ₹ in Lacs |
| (a) Principal amount and separately the interest due thereon remaining unpaid to any supplier at the end of the financial year | 11.12 | 13.67 |
| (b) The amount of interest paid u/s 16 of this Act, along with the amounts of payments made to the supplier beyond the appointed day during each accounting year | — | — |
| (c) The amount of interest due and payable for the period of delay in making payment which have been paid but, beyond the appointed day during the year | — | — |
| (d) The amount accrued and remaining unpaid at the end of each accounting period; i.e., principal is paid but interest has remained unpaid | — | — |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise, this is required for the purpose of disallowance as a deductible expenditure | — | — |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

33 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.

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

35 Employee Benefits:

(a) Short term employee benefits:

The liability towards short term employee benefits for the year ended 31st March, 2013 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 31.03.2013 | | Unfunded 31.03.2012 | |
|--|---------------------|------------------|---------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs |
| <u>Amount Recognised in Balance sheet</u> | | | | |
| Present Value of Unfunded Obligation | 182.43 | 67.38 | 153.68 | 49.75 |
| Unrecognised Past Service Cost | — | — | — | — |
| Amount not recognised as Asset, because of the limit in Para 59(b) | — | — | — | — |
| <u>Amount in Balance Sheet</u> | | | | |
| Liability | 182.43 | 67.38 | 153.68 | 49.75 |
| Assets | — | — | — | — |
| Net Liability | 182.43 | 67.38 | 153.68 | 49.75 |
| <u>Expense Recognised in the Statement of Profit & Loss</u> | | | | |
| Opening Defined Benefit Obligation less benefits Paid | — | — | — | — |
| Current Service Cost | 21.09 | 15.58 | 19.93 | 11.41 |
| Interest Cost on Defined Benefit Obligation | 12.50 | 3.75 | 11.14 | 4.17 |
| Expected Return on Plan Assets | — | — | — | — |
| Net Actuarial Losses / (Gains) Recognised in Year | 8.45 | 9.47 | 4.11 | (1.06) |
| Past Service Cost | — | — | — | — |
| Effect of the limit in Para 59(a) | — | — | — | — |
| Losses / (Gains) on "Curtailements and Settlements" | — | — | — | — |
| Total Included in "Employee Benefit Expense" | 42.04 | 28.80 | 35.18 | 14.52 |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | Unfunded 31.03.2013 | | Unfunded 31.03.2012 | |
|---|---------------------|------------------|---------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs |
| <u>Change in define benefit obligation</u> | | | | |
| Opening Defind Benefit Obligation as at 01.04.2012 | 153.68 | 49.75 | 131.05 | 49.07 |
| Current Service Cost | 21.09 | 15.58 | 19.93 | 11.41 |
| Interest Cost | 12.50 | 3.75 | 11.14 | 4.17 |
| Acturial Losses / (Gain) | 8.45 | 9.47 | 4.11 | (1.06) |
| Liabilities Extinguised on Curtailment | — | — | — | — |
| Liabilities Extinguised on Settlements | — | — | — | — |
| Liabilities Assumed on Acquisition | — | — | — | — |
| Exchange Difference on Foreign Plans | — | — | — | — |
| Benefits Paid | (13.29) | (11.17) | (12.55) | (13.84) |
| Closing Defined Benefit Obligation as at 31.03.2013 | 182.43 | 67.38 | 153.68 | 49.75 |

| | ₹ in lacs | | | | |
|--------------------------------|------------|------------|------------|------------|------------|
| | 31.03.2013 | 31.03.2012 | 31.03.2011 | 31.03.2010 | 31.03.2009 |
| <u>Gratuity</u> | | | | | |
| Defind Benefit Obligation | 182.43 | 153.68 | 175.01 | 169.37 | 137.91 |
| Plan Assets | — | — | — | — | — |
| Surplus/ (Deficit) | (182.43) | (153.68) | (175.01) | (169.37) | (137.91) |
| <u>Leave Encashment</u> | | | | | |
| Defind Benefit Obligation | 67.38 | 49.75 | 76.53 | 78.83 | 51.80 |
| Plan Assets | — | — | — | — | — |
| Surplus/ (Deficit) | (67.38) | (49.75) | (76.53) | (78.83) | (51.80) |

Summary of the Acturial Assumptions :-

Discount Rate 8.10%

Note :

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

36 During the previous year the company has sold 10,20,000 Equity Share of one of it's subsidiary, Mens Club s.p.a., Italy, which was under voluntary liquidation.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- 37 Pending final settlement of insurance claim, the loss caused in the fire incurred in May, 2011 in a portion of one of its manufacturing unit at Nagpur, has been shown as claim receivable, net of adhoc payment receipt. On final settlement the difference in loss and actual claim received will be accounted for.
- 38 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:

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| a) Not later than one year | 10.19 | 10.19 |
| b) Later than one year but not later than five years | 5.79 | 15.98 |
| c) Later than five years | — | — |
| | <u>15.98</u> | <u>26.17</u> |

Lease payment recognised in profit & Loss account for the year is ₹ 10.19 lacs (Previous year ₹ 11.29 lacs)

- 39 A) The Board of Directors have passed a resolution to divest from Just Textiles Limited, a joint venture in which the Company holds 49% stake.

Accordingly, Just Textiles Limited financial statements are not consolidated with the financial statements of the Company, and accordingly for opening balance of Reserves, inventory etc have been adjusted in the consolidated financial statements of current year.

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:

- (a) 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.
- (b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31st March, 2013

| | | ₹ in lacs |
|----------------|------------|------------|
| Particulars | 31.03.2013 | 31.03.2012 |
| i Assets | — | 2768.04 |
| ii Liabilities | — | 1735.55 |
| iii Income | — | 2102.86 |
| iv Expenses | — | 2185.90 |

- (c) The Company's share of capital commitments of the JV as at 31st, March, 2013 is ₹ Nil (Previous year ₹Nil)
- (d) The Company's share of contingent liabilities of the JV as at 31st, March, 2013 is Nil. (Previous year ₹Nil)



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(e) No contingent liabilities and capital commitments have been incurred as at 31st March, 2013 in relation to the Company's interest in the JV alongwith the other venture. (Previous year Nil)

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:

(a) 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 31st March, 2013

| | | ₹ in lacs | |
|-------------|-------------|-----------|----------|
| Particulars | | 31.03.13 | 31.03.12 |
| i | Assets | 72.98 | 76.51 |
| ii | Liabilities | 0.48 | 1.59 |
| iii | Income | 0.78 | 0.65 |
| iv | Expenses | 3.21 | 2.92 |

(c) The Company's share of capital commitments of the JV as at 31st, March, 2013 is ₹ Nil .(Previous year Nil)

(d) The Company's share of contingent liabilities of the JV as at 31st, March, 2013 is Nil. (Previous year Nil)

(e) No contingent liabilities and capital commitments have been incurred as at 31st March, 2013 in relation to the Company's interest in the JV alongwith the other venture. (Previous year Nil)

40 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

Penninsula Land Limited

Ashok Piramal Management Corporation Limited

Morarjee Goculdas Spg. & Wvg. Co.Private Limited
(Formerly Morarjee Legler Private Limited)

Peninsula Facility Management Services Limited

Ashok G. Piramal Trust

Urvi Ashok Piramal Foundation

PMP Components Private Limited

Integra Garments & Textiles Limited
(Formerly Five Star Mercantile Limited)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- B. Subsidiary Companies
Morarjee International s.r.l.
- C. Joint Ventures
Morarjee Castiglioni (I) Private Limited
Just Textiles Limited
- D. Key Management Personnel
Mr. Harshvardhan A. Piramal
Mr. R. K. Rewari

Details of Transactions are as follows:

| | Year ended 31.03.2013 ₹ in lacs | Year ended 31.03.2012 ₹ in lacs |
|---|---------------------------------------|---------------------------------------|
| A Sales to related parties | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Urvi Ashok Piramal Foundation | — | 0.30 |
| Integra Garments & Textiles Limited | — | 114.05 |
| B Purchase from related parties | | |
| Joint Ventures | | |
| Just Textiles Limited | 40.50 | — |
| C Purchase of Fixed Assets (Land) | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Integra Garments & Textiles Limited | 4,051.00 | — |
| D Services from related parties | | |
| Subsidiary Companies | | |
| Morarjee International srl | 23.63 | 23.06 |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Ashok Piramal Management corporation Limited | 24.00 | 21.00 |
| Peninsula Facility Management Services Limited | 63.91 | 57.87 |
| E Loan / Advances paid to Related Party | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Integra Garments & Textiles Limited | — | 3,749.51 |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Details of Transactions are as follows: | | Year ended 31.03.2013 ₹ in lacs | Year ended 31.03.2012 ₹ in lacs |
|---|--|---------------------------------------|---------------------------------------|
| F | Repayment of Loan / Advances | | |
| | Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| | Integra Garments & Textiles Limited | 3,749.51 | — |
| G | Remuneration / Sitting Fees | | |
| | Key Management personnel | | |
| | Shri R. K. Rewari | 97.26 | 79.88 |
| | Sitting Fees & Commission | 5.20 | 6.60 |
| H | Rent paid | | |
| | Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| | PMP Components Private Limited | 0.67 | 0.66 |
| | Peninsula Land Limited | 127.62 | 131.61 |
| I | Donations given | | |
| | Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| | Ashok G. Piramal Trust | 5.02 | — |
| | Urvi Ashok Piramal Foundation | — | 1.87 |
| J | Outstanding balance | | |
| | Due to Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| | Peninsula Facility Management Service | 29.58 | 23.66 |
| | Peninsula Land Limited | 24.31 | 16.77 |
| | PMP Components Private Limited | 0.50 | — |
| | Due to Joint Venture Companies | | |
| | Morarjee Castiglioni (I) Private Limited | 123.93 | 131.41 |
| | Just Textiles Limited | 2.22 | 1.26 |
| | Due to Subsidiary Companies | | |
| | Morarjee International srl | 2.38 | — |
| | Due from Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| | Ashok G. Piramal Trust | 0.01 | 0.01 |
| | Integra Garments & Textiles Limited | — | 3,863.56 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

41 Earnings Per Share (Basic / Diluted)

| | 31.03.2013 | | 31.03.2012 | |
|---|------------|-----------|------------|-----------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| (a) Profit after Tax | 2,394.08 | | 311.37 | |
| Less: Preference Share Dividend & Taxes | 216.44 | 2,177.64 | 215.01 | 96.36 |
| (b) Number of Shares (weighted average) | | 36332349 | | 36332349 |
| (c) Earnings Per Share (₹) | | 5.99 | | 0.27 |

42 During the financial year, the company has entered into an agreement with M/s. Integra Garments and Textiles Limited (previously known as Five star Mercantile Limited) to recover it's old outstanding amount of ₹ 3749.51 lacs. As per the terms of the agreement; considering the current financial constraints, and liquidity position of the borrower, interest amount of ₹ 422 lacs has not been charged to them and the principle amount of ₹ 3749.51 lacs has been recovered in full.

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

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

| | |
|-----------------------------|---------------------------|
| Ms. Urvi A. Piramal | Chairperson |
| Mr. Harshvardhan A. Piramal | Executive Vice Chairman |
| Mr. R. K. Rewari | CEO & Executive Director |
| Mr. Mahesh S. Gupta | Director |
| Mr. Ranjan Sanghi | Director |
| Mr. Aditya Mangaldas | Director |
| Mr. Pradipta Mohapatra | Director |
| Mr. S. C. Kashimpuria | Head - Finance & Accounts |
| Ms. Karina Vaz | Deputy Company Secretary |



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31 st March, 2013 | | 31 st March, 2012 | |
|---|------------------------------|----------------|------------------------------|----------------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit | | 2,394.08 | | 311.37 |
| Depreciation | 1,416.05 | | 1,326.90 | |
| Interest Expenses | 2,725.66 | | 2,758.30 | |
| Demerger adjustment | — | | (5.00) | |
| Interest Income | (4.47) | | (11.91) | |
| | | 4,137.24 | | 4,068.29 |
| Operating Profit Before Working Capital Changes | | 6,531.32 | | 4,379.66 |
| Adjustments for Changes in Working Capital | | | | |
| (Increase)/ Decrease in Trade and Other Receivables | 1,872.00 | | (3,161.66) | |
| (Increase) /Decrease in Inventories | (1,441.30) | | 607.62 | |
| Increase/(Decrease) in Trade Payables | 2,439.06 | | 416.64 | |
| | | 2,869.76 | | (2,137.40) |
| Cash From Operating Activities | | 9,401.08 | | 2,242.26 |
| Less: Income Tax Paid (MAT) | | 376.58 | | 4.05 |
| Net Cash From Operating Activities | | (A) 9,024.50 | | (A) 2,238.21 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (5,426.45) | | (1,346.28) | |
| Interest Income | 4.47 | | 11.91 | |
| Net Cash Used in Investing Activities | | (B) (5,421.98) | | (B) (1,334.37) |

| | 31 st March, 2013 | | 31 st March, 2012 | |
|--|---|---------------------------|------------------------------|---------------------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long Term Borrowings | 612.36 | | 696.17 | |
| Repayment of Long Term Borrowings | (2,710.67) | | (1,562.64) | |
| Increase/ (Decrease) in Short term Borrowings | 1,160.75 | | 2,762.20 | |
| Interest Paid | (2,697.40) | | (2,747.12) | |
| Net Cash Used in Financing Activities | | (C) (3,634.96) | | (C) (851.39) |
| Net Increase in Cash and Cash Equivalents (A)+(B)+(C) | | (32.44) | | 52.45 |
| Cash and Cash Equivalents at the beginning of the year | | 101.74 | | 165.42 |
| Cash and Cash Equivalents as per scheme of demerger | | — | | (116.13) |
| Cash and Cash Equivalents at the end of the year | | 69.30 | | 101.74 |
| As per our report of even date. | For and on behalf of Board of Directors | | | |
| SHAH & CO. | Ms. Urvi A. Piramal | Chairperson | | |
| Chartered Accountants | Mr. Harshvardhan A. Piramal | Executive Vice Chairman | | |
| FRN. 109430W | Mr. R. K. Rewari | CEO & Executive Director | | |
| | Mr. Mahesh S. Gupta | Director | | |
| | Mr. Ranjan Sanghi | Director | | |
| A. H. SHAH | Mr. Aditya Mangaldas | Director | | |
| Partner | Mr. Pradipta Mohapatra | Director | | |
| Membership No. 103750 | Mr. S. C. Kashimpuria | Head - Finance & Accounts | | |
| Mumbai : 28 th May, 2013 | Ms. Karina Vaz | Deputy Company Secretary | | |



ANNEXURE TO THE BALANCE SHEET AS AT 31st March, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | |
|---|---|
| 1. NAME OF THE SUBSIDIARY COMPANY | MORARJEE INTERNATIONAL srl |
| 2. FINANCIAL YEAR OF THE SUBSIDIARY COMPANY | 31.03.2013 |
| 3. DATE FROM WHICH IT BECAME SUBSIDIARY | 27.01.2005 |
| 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%) |
| 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 (₹ in lacs) | (1.04) |
| B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY (₹ in lacs) | (297.81) |
| 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 |
| B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY | NIL |

For and on behalf of Board of Directors

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

Mr. R. K. Rewari

Mr. Mahesh S. Gupta

Mr. Ranjan Sanghi

Mr. Aditya Mangaldas

Mr. Pradipta Mohapatra

Mr. S. C. Kashimpuria

Ms. Karina Vaz

Chairperson

Executive Vice Chairman

CEO & Executive Director

Director

Director

Director

Director

Head - Finance & Accounts

Deputy Company Secretary

Mumbai : 28th May, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of MORARJEE TEXTILES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MORARJEE TEXTILES LIMITED ("the Company") and its subsidiaries / joint venture (Refer Note no 40 to consolidated financial statements), which comprise the consolidated Balance Sheet as at 31st March 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements and (AS 27) on Financial reporting of interests in Joint Ventures as prescribed by the Companies (Accounting Standard's) Rules, 2006.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

On the basis of inquiries made under sub-section (1A) of Section 227 of The Companies Act, 1956, the Company has not accrued interest income on unsecured loan given to Integra Garments and Textiles Limited (Previously known as Five Star Mercantile Limited) – a company within the same management, amounting to ₹ 422 lacs for the year ended on 31st March 2013. The said loan is recovered in full during the year. (Refer note no. 43 in the consolidated financial statements). As a result of the same, the profit for the year ended on 31st March 2013 is lower by ₹ 422 lacs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and joint ventures as noted below, the consolidated financial



statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India *except for non provision of interest income in the preceding paragraph*:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Other matter

We have not audited the financial statements of subsidiaries / joint venture mentioned in Annexure to this report whose total assets and total revenues are

mentioned in the Annexure to this report. These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries / joint venture, is based solely on reports of the other auditors.

The financial statements of the Morarjee Castiglioni (I) Private Limited, a Joint Venture between the parent company and the Manifattura castiglioni S.P.A. for the year ended 31st March 2013 have been audited by us.

For Shah & Co.
Chartered Accountants
Firm Registration No: 109430W

Ashish H. Shah
Partner
Membership No: 103750

Mumbai : 28th May, 2013

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

₹ In Lacs

| Name of the Company | Financial Year | Total Assets | Total Revenues |
|----------------------------|--------------------------|--------------|----------------|
| Morarjee International srl | April 2012 to March 2013 | 7.36 | 31.03 |

Joint Venture:

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

Morarjee Castiglioni (I) Private Limited, a Joint Venture between the parent company and the Manifattura castiglioni S.P.A. where in the parent company has equal equity participation.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| | Note | 31.03.2013 | 31.03.2012 |
|--|------|------------------|------------------|
| | | ₹ in lacs | ₹ in lacs |
| I. EQUITIES AND LIABILITIES | | | |
| 1. Shareholders' Funds | | | |
| a) Share Capital | 2 | 5,043.27 | 5,043.27 |
| b) Reserves and Surplus | 3 | 5,670.51 | 4,988.02 |
| c) Capital Reserve on Consolidation | | 14.83 | 14.83 |
| | | 10,728.61 | 10,046.12 |
| 2. Non Current Liabilities | | | |
| a) Long Term Borrowings | 4 | 4,187.21 | 11,865.37 |
| b) Deferred Tax Liability | 5 | — | 140.83 |
| c) Other Long Term Borrowings | 6 | 110.39 | 117.02 |
| d) Long Term Provisions | 7 | 232.54 | 190.99 |
| | | 4,530.14 | 12,314.21 |
| 3. Current Liabilities | | | |
| a) Short Term Borrowings | 8 | 7,736.00 | 7,293.15 |
| b) Trade Payables | 9 | 4,495.34 | 3,296.04 |
| c) Other Current Liabilities | 10 | 8,770.51 | 3,450.32 |
| d) Short Term Provisions | 11 | 3,543.43 | 1,340.57 |
| | | 24,545.38 | 15,380.08 |
| TOTAL | | 39,804.13 | 37,740.41 |
| II. ASSETS | | | |
| 1. Non Current Assets | | | |
| a) Fixed Assets | 12 | | |
| Tangible Assets | | 23,091.76 | 20,589.54 |
| Intangible Assets | | 320.19 | 343.18 |
| Capital Work In Progress | | 240.06 | 342.45 |
| | | 23,652.01 | 21,275.17 |
| b) Non Current Investments | 13 | 796.46 | 1.97 |
| c) Long Term Loans and Advances | 14 | 245.99 | 378.69 |
| d) Other Non Current Assets | 15 | 719.34 | 259.87 |
| | | 25,413.80 | 21,915.70 |
| 2. Current Assets | | | |
| a) Inventories | 16 | 6,808.56 | 5,593.49 |
| b) Trade Receivables | 17 | 5,785.55 | 4,322.52 |
| c) Cash and Cash Equivalents | 18 | 80.67 | 141.40 |
| d) Short Term Loans and Advances | 19 | 1,615.89 | 5,653.00 |
| e) Other Current Assets | 20 | 99.66 | 114.30 |
| | | 14,390.33 | 15,824.71 |
| TOTAL | | 39,804.13 | 37,740.41 |
| Accounting Policies | 1 | | |
| Notes are an Integral part of the financial statements | | | |

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

| | |
|-----------------------------|---------------------------|
| Ms. Urvi A. Piramal | Chairperson |
| Mr. Harshvardhan A. Piramal | Executive Vice Chairman |
| Mr. R. K. Rewari | CEO & Executive Director |
| Mr. Mahesh S. Gupta | Director |
| Mr. Ranjan Sanghi | Director |
| Mr. Aditya Mangaldas | Director |
| Mr. Pradipta Mohapatra | Director |
| Mr. S. C. Kashimpuria | Head - Finance & Accounts |
| Ms. Karina Vaz | Deputy Company Secretary |



CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013

| | Note | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|------|-------------------------|-------------------------|
| INCOME | | | |
| Income from Operations | | 36,518.27 | 31,717.64 |
| Less : Excise Duty | | 111.20 | 430.91 |
| Net Income from Operations (net) | | 36,407.07 | 31,286.73 |
| Other Income | 21 | 12.70 | 31.00 |
| Total Income | | 36,419.77 | 31,317.73 |
| EXPENDITURE | | | |
| Materials Consumed | 22 | 15,080.07 | 11,472.17 |
| Changes in Inventories of work in progress and Finished Goods | 23 | (625.56) | (30.28) |
| Manufacturing & Other Expenses | 24 | 9,750.19 | 10,017.21 |
| Employment Cost | 25 | 2,663.70 | 2,441.09 |
| Administrative, Selling & Other Expenses | 26 | 2,645.78 | 2,521.21 |
| Forex Loss / (Gain) | | 371.94 | 156.40 |
| Total Expenditure | | 29,886.12 | 26,577.80 |
| Profit Before Finance Expenses , Depreciation & Tax | | 6,533.65 | 4,739.93 |
| Finance Expenses | 27 | 2,726.11 | 2,878.68 |
| Depreciation | 12 | 1,416.06 | 1,446.04 |
| Profit Before Tax and exceptional items | | 2,391.48 | 415.21 |
| Loss recognised on the disposal of assets or settlement of liabilities attributable to the discontinuing operation | | — | 472.55 |
| Less: Provision for Tax (Including MAT) | | 513.09 | 34.45 |
| Add: MAT Credit Entitlement | | 512.23 | (32.48) |
| Profit / (Loss) After Tax and exceptional items | | 2,390.62 | (59.31) |
| Add : Share of Minority Interest | | — | 185.06 |
| Consolidated Profit after Tax & Minority Interest | | 2,390.62 | 125.75 |
| Consolidated Profit after Tax & Minority Interest from continuing operations | | 2,390.62 | 501.49 |
| Consolidated Profit / (Loss) after Tax & Minority Interest from discontinuing operations | | — | (375.74) |
| Consolidated Profit after Tax & Minority Interest | | 2,390.62 | 125.75 |
| Earning Per Equity Share (₹) (Face value ₹ 7/-each) (Refer Note no. 42) | | 5.98 | (0.25) |
| Accounting Policies | 1 | | |
| Notes are an Integral part of the financials statements | | | |

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harshvardhan A. Piramal
Mr. R. K. Rewari
Mr. Mahesh S. Gupta
Mr. Ranjan Sanghi
Mr. Aditya Mangaldas
Mr. Pradipta Mohapatra
Mr. S. C. Kashimpuria
Ms. Karina Vaz

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Note 1 : 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 is determined on a first in first out (FIFO) basis.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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. 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|---------------------------|----------------------------------|
| Note 2 : Share Capital | | |
| Authorised : | | |
| 4,50,00,000 (Previous Year 4,50,00,000) Equity Shares of ₹ 7/- each (Previous year ₹ 7/-) | 3,150.00 | 3,150.00 |
| 25,00,000 (Previous Year 25,00,000) Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each | 2,500.00 | 2,500.00 |
| | 5,650.00 | 5,650.00 |
| Issued, Subscribed and Paid- up: | | |
| 3,63,32,349 (Previous Year 3,63,32,349) Equity Shares of ₹ 7/- (Previous year ₹ 10/-) each Fully Paid up (Above includes 1,81,62,886 Equity Shares of ₹ 10/- each fully paid issued to Existing shareholder on Rights basis (Does not include 6577 Equity Shares Kept in abeyance) Less : Reduction in Face value of Equity Shares Reduced by ₹ 3/- per share and transferred to General Reserve (Refer Note No. 29) | 2,543.27 — | 3,633.24 1,089.97 |
| 3,63,32,349 (Previous Year 3,63,32,349) Equity Shares of ₹ 7/- each Fully Paid up | 2,543.27 | 2,543.27 |
| 25,00,000 (Previous year 25,00,000) Redeemable Cumulative Non Convertible Preference Shares 10,00,000 (Previous year 10,00,000) 5% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each 15,00,000 (Previous year 15,00,000) 9% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each | 2,500.00 | 2,500.00 |
| | 5,043.27 | 5,043.27 |
| A) The reconciliation of the number of shares outstanding is given below: | | |
| | No of Shares | No of Shares |
| a) Equity Shares | | |
| Equity Shares at the beginning of the year | 36,332,349 | 36,332,349 |
| Equity Shares at the end of the year | 36,332,349 | 36,332,349 |
| b) Preference Shares | | |
| 5% Preference Shares at the beginning of the year | 1,000,000 | 1,000,000 |
| 5% Preference Shares at the end of the year | 1,000,000 | 1,000,000 |
| 9% Preference Shares at the beginning of the year | 1,500,000 | 1,500,000 |
| 9% Preference Shares at the end of the year | 1,500,000 | 1,500,000 |
| Total Preference Shares at the end of the year | 2,500,000 | 2,500,000 |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

| | 31.03.2013 No of shares | 31.03.2012 No of Shares |
|---|--|--|
| B) Shareholders holding more than 5% shares of the Company | | |
| a) Equity Shareholder | | |
| Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal | | |
| Nos of Shares | 21,590,112 | 21,590,112 |
| % age of holding | 59.42 | 59.42 |
| b) Preference Shareholder | | |
| Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal | | |
| Nos of Shares | 2,500,000 | 2,500,000 |
| % age of holding | 100.00 | 100.00 |
| C) Terms/ rights attached to Equity Shares | | |
| Each Equity shares of Company has a par value of ₹ 7/- as at 31 st March, 2013. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. | | |
| D) Terms/ rights attached to Preference Shares | | |
| 1) 5% Redeemable Cumulative Non- Convertible Preference Shares of ₹ 100/- each , Redeemable anytime between 15 th November, 2014 and 15 th November, 2019 at option of the Company . The holders of the said Preference Shares shall not have any right to vote in any manner before the Company at any meeting except on resolutions placed before the Company at any meeting which directly affects their rights. | | |
| 2) 9% Redeemable Cumulative Non- Convertible preference Shares of ₹ 100/- each (Redeemable anytime between 4 th June 2012 and 3 rd December, 2015 at the option of the Company. The holders of the said Preference Shares shall not have any right to vote in any manner before the Company at any meeting except on resolutions placed before the Company at any meeting which directly affects their rights. | | |
| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
| Note 3 : Reserves and Surplus | | |
| a) General Reserve | | |
| - Opening balance | 6,138.84 | 3,350.06 |
| Add: The difference in the book value of Assets and liabilities of Integra division (Refer Note No 29) | — | 1,706.90 |
| Face value of the Equity Shares Reduced by ₹ 3/ per share and transferred to General Reserve (Refer Note no.29) | — | 1,089.97 |
| Less: Investment written off on demerger (Refer Note no.29) | — | 5.00 |
| Adjustment of Minority Interest | — | 3.09 |
| Add: Amount Transferred from Profit & Loss | 240.00 | — |
| | 6,378.84 | 6,138.84 |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|---|-------------------------|-------------------------|
| b) Foreign Exchange Reserve | | |
| Opening Balance | 15.13 | (21.67) |
| Adjustment for the year | — | 36.80 |
| | <u>15.13</u> | <u>15.13</u> |
| c) Profit & Loss Account | | |
| Opening balance | (1165.95) | (1,291.70) |
| Less: Opening Balance of Joint Venture (Refer Note no.40) | 246.32 | — |
| Add: Net Profit for the year | 2390.62 | 125.75 |
| Less : | | |
| Proposed Dividend on Preference Shares | 613.64 | — |
| Dividend Distribution Tax | 104.29 | — |
| Proposed Dividend on Equity Shares | 635.82 | — |
| Dividend Distribution Tax | 108.06 | — |
| Transfer to General Reserve | 240.00 | — |
| | <u>(723.46)</u> | <u>(1,165.95)</u> |
| | <u>5,670.51</u> | <u>4,988.02</u> |
| Note 4: Long Term Borrowings | | |
| Secured | | |
| Term Loan from Bank | 4,187.21 | 6,865.37 |
| Unsecured | | |
| Term Loan from Bank | — | 5,000.00 |
| | <u>4,187.21</u> | <u>11,865.37</u> |
| a) Nature of Security and Terms of Repayment for Long Term Secured Borrowings: | | |
| of ₹ 2925 lacs (Previous year ₹ 6019.90 lacs) | | |
| Nature of Security | | |
| - Secured by a 1 st pari passu charge on the movable assets , including its moveable Plant & machinery, spare, tools and accessories secured by a parripassu equitable mortgage on company's immovable properties at Butibori, Nagpur and 2 nd paripassu charge by way of current assets of the Company viz, Raw Materials, Stock in Process, Finished Goods , Consumable Store and Spares, Book Debt and other moveable both present and future in respect of ₹ 2925 lacs (Previous Year ₹ 6019.90 lacs) | | |

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 300 lacs repayable in balance 3 quarterly instalment (excluding current maturities)
- Loan of ₹ 1875 lacs repayable in 5 quarterly instalments (excluding current maturities)
- Loan of ₹ 750 lacs repayable in 3 quarterly instalments (excluding current maturities)

b) Nature of Security and Terms of Repayment for Long Term Secured Borrowings:

of ₹ 1262.21 lacs (Previous year ₹ 696.17 lacs)

Nature of Security

- Secured by first charge on the present and future movable and immovable fixed assets of the Company in respect of ₹ 1262.21 lacs (Previous year ₹ 696.17 Rs.lacs)

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 1262.21 lacs repayable in 58 monthly instalments (excluding current maturities)

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|---|-------------------------|-------------------------|
| Note 5 : Deferred Tax Liability | | |
| (Includes amount acquired on acquisition) | — | 140.83 |
| Note 6 : Other Long Term Liabilities | | |
| Trade Deposits | 110.39 | 117.02 |
| Note : 7 Long Term Provisions | | |
| Employee Retirement Benefits | 232.54 | 190.99 |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| Note 8 : Short Term Borrowings | | |
| Secured | | |
| - Cash Credit / Packing Credit from Banks* | 6,625.85 | 6,794.52 |
| | <u>6,625.85</u> | <u>6,794.52</u> |
| Unsecured | | |
| Bodies Corporate | 1,110.15 | 361.51 |
| Director | — | 51.16 |
| Others | — | 85.96 |
| | <u>1,110.15</u> | <u>498.63</u> |
| | <u>7,736.00</u> | <u>7,293.15</u> |
| *(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 pari passu 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) | | |
| Note 9 : Trade Payables | | |
| - Due of Micro and small Enterprises | 11.12 | 13.67 |
| - Others | 4,484.22 | 3,282.37 |
| | <u>4,495.34</u> | <u>3,296.04</u> |
| Note 10 : Other Current Liabilities | | |
| - Current Maturities of Long Term Loan from Bank | 8,391.72 | 3,020.99 |
| - Interest accrued but not due | 178.64 | 150.38 |
| - Unclaimed Dividend | 6.97 | 8.73 |
| - Others | 193.18 | 270.22 |
| | <u>8770.51</u> | <u>3,450.32</u> |
| Note 11 : Short Term Provisions | | |
| - Proposed Dividend | 1,249.46 | — |
| - Dividend Distribution Tax | 212.35 | — |
| - Provision for Employees Retirement Benefits | 17.27 | 29.53 |
| - Provision for Expenses & others | 2,064.45 | 1,311.04 |
| | <u>3543.53</u> | <u>1,340.57</u> |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

Note 12 : Fixed Assets

| | Gross Block | | | | | Depreciation | | | | Net Block | |
|---|-------------------------|---|-----------|------------|-------------------------|-------------------------|---|-----------------|--------------------------|-------------------------|-------------------------|
| | Bal As On 01.04.2012 | Deduction of Joint Venture Assets ** | Additions | Deductions | Bal as on 31.03.2013 | Bal as on 01.04.2012 | Deduction of Joint Venture Assets ** | For the Year | Deduction/ Adjustment | Bal as on 31.03.2013 | Bal as on 31.03.2012 |
| Tangible Assets | | | | | | | | | | | |
| Land - Leasehold | 2,596.70 | - | 4,051.00 | - | 6,647.70 | 81.75 | - | 38.41 | - | 120.16 | 2,514.95 |
| Land | 84.71 | 84.71 | - | - | - | - | - | - | - | - | 84.71 |
| Building | 8,497.51 | 279.61 | 33.58 | - | 8,251.48 | 1,905.26 | 60.67 | 274.98 | - | 2,119.57 | 6,592.25 |
| Plant & Machinery | 20,584.05 | 2,145.22 | 1,364.63 | - | 19,803.46 | 9,301.21 | 853.68 | 1,026.20 | - | 9,473.73 | 11,282.84 |
| Computer | 327.88 | 21.51 | 12.52 | - | 318.89 | 314.24 | 21.30 | 5.38 | - | 298.32 | 13.64 |
| Furniture & Fixture, Office Equipments | 225.03 | 35.77 | 14.15 | - | 203.41 | 146.07 | 19.85 | 10.56 | - | 136.78 | 78.95 |
| Motor Vehicles | 49.25 | 27.65 | 5.74 | - | 27.34 | 27.04 | 17.01 | 1.93 | - | 11.96 | 22.20 |
| Intangible Assets | | | | | | | | | | | |
| Designs & Archives | 277.42 | - | - | - | 277.42 | 118.16 | - | 9.27 | - | 127.43 | 159.26 |
| Goodwill | 9.29 | 9.29 | - | - | - | - | - | - | - | - | 9.29 |
| Computer Software | 314.99 | - | 44.90 | - | 359.89 | 140.36 | - | 49.33 | - | 189.69 | 174.63 |
| Total | 32,966.83 | 2,603.76 | 5,526.52 | - | 35,889.59 | 12,034.09 | 972.51 | 1,416.06 | - | 12,477.64 | 20,932.72 |
| Previous Year * | 32,363.76 | - | 1,064.92 | 461.85 | 32,966.83 | 10,750.21 | - | 1,446.04 | 162.16 | 12,034.09 | |
| Capital W.I.P. | | | | | | | | | | | 342.45 |
| Total | | | | | | | | | | | 21,275.17 |

* Previous year opening balance amount is net of deduction amount towards demerger.

** Refer Note No. 40 towards deduction of Joint Venture.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| Note 13 : Non Current Investments | | |
| Others | | |
| a) Investment in Equity Shares | | |
| Just Exports Private Limited | — | 0.98 |
| (2000 (Previous Year 2000) Equity Shares of ₹ 100/- each) (Refer Note no 40) | | |
| Joint Venture | | |
| Just Textiles Limited | 795.56 | — |
| (795560 Equity shares of ₹ 10/- each fully paid) (Refer Note no 40) | | |
| Other Entities | | |
| The Saraswat Co-operative Bank Limited | 0.25 | 0.25 |
| (2500 (Previous year 2000) Equity Shares of ₹ 10/- each) | | |
| Development Credit Bank Limited | — | 0.09 |
| (1800 (Previous Year 1800) Equity Shares of ₹ 10/- each) | | |
| Morarjee Goculdas Spg.& Wvg. Co. Private Limited | 0.01 | 0.01 |
| (Formerly - Morarjee Legler Private Limited) (2000 (Previous Year 2000) Equity Shares of ₹ 10 each fully paid up) | | |
| b) Investment in Government Securities | | |
| Govt securities (Unquoted) | 0.64 | 0.64 |
| | 796.46 | 1.97 |
| Note 14 : Long Term Loans & Advances | | |
| Capital Advances | 4.47 | 58.79 |
| Deposit / balance with government authorities etc. | 183.43 | 114.41 |
| Deposit and Other advances | 15.41 | 15.42 |
| Advance Tax | 42.68 | 190.07 |
| | 245.99 | 378.69 |
| Note 15 : Other Non Current Assets | | |
| MAT Credit Entitlement | 719.34 | 259.87 |
| | 719.34 | 259.87 |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| Note 16 : Inventories | | |
| Raw materials & Accessories | 1,199.89 | 509.53 |
| Work-In- Progress | 2,783.98 | 2,127.50 |
| Finished Goods | 2,528.38 | 2,622.38 |
| Consumable, Stores, spares..etc | 296.31 | 334.08 |
| | <u>6,808.56</u> | <u>5,593.49</u> |
| Note 17 : Trade Receivables (unsecured considered good | | |
| Outstanding for morethan Six months | 260.57 | 558.45 |
| Others | 5,524.98 | 3,764.07 |
| | <u>5,785.55</u> | <u>4,322.52</u> |
| Note 18 : Cash and Bank Balances | | |
| Cash in hand | 12.74 | 22.10 |
| Bank Balances | 31.60 | 23.04 |
| Cash and Cash Equivalents | 44.34 | 45.14 |
| Other Bank Balances | | |
| • In Unclaimed dividend Account | 6.97 | 8.73 |
| • In Fixed Deposit (Margin Money) | 29.36 | 87.53 |
| Other Bank Balances | 36.33 | 96.26 |
| Cash and Bank Balances | <u>80.67</u> | <u>141.40</u> |
| Note 19 : Short Term Loans and Advances (Unsecured and considered good) | | |
| Advances recoverable in cash or kind or for value to be received | 859.38 | 1,142.32 |
| Loans & Advances to Related parties | — | 3,749.51 |
| Deposit and other advances | 4.48 | 239.99 |
| Advances to Staff | 9.28 | 12.06 |
| Deposit / balance with government authorities etc. | 742.75 | 509.12 |
| | <u>1,615.89</u> | <u>5,653.00</u> |
| Note 20 : Other Current Assets | | |
| Interest Receivable | 99.66 | 114.30 |
| | <u>99.66</u> | <u>114.30</u> |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| Note 21: Other Income | | |
| Interest Income | 5.26 | 12.55 |
| Profit on Sale of Investment | — | 2.32 |
| Dividend Income | 0.05 | 0.02 |
| Miscellaneous Receipt | 7.39 | 16.11 |
| | <u>12.70</u> | <u>31.00</u> |
| Note 22 : Material Consumed | | |
| Opening Stock | 509.53 | 962.23 |
| Less: Opening Stock of Joint Venture (Refer Note No.40) | 48.59 | — |
| Less: Stock Transferred on Demerger (Refer Note No.29) | — | 228.98 |
| Add: Purchases | 15,819.02 | 11,248.45 |
| Less: Closing Stock | 1,199.89 | 509.53 |
| Material Consumed | <u>15,080.07</u> | <u>11,472.17</u> |
| Note 23 : Changes in Inventories of Work in Progress and Finished Goods | | |
| Opening Stock | | |
| Work in Progress | 2,127.50 | 2,566.22 |
| Finished Goods & Stock in Trade | 2,622.38 | 3,382.69 |
| | <u>4,749.88</u> | <u>5,948.91</u> |
| Less: Opening Stock of Joint Venture (Refer Note No.40) | 99.10 | — |
| Less: Stock Transferred on Demerger (Refer Note no. 29) | — | 515.07 |
| Less : Stock Destroyed in Fire | — | 718.06 |
| Closing Stock | | |
| Work in Progress | 2,783.98 | 2,127.50 |
| Finished Goods & Stock in Trade | 2,528.38 | 2,622.38 |
| | <u>5,312.36</u> | <u>4,749.88</u> |
| Excise Duty (Increase) / Decrease on Finished Goods | (36.02) | (3.82) |
| (Increase) / Decrease | <u>(625.56)</u> | <u>(30.28)</u> |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|---|-------------------------|-------------------------|
| Note 24 : Manufacturing Expenses & other Expenses | | |
| Processing Charges | 1,627.40 | 2,176.67 |
| Dyes & Chemicals | 2,838.38 | 2,568.07 |
| Packing Material | 348.60 | 287.93 |
| Stores & Spares | 776.76 | 540.71 |
| Other Consumables | 156.14 | 134.25 |
| Repairs & Maintenance -Building | 27.40 | 13.80 |
| Repairs & Maintenance -Plant & Machinery | 148.16 | 155.19 |
| Repairs & Maintenance -Others | 6.05 | 34.01 |
| Power & Fuel | 3,566.44 | 3,812.61 |
| Rates, Taxes & Water charges | 254.86 | 293.97 |
| | 9,750.19 | 10,017.21 |
| Note 25 : Employment Cost | | |
| Salaries & Wages | 2,453.71 | 2,243.93 |
| Provident Fund- Employers Contribution | 132.90 | 120.64 |
| Staff Welfare Expenses | 77.09 | 76.52 |
| | 2,663.70 | 2,441.09 |
| Note 26 : Administrative, Selling & Other Expenses | | |
| Freight Out | 665.25 | 725.35 |
| Insurance Charges | 16.64 | 10.93 |
| Legal & Professional expenses | 298.90 | 238.56 |
| Rent | 143.13 | 169.46 |
| Telephone Expenses | 25.48 | 30.31 |
| Travelling | 161.42 | 138.93 |
| Marketing Service fee & Commission | 732.55 | 585.51 |
| Audit Fees, Certification & Out of Pocket exps | 16.75 | 13.81 |
| Miscellaneous Expenses | 585.66 | 608.35 |
| | 2,645.78 | 2,521.21 |
| Note 27 : Finance Expenses | | |
| Interest on Term Loan | 1,687.66 | 1,461.90 |
| Others | 860.31 | 1,112.43 |
| | 2,547.97 | 2,574.33 |
| Other Borrowing Cost | 71.78 | 162.49 |
| Net loss on foreign currency transaction and translation | 106.36 | 141.86 |
| | 2,726.11 | 2,878.68 |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

28 A) Contingent Liability not provided for in respect of

| | 31.03.2013 ₹ In Lacs | 31.03.2012 ₹ In Lacs |
|--|-------------------------|-------------------------|
| (i) Contingent Liability for bill discounted | 1,657.62 | 1,757.86 |
| (ii) Dividend on Redeemable Cumulative Non Convertible Preference shares together with dividend Tax | — | 498.18 |
| (iii) The Excise department has raised claims on the company The company has disputed the same with the appropriate authority. | 2,477.80 | 2,477.70 |
| (iv) Claim against the company not acknowledged as debts | 1,344.40 | — |

B) Commitments

| | 31.03.2013 ₹ in Lacs | 31.03.2012 ₹ in Lacs |
|--|-------------------------|-------------------------|
| (i) Bank Guarantees | 626.03 | 436.58 |
| (ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided | 91.37 | 446.86 |
| (iii) Open Letters of credit | 348.45 | 276.94 |

29 Demerger of Garment Undertaking of the Company

A) During the previous year (F.Y. 2011-12), The Composite Scheme of Arrangement and Amalgamation ('Scheme') under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 between the Company, Five Star Mercantile Limited ('FSML') and Morarjee Holding Private Limited ('MHPL') and their respective shareholders, has been sanctioned by the Honorable High Court of Judicature at Bombay vide its Order dated 29th June 2012 and has been made effective on filing of the certified copies of the Order of the court on 17th July, 2012 ('Effective date')

B) In accordance with the scheme :

The difference between the book value of assets and the book value of liabilities transferred of the Integra Division, after adjusting the amount of investments held by the Company in FSML shall, be adjusted to the General Reserve Account of the company.

C) Further, pursuant to the scheme, the equity share capital of the Company shall stand reduced by 30%. Accordingly, the face value and the paid up value per equity share of the company shall, without any application or deed, stand reduced by ₹ 3/- without any payments to the holders of such equity shares of the Company. Simultaneously with the reduction of the paid up value of the equity shares of the company, an equivalent amount to capital reduction shall be credited to General Reserve Account of the Company.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- D) The carrying amounts of the total assets and liabilities of Integra division transferred to FSML and the amount adjusted in General reserve account is as under:

| | As of 1 st April, 2011 ₹ in lacs |
|--|--|
| Total Assets | 5,254.29 |
| Total Liabilities | 6,961.19 |
| Net assets transferred to FSML | (1,706.90) |
| Add: Capital Reduction as per the Scheme | 1,089.97 |
| Less: Investment in FSML written off | 5.00 |
| Amount Transferred to General Reserve | 2,791.87 |

30 Auditor's Remuneration

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--------------------|-------------------------|-------------------------|
| Audit Fees | 8.06 | 7.75 |
| Tax Audit Fees | 2.50 | 2.27 |
| Certification fees | 6.20 | 3.80 |
| Total | 16.76 | 13.82 |

- 31 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:

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| a) Not later than one year | 10.19 | 10.19 |
| b) Later than one year but not later than five years | 5.79 | 15.98 |
| c) Later than five years | — | — |
| Total | 15.98 | 26.17 |

Lease payment recognised in profit & Loss account for the year is ₹ 10.19 lacs.(Previous year ₹ 11.29 lacs)

- 32 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.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- The financial year of the JV is April 12 to March 13 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 31st March 2013 is ₹ Nil (Previous year Nil)
- The parent company's share of contingent liabilities of the JV as at 31st March 2013 is ₹ Nil (Previous year Nil)
- No contingent liabilities and capital commitments have been incurred as at 31st March 2013 in relation to the parent company's interests in the JV along with the other venturer. (Previous year Nil)

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

34 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% |

35 Principles of Consolidation:-

- a) The Consolidated Financial statements are based on the audited financial statements of the subsidiary for the year ended 31st March, 2013. 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

36 Employee Benefits:

a Short term employee benefits:

The liability towards short term employee benefits for the year ended 31st March, 2013 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 31.03.2013 | | Unfunded 31.03.2012 | |
|--|---------------------|------------------|---------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs |
| Amount Recognised in Balance sheet | | | | |
| Present Value of Unfunded Obligation | 182.43 | 67.38 | 163.25 | 57.27 |
| Unrecognised Past Service Cost | — | — | — | — |
| Amount not recognised as Asset, because of the limit in para 59(b) | — | — | — | — |
| Amount in Balance Sheet | | | | |
| Liability | 182.43 | 67.38 | 163.25 | 57.27 |
| Assets | — | — | — | — |
| Net Liability | <u>182.43</u> | <u>67.38</u> | <u>163.25</u> | <u>57.27</u> |
| Expense Recognised in the Statement of Profit & Loss | | | | |
| Opening Defined Benefit Obligation less benefits Paid | — | — | — | — |
| Current Service Cost | 21.09 | 15.58 | 22.07 | 12.55 |
| Interest Cost on Defined Benefit Obligation | 12.50 | 3.75 | 11.90 | 4.72 |
| Expected Return on Plan Assets | — | — | — | — |
| Net Actuarial Losses / (Gains) Recognised in Year | 8.45 | 9.47 | 1.57 | (1.92) |
| Past Service Cost | — | — | — | — |
| Effect of the limit in Para 59(a) | — | — | — | — |
| Losses / (Gains) on "Curtailements and Settlements" | — | — | — | — |
| Total Included in "Employee Benefit Expense" | <u>42.04</u> | <u>28.80</u> | <u>35.54</u> | <u>15.35</u> |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | Unfunded 31.03.2013 | | Unfunded 31.03.2012 | |
|---|---------------------|------------------|---------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs | ₹ in Lacs |
| Change in define benefit obligation | | | | |
| Opening Defind Benefit Obligation as at 01.04.2012 | 153.68 | 49.75 | 140.26 | 55.76 |
| Current Service Cost | 21.09 | 15.58 | 22.07 | 12.55 |
| Interest Cost | 12.50 | 3.75 | 11.90 | 4.72 |
| Acturial Losses / (Gain) | 8.45 | 9.47 | 1.57 | (1.92) |
| Liabilities Extinguised on Curtailment | — | — | — | — |
| Liabilities Extinguised on Settlements | — | — | — | — |
| Liabilities Assumed on Acquisition | — | — | — | — |
| Exchange Difference on Foreign Plans | — | — | — | — |
| Benefits Paid | (13.29) | (11.17) | (12.55) | (13.84) |
| Closing Defined Benefit Obligation as at 31.03.2013 | <u>182.43</u> | <u>67.38</u> | <u>163.25</u> | <u>57.27</u> |

| Gratuity | 31.03.2013 | 31.03.2012 | 31.03.2011 | 31.03.2010 | 31.03.2009 |
|---------------------------|-------------------|------------|------------|------------|------------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| Defind Benefit Obligation | 182.43 | 163.25 | 184.22 | 176.61 | 169.00 |
| Plan Assets | — | — | — | — | — |
| Surplus/ (Deficit) | (182.43) | (163.25) | (184.22) | (176.61) | (169.00) |
| Leave Encashment | | | | | |
| Defind Benefit Obligation | 67.38 | 57.27 | 83.22 | 86.50 | 87.03 |
| Plan Assets | — | — | — | — | — |
| Surplus/ (Deficit) | (67.38) | (57.27) | (83.22) | (86.50) | (87.03) |

Summary of the Acturial Assumptions :-

Discount Rate 8.10%

Note:

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- 37 During the previous year company has sold 10,20,000 Equity Share of one of it's subsidiary, Mens Club s.p.a., Italy , which was under voluntary liquidation.
- 38 Pending final settlement of insurance claim, the loss caused in the fire incurred in May, 2011 in a portion of one of its manufacturing unit at Nagpur, has been shown as claim receivable, net of adhoc payment receipt. On final settlement the difference in loss and actual claim received will be accounted for.
- 39 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.
- 40 The Board of Directors have passed a resolution to divest from Just Textiles Limited, a joint venture in which the Company holds 49% stake.

Accordingly, Just Textiles Limited financial statements are not consolidated with the financial statements of the Company, and accordingly for opening balance of Reserves , inventory etc have been adjusted in the consolidated financial statements of current year.

The investment in Just Textiles Limited is valued in accordance with AS-23 "Accounting for Investment in Associates in consolidated Financial Statement" are under section 211(3C) of Company's Act, 1956, based on unaudited financial statement as on 31 03 2013 available with the Company.

Accordingly, current year's figures are not comparable with that of the previous year.

- 41 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 31.03.2013

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

Peninsula Land Limited
Just Exports Private Limited
Morarjee Goculdas Spg. & Wvg. Co. Private Limited
(Formerly - Morarjee Legler Private Limited)
Ashok Piramal Management Corporation Limited
Peninsula Facility Management Services Limited
Ashok G. Piramal Trust
Urvi Ashok Piramal Foundation
PMP Components Private Limited
Integra Garment & Textiles Limited
(Formerly Five Star Mercantile Limited)



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

- B. Key Management Personnel
 Mr. Harshvardhan A. Piramal
 Mr. R. K. Rewari
 Mr. Pradeep Modi
 Ms. Rita Batra

- C. Relatives of Key Management Personnel
 Ms. Neha Modi

Details of Transactions are as follows:

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|---|-------------------------|-------------------------|
| A Services from related parties | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Ashok Piramal Management corporation Limited | 24.00 | 21.00 |
| Peninsula Facility Management Services Limited | 63.91 | 57.87 |
| B Sales to and recoveries from related parties | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Urvi Ashok Piramal Foundation | — | 0.30 |
| Integra Garments & Textiles Limited | — | 114.05 |
| C Donations given | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Ashok G. Piramal Trust | 5.02 | — |
| Urvi Ashok Piramal Foundation | — | 1.87 |
| D Remuneration / Sitting Fees | | |
| Key Management Personnel | | |
| Mr. R. K. Rewari | 97.26 | 79.88 |
| Ms. Rita Batra | — | 2.19 |
| Ms. Neha Modi | — | 4.70 |
| Sitting Fees & commission | 5.20 | 6.60 |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

| | 31.03.2013 ₹ in lacs | 31.03.2012 ₹ in lacs |
|--|-------------------------|-------------------------|
| E Rent Paid | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Peninsula Land Limited | 127.62 | 131.61 |
| PMP Components Private Limited | 0.67 | 0.66 |
| F Loan / Advances paid to Related Party | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Integra Garments & Textiles Limited | — | 3,749.51 |
| G Repayment of Loan / Advances | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Integra Garments & Textiles Limited | 3,749.51 | — |
| H Purchase of Fixed Assets (Land) | | |
| Enterprises over which Directors/Key Management personal exercise significant influence | | |
| Integra Garments & Textiles Limited | 4,051.00 | — |
| I Outstanding balance | | |
| Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Peninsula Facility Management Service Limited | 29.58 | 23.66 |
| Peninsula Land Limited | 24.31 | 16.77 |
| Just Exports Private Limited | — | 55.93 |
| PMP Components Private Limited | 0.50 | — |
| J Due from Enterprises over which Directors/Key Management personnel exercise significant influence | | |
| Ashok G. Piramal Trust | 0.01 | 0.01 |
| Five Star Mercantile Limited | — | 3,863.59 |



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| | 31.03.2013 | | 31.03.2012 | |
|--|-----------------|-----------------|------------|-----------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| 42 Earnings Per Share (Basic / Diluted) | | | | |
| a. Profit / (Loss) after Tax (₹ in lacs) | 2,390.62 | | (59.31) | |
| Add : Share of Minority interest adjusted | — | | 185.06 | |
| Less : Preference Share dividend & tax thereon | 216.44 | 2,174.18 | 215.01 | (89.26) |
| b. Number of Shares (weighted average basis) | | 36332349 | | 36332349 |
| c. Earnings Per Share (₹) | | 5.98 | | (0.25) |

43 During the financial year, the company has entered into an agreement with M/s. Integra Garments and Textiles Limited (previously known as Five star Mercantile Limited) to recover it's old outstanding amount of ₹ 3749.51 lacs. As per the terms of the agreement; considering the current financial constraints, and liquidity position of the borrower, interest amount of ₹ 422 lacs has not been charged to them and the principle amount of ₹ 3749.51 lacs has been recovered in full.

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

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 28th May, 2013

For and on behalf of Board of Directors

| | |
|-----------------------------|--------------------------------------|
| Ms. Urvi A. Piramal | <i>Chairperson</i> |
| Mr. Harshvardhan A. Piramal | <i>Executive Vice Chairman</i> |
| Mr. R. K. Rewari | <i>CEO & Executive Director</i> |
| Mr. Mahesh S. Gupta | <i>Director</i> |
| Mr. Ranjan Sanghi | <i>Director</i> |
| Mr. Aditya Mangaldas | <i>Director</i> |
| Mr. Pradipta Mohapatra | <i>Director</i> |
| Mr. S. C. Kashimpuria | <i>Head - Finance & Accounts</i> |
| Ms. Karina Vaz | <i>Deputy Company Secretary</i> |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

| | 31 st March, 2013 | | 31 st March, 2012 | |
|--|------------------------------|-----------------|------------------------------|-------------------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit / (Loss) for the year | | 2,390.62 | | (59.31) |
| Provision for Tax | 0.86 | | 1.97 | |
| Depreciation | 1,416.06 | | 1,446.04 | |
| Interest Expense | 2,726.11 | | 2,878.68 | |
| Foreign Exchange Reserve on consolidation | — | | 36.80 | |
| Interest Income | (5.26) | | (12.55) | |
| Adjustment on Demerger | — | | 5.00 | |
| Loss recognised on the disposal of assets or settlement of liabilities attributable to the discontinuing operation | — | | 472.55 | |
| | | <u>4,137.77</u> | | <u>4,828.49</u> |
| Operating Profit Before Working Capital Changes | | 6,528.39 | | 4,769.18 |
| Adjustments for Changes in Working Capital | | | | |
| (Increase)/ Decrease in Trade and Other Receivables | 1,873.70 | | (3,718.75) | |
| (Increase) / Decrease in Inventories | (1,441.30) | | 902.62 | |
| Increase/(Decrease) in Trade Payables | 2,440.85 | | 285.41 | |
| | | <u>2,873.25</u> | | <u>(2,530.72)</u> |
| Cash From Operating Activities | | 9,401.64 | | 2,238.46 |
| Less: Income Tax Paid (MAT/DTL) | | 376.77 | | 13.71 |
| Net Cash From Operating Activities | | (A) 9,024.87 | | (A) 2,224.75 |



| | 31 st March, 2013 | | 31 st March, 2012 | |
|--|---|---------------------------|------------------------------|----------------|
| | ₹ in lacs | ₹ in lacs | ₹ in lacs | ₹ in lacs |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (5,426.46) | | (1,389.15) | |
| Sale of Fixed Assets | — | | 48.80 | |
| Interest Income | 5.26 | | 12.55 | |
| Net Cash Used in Investing Activities | | (B) (5,421.20) | | (B) (1,327.80) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long Term Borrowings | 612.36 | | 759.57 | |
| Repayment of Long Term Borrowings | (2,710.67) | | (1,681.80) | |
| Increase/ (Decrease) in Short term Borrowings | 1,160.75 | | 2,860.03 | |
| Interest Paid | (2,697.85) | | (2,867.50) | |
| Net Cash Used in Financing Activities | | (C) (3,635.41) | | (C) (929.70) |
| Net Increase in Cash and Cash Equivalents (A)+(B)+(C) | | (31.74) | | (32.75) |
| Cash and Cash Equivalents at the beginning of the year | | 141.40 | | 290.28 |
| Cash and Cash Equivalents as per Scheme of Demerger | | — | | (116.13) |
| Cash and Cash Equivalents of Joint Venture | | (28.99) | | — |
| Cash and Cash Equivalents at the end of the year | | 80.67 | | 141.40 |
| As per our report of even date. | For and on behalf of Board of Directors | | | |
| SHAH & CO. | Ms. Urvi A. Piramal | Chairperson | | |
| Chartered Accountants | Mr. Harshvardhan A. Piramal | Executive Vice Chairman | | |
| FRN. 109430W | Mr. R. K. Rewari | CEO & Executive Director | | |
| | Mr. Mahesh S. Gupta | Director | | |
| | Mr. Ranjan Sanghi | Director | | |
| A. H. SHAH | Mr. Aditya Mangaldas | Director | | |
| Partner | Mr. Pradipta Mohapatra | Director | | |
| Membership No. 103750 | Mr. S. C. Kashimpuria | Head - Finance & Accounts | | |
| Mumbai : 28 th May, 2013 | Ms. Karina Vaz | Deputy Company Secretary | | |

FINANCIAL OF SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lacs |
|---------------------------------|---------------------------------------|
| | Morarjee International srl |
| CAPITAL | 5.61 |
| RESERVE & SURPLUS | (297.81) |
| TOTAL ASSETS | 7.36 |
| TOTAL LIABILITIES | 299.56 |
| INVESTMENT | — |
| TURNOVER | 31.03 |
| PROFIT / (LOSS) BEFORE TAXATION | (1.04) |
| PROVISION FOR TAXATION | — |
| PROFIT / (LOSS) AFTER TAXATION | (1.04) |



FINANCIAL HIGHLIGHTS

₹ in Lacs

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|-----------|-----------|-----------|-----------|------------|
| PROFIT & LOSS ACCOUNT | | | | | |
| Total Income | 36,411.59 | 29,076.50 | 33,027.27 | 25,496.16 | 20,395.01 |
| Profit / (Loss) Before Depreciation, Interest & Tax | 6,535.79 | 4,396.57 | 4,798.28 | 3,364.88 | 114.29 |
| Interest | 2,725.66 | 2,758.30 | 2,813.32 | 2,499.35 | 2,255.16 |
| Cash Profit / (Loss) | 3,810.13 | 1,638.27 | 1,984.96 | 865.53 | (2,140.87) |
| Depreciation | 1,416.05 | 1,326.90 | 1,521.85 | 1,233.97 | 1,050.96 |
| Profit / (Loss) Before Tax & Exceptional items | 2,394.08 | 311.37 | 463.11 | (368.44) | (3,191.83) |
| Exceptional item | — | — | — | — | 587.25 |
| Profit / (Loss) Before Tax | 2,394.08 | 311.37 | 463.11 | (368.44) | (3,779.08) |
| Provision for Tax | — | — | — | 6.64 | 28.10 |
| Profit / (Loss) after Tax | 2,394.08 | 311.37 | 463.11 | (375.08) | (3,807.18) |
| Earnings per share (₹) | 5.99 | 0.27 | 0.98 | (1.67) | (21.28) |
| Equity Dividend (%) | 25% | — | — | — | — |
| Book Value per share (₹) | 29.51 | 26.95 | 21.41 | 16.02 | 16.34 |

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MORARJEE TEXTILES LIMITED

Regd. Office:

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

Share Transfer Agent:

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

ATTENDANCE SLIP

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company held at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai - 400 001, at 11.00 a.m. on Wednesday, 14th August 2013.

| | | |
|--|---|-----------|
| 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 :

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



MORARJEE TEXTILES LIMITED

Regd. Office:

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Freedom Registry Limited, Plot No. 101/102, 19th 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 18th Annual General Meeting of the Company to be held on Tuesday, 14th August, 2013 at 11.00 a.m. and at any adjournment thereof.

Dated this _____ day of _____, 2013.

Signature _____

Please
affix
15 p.
revenue
stamp

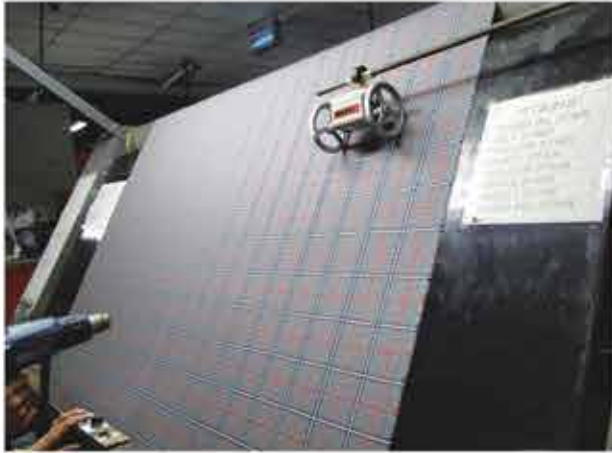
Notes :

- 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.
- A proxy need not be a member of the Company.

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Inspection



2 for 1 Twister



Loop Ager



Zimmer



Fimat Coating

