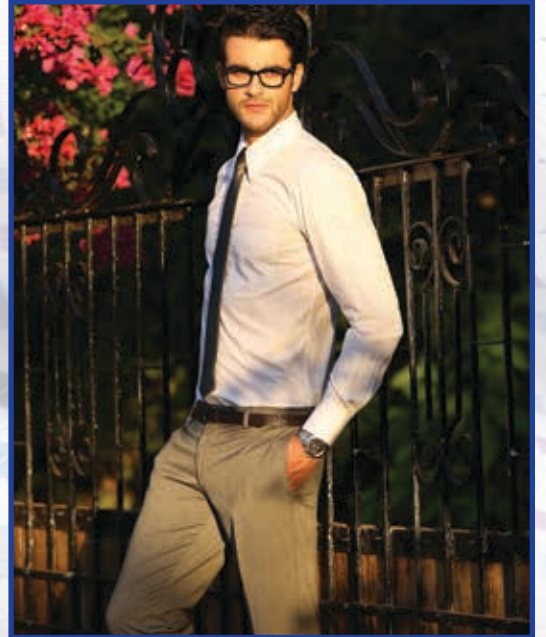




19TH
ANNUAL REPORT
2013-14

MORARJEE TEXTILES LTD.



**BOARD OF DIRECTORS**

Ms. Urvi A. Piramal *Chairperson*
Mr. Harsh A. Piramal *Executive Vice Chairman*
Mr. Mahesh S. Gupta
Mr. Ranjan Sanghi
Mr. Shobhan Thakore
Mr. Aditya Mangaldas
Mr. Pradipta Mohapatra (Ceased w.e.f. 2nd August, 2014)
Mr. Ranjan Pant (Appointed w.e.f. 1st August, 2014)

CEO & EXECUTIVE DIRECTOR

Mr. R. K. Rewari

CHIEF FINANCIAL OFFICER

Mr. S. C. Kashimpuria

DEPUTY COMPANY SECRETARY

Ms. Karina Vaz

STATUTORY AUDITORS

M/s. Shah & Co.

Chartered Accountants

BANKERS

Allahabad Bank
 Saraswat Co-op. Bank Limited
 IDBI Bank Limited
 AXIS Bank Limited
 Export - Import Bank of India

REGISTERED OFFICE

Peninsula Spenta,
 Mathuradas Mills Compound,
 Senapati Bapat Marg,
 Lower Parel, Mumbai - 400 013.
 CIN : L52322MH1995PLC090643

SHARE TRANSFER AGENT

Freedom Registry Limited
Registered Office

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

Email : amtrac_nsk@sancharnet.in

Mumbai Liaisoning Office

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

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19th Annual General Meeting of the Company will be held on **Monday, 29th September 2014**, 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 19th Annual General Meeting of the members of Morarjee Textiles Limited will be held at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Goda, Mumbai-400 001 on Monday, 29th September, 2014 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss 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 Mr. Mahesh S. Gupta (holding DIN 00046810), who retires by rotation and is eligible for re-appointment.
4. To re-appoint M/s. Shah & Co., Chartered Accountants (ICAI Registration No. 109430W) the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Ranjan Pant (holding DIN 00005410) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds Office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director,

be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from conclusion of this Annual General Meeting.”

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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Aditya Mangaldas (holding DIN 00032233), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from conclusion of this Annual General Meeting.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Shobhan Thakore (holding DIN 00031788), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from conclusion of this Annual General Meeting.”

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



“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and Clause 49 of the Listing Agreement, Mr. Ranjan Sanghi (holding DIN 00275842), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from conclusion of this Annual General Meeting.”

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

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, if any (including any amendments thereto), and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any amendments there to) and in accordance with relevant provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, sanctions and permissions of the appropriate authorities as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as ‘the Board’, which term shall be deemed to include any Committee thereof to exercise its powers including powers conferred by this resolution), to terminate/cancel/rescind the “Morarjee Textiles Limited (ESOP Plan-2006)”, which was approved by the shareholders on 14th June, 2006;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, without being required to seek any further approval or

consent of the shareholders.”

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 1,35,000/- payable to M/s. Pathak Paliwal & Co., Cost Accountants, who are appointed as Cost Auditors of the Company to conduct Cost Audits relating to such businesses of the Company as may be ordered by the Central Government under the Act and the Rules thereunder, for the year ending 31st March, 2015.”

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY 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. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- The Explanatory Statements pursuant to Section 102 (1) of the Companies Act, 2013 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 Saturday, 20th September,

2014 to Monday, 29th September, 2014 (both days inclusive).

4. Payment of Dividend as recommended by the Board of Directors, if approved at the meeting, will be made on or after Monday, 29th September, 2014 to those members whose names appear on the Company's Register of Members Monday, 29th September, 2014 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 Friday, 19th September, 2014. 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.
5. Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 permits nomination by shareholders of the Company in prescribed Form No. SH.13. Shareholders are requested to avail this facility. The duly filled in and signed Form No. SH.13 should be sent to the Share Transfer Agent of the Company at their Nashik address.
6. 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 their Nashik address.
7. 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.
8. 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.
9. Members holding shares in physical form are requested to immediately intimate to the Company / Share Transfer Agent, changes, if any, in their registered addresses 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. 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.
11. 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 securities 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.
12. 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.
13. Brief resume of all the Directors seeking appointment/ re-appointment and other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Annexure to the Notice.
14. 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.



15. Members / Proxies are requested to bring the attendance slip duly filled in.
16. Electronic copy of the Notice of the 19th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 19th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. Members may also note that the Notice of the 19th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.morarjeetextiles.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same. For any communication, the shareholders may also send requests to the Company's investor email id: investors@morarjee.com

18. Voting through electronic means

The instructions for members for voting electronically are as under:-

- (A) The voting period begins on Tuesday, 23rd September, 2014 at 10.00 a.m. and ends on Wednesday, 24th September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
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For Members holding shares in Demat Form and Physical Form

DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the dividend bank details as recorded in your demat account or in the company records for the said demat account or folio
Important Note	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant Company on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option

NO implies that you dissent to the Resolution.

- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non - Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.



- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (B) Please follow all steps from sl. no. (i) to sl. no. (iv) above to cast vote.
- I. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e 22nd August, 2014.
 - II. Mr. Dhrumil M Shah, Practising Company Secretary (Membership No. 22541) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - III. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company.
 - IV. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.morarjeetextiles.com and communicated to the Stock Exchanges.

19. All documents referred to in the accompanying

Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board

R. K. Rewari
CEO & Executive Director

Registered Office :

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

Mumbai, 1st August, 2014

Explanatory Statement

Explanatory Statement under Section 102 of the Companies Act, 2013 (“the Act”)

Item No. 5

Mr. Ranjan Pant was appointed as Additional Director of the Company with effect from 1st August, 2014 under the provisions of the Companies Act, 2013 and as per Articles of Association of the Company and he holds office up to the date of this Annual General Meeting.

The matter regarding appointment of Mr. Ranjan Pant as Independent Director was placed before the Nomination & Remuneration Committee, which approved the appointment as Independent Director.

The Company has received a notice alongwith requisite deposit as required under the provisions of the Companies Act, 2013 from a member proposing the candidature of Mr. Ranjan Pant as Independent Director of the Company for a term of consecutive 5 (five) years from the conclusion of this Annual General Meeting. Mr. Ranjan Pant Shall not be liable to retire by rotation.

Brief Resume of Mr. Ranjan Pant and his experience and other Directorships held is annexed with this notice.

In the opinion of the Board, Mr. Ranjan Pant, fulfills the conditions specified in the Act & Rules made thereunder for appointment as Independent Directors & he is Independent of the management. The Directors, therefore, recommend the resolution appearing under the item no 5 of the accompanying Notice for your approval.

None of the Directors / key managerial personnels (KMP's) or their relatives except Mr. Ranjan Pant are concerned or interested in the above mentioned resolution.

Item No. 6 to 8

Pursuant to Section 149 of the Companies Act, 2013 (the Act) which came into effect on 1st April, 2014, the Independent Directors of the Company are not liable to retire by rotation. Further, as per Section 149(10) of the Act, an Independent Director shall be appointed for a term of upto 5 (five) consecutive years and as per Section 152(2), every Director has to be appointed in the General Meeting.

Accordingly, Mr. Shobhan Thakore, Mr. Aditya Mangaldas, Mr. Ranjan Sanghi, Directors of the Company qualifying to be "Independent" pursuant to the Act and Clause 49 of the Listing Agreement, have to be appointed as Independent Directors for a period of 5 (five) consecutive years with effect from conclusion of this Annual General Meeting

The matter regarding appointment of the above Directors as Independent Director was placed before the Nomination & Remuneration Committee, which approved the appointment as Independent Directors.

The Company has received notice along with the requisite Deposit for each of the Directors named in resolutions set out in item no. 6 to 8, as required under the provisions of Section 160 of the Act from members proposing their appointment as Independent Directors of the Company.

In the opinion of the Board, all Independent Directors fulfill the conditions specified in the Act and the Rules

made thereunder for appointment as Independent Director and are independent of the management. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of above directors as Independent Director is now being placed before the Members in general meeting for their approval.

Brief Resume of the above mentioned Directors, their experience and other Directorships held is annexed with this notice.

None of the Directors / Key Managerial Personnels (KMP's) or their relatives apart from those who are proposed to appointed are concerned or interested in the Resolutions mentioned in Item No. 6 to 8.

Justification for appointment of director under item No. 5 to 8.

The Directors are experienced and have expertise in respective field as more specifically mentioned in the brief resume appended to this report.

Item No. 9

Pursuant to the Shareholders resolution on 14th June, 2006, your company had launched "Morarjee Textiles Limited – Stock Option Plan 2006" (Scheme) and granted options to its employees as per the terms and conditions mentioned therein.

As on 31.03.2014 none of the employees have exercised their options and there are no options outstanding for conversion. The company does not intend to grant any more options under the said scheme. In the present scenario, the Board of Directors feels that the Scheme is ineffective and hence your board has recommended to terminate the "Morarjee Textiles Limited – Stock Option Plan 2006".

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 9 of the Notice.



The Directors, therefore, recommend the resolution appearing under the item no 9 of the accompanying Notice for your approval.

Item No. 10

As per the provision of section 148 of Companies Act, 2013 the company is required to appoint Cost Auditor. The Board of Directors appointed M/s. Pathak Paliwal & Co., as cost auditor for the year 2014-2015. M/s. Pathak Paliwal & Co., have given their consent for re-appointment as Cost Auditors of the Company for the year 2014-15.

The Audit Committee also approved the said appointment of the cost- auditors in their meeting scheduled on 23rd May, 2014. As per the recommendation of Audit Committee the Board has fixed the remuneration of the Cost Auditor at ₹ 1,35,000/-

As per the provision of sub section (3) of Companies Act, 2013. The remuneration paid to Cost Auditor requires the members approval. Hence the company has seeking approval for the same from shareholders.

The Directors, therefore, recommend the resolution appearing under the item no 10 of the accompanying Notice for your approval.

By Order of the Board

R. K. Rewari
CEO & Executive Director

Registered Office :

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

Mumbai, 1st August, 2014

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

1. Mr. Mahesh S Gupta

Date of Birth

30th June, 1956

Date of Appointment

19th January, 2006

Professional and Educational Qualification

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

Profile and Experience

Mr Mahesh Gupta, Group Managing Director, Ashok Piramal Group, is 58 years of age. Mr Gupta plays the role of formulating the business strategy for all group companies and steering the Group to achieve its goals. As a senior member of the Group, he plays a very significant role in guiding each business to attain profitable 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.

Mr Gupta's expertise lies primarily in mergers and acquisitions. In the last 3 decades of his career, he has led his companies in acquisitions in India as well as overseas in almost every segment in which the company has a presence, from pharmaceutical to auto-engineering to road infrastructure.

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 Ltd (now Piramal Enterprises Ltd) . Mr Gupta has also worked with the RPG group as Group CFO and Management Board Member.

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

He is on the Board of several Public listed Companies such as Morarjee Textiles Limited, Ceat Limited, RPG Life Sciences Limited, Delta Corp Ltd etc. From time to time, he has also been associated with various Committees such as The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs & Treasurers (In ACT) and Advisory Board of Chennai Business School.

Shareholding in the Company

Mr. Mahesh Gupta does not hold equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Ashok Piramal Management Corporation Limited
- Delta Corp Limited
- Delta Magnets Limited
- Peninsula Land Limited
- Hem Infrastructure and Property Developers Private Limited
- Peninsula Holdings and Investments Private Limited
- Peninsula Investment Management Company Limited
- Peninsula Real Estate Management Private Limited
- Renato Finance and Investments Private Limited
- Ceat Limited
- RPG Life Sciences Limited
- APG Educational Consultants Private Limited
- APG Infrastructure Private Limited
- APG Road and Rail Transports Private Limited
- Bridgepoint Learning Private Limited
- CAMS Learning Private Limited
- Edustar Learning Private Limited
- Miranda Bi-Metal Tools Private Limited (formally known as Miranda Ultra Tools Private Limited)
- Morarjee Castiglioni (India) Private Limited
- Piramal Airports Infrastructure Private Limited
- Piramal Constructions and Infra Private Limited
- Piramal Energy Private Limited
- Piramal Equitation Private Limited (formally known as Piramal Education and Academy Private Limited
- Piramal Infrastructure Private Limited
- Piramal Renewable Energy Private Limited
- Piramal Road and Rail Transports Private Limited
- Piramal Transportation Private Limited
- Shobla Hydro Power Private Limited
- Topvalue Brokers Private Limited
- West Star Agro - Realities Private Limited



Chairman of Board Committees

- Ceat Limited – Audit committee
- Ceat Limited – Nomination & Remuneration Committee
- Delta Corp Limited - Audit Committee
- Delta Corp Limited - Remuneration/ Compensation Committee
- Delta Magnets Limited (formerly known as G. P. Electronics Limited) - Audit Committee
- RPG Life Sciences Limited - Shareholders and Investors Grievance Committee

Member of Board Committees

- Ceat Limited - Stakeholders Relationship Committee
- Peninsula Investment Management Company Limited - Audit Committee
- RPG Life Sciences Limited - Audit Committee

2. 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 70 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 holds 4000 equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Bajaj Auto Finance Limited
- HDFC Trustee Company Limited
- Kemp & Company Limited
- Suraj Sanghi Finance Limited
- Rajesh Sanghi Auto Traders Pvt. Ltd.
- Sah & Sanghi Auto Agencies Pvt. Ltd.
- Tyresoles Concessionaires Pvt. Ltd.

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)

3. Mr. Shobhan Thakore

Date of Birth

3rd July, 1947

Date of Appointment

19th January, 2006

Professional and Educational Qualification

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.

Profile and Experience

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, DSP BlackRock

Investment Managers (Mauritius) Limited He is also a member of the Advisory Board of DSP Merrill Lynch Fund Managers

Shareholding in the Company

Mr. Shobhan Thakore does not holds equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- Bharat Forge Ltd
- Alkyl Amines Chemicals Limited
- Uni Klinger Limited
- Uni Deritend Limited
- Carborundum Universal Limited
- Sharda Cropchem Limited (appointed w.e.f. 16/12/2013)

Chairman of Board Committees

Nil

Member of Board Committees

Nil

4. Mr. Aditya Mangaldas

Date of Birth

16th September, 1963

Date of Appointment

18th February, 2007

Professional and Educational Qualification

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



Profile and Experience

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.

Shareholding in the Company

Mr. Shobhan Thakore does not holds equity shares of the Company.

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- The Victoria Mills Limited
- Bromelia Trading Private Limited
- St. Jude India Childcare Centres
- Victoria Land Private Limited
- Arrow Textiles Limited

Chairman of Board Committees

Nil

Member of Board Committees

Nil

5. Mr. Ranjan Pant

Date of Birth

29th June 1959

Date of Appointment

1st August, 2014

Professional and Educational Qualification

MBA from The Wharton School and BE (Honours) from BITS (Pilani).

Profile and Experience

Mr. Ranjan Pant is a global Management Consultant, with 25 years experience, advising CEO/Boards on Strategy and Change Management. Mr. Pant was a Partner at Bain & Company, Boston, where he led the worldwide Utility Practice. He was also Director, Corporate Business Development, at General Electric headquarters in Fairfield. Mr. Pant has an MBA from The Wharton School and BE (Honours) from BITS (Pilani). Mr. Pant is an independent director on the Boards of several prominent Companies. He is also an Executive in Residence at Babson College (USA).

Shareholding in the Company

Mr. Ranjan Pant does not holds equity shares in Morarjee Textiles Limited .

Directorship and committee memberships (excluding Morarjee Textiles Limited)

- DSP BlackRock Investment Managers Private Limited
- I S R Projects Private Limited
- Perseus India Advisors Private Limited
- S P V Project Consultants Private Limited
- Schneider Electric Infrastructure Limited
- Mahindra Two Wheelers Limited
- DSP BlackRock Pension Fund Managers Private Limited

Chairman of Board Committees

NIL

Member of Board Committees

- DSP BlackRock Investment Managers Private Limited (Audit Committee)
- Schneider Electric Infrastructure Limited (Audit Committee)

DIRECTORS' REPORT

Dear Shareholders,

- The Directors present their 19th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2014.

2. Financial Results

₹ in lacs

Particulars	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Total Income	39,197.86	36,411.59
PBIDTA	7,581.99	6,535.79
Interest and Finance Expenses	2,548.91	2,725.66
Depreciation	1,593.58	1,416.05
Profit Before Tax	3,439.50	2,394.08
Provision for Tax (MAT)	760.77	512.23
Deferred Tax	620.58	—
MAT Credit Entitlement	760.77	(512.23)
Profit After Tax	2,818.92	2,394.08

3. Operations Highlights - Standalone

During the year under review, the total income of the Company was ₹ 39,197.86 lacs as against ₹ 36,411.59 lacs in the previous year, an increase of 7.65%. The year ended at a profit of ₹ 2,818.92 lacs as against profit of ₹ 2,394.08 lacs in the previous year, an increase of 17.74%

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, 2014.

Preference Shares

Particulars	Dividend for F.Y 2013-2014
5% Redeemable Cumulative Non-Convertible Preference Share	50,00,000
9% Redeemable Cumulative Non-Convertible Preference Share	1,35,00,000

Equity Shares

The Board of Directors have recommended dividend of ₹ 2.45 per Equity Share of ₹ 7/- each for the year ended 31st March, 2014.

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. Kavita Shah, Practising Company Secretary to conduct Secretarial Audit of the Company. The Secretarial Compliance Certificate Certifying the compliance of all rules, regulations under the various applicable provisions of the Companies Act, 1956, Companies Act, 2013, SEBI Regulations and the applicable regulations under the Listing Agreement entered with the Stock Exchanges has been enclosed in the Annual Report.



7. Directors

The Board of Directors at its meeting held on 1st August, 2014 appointed Mr. Ranjan Pant as an Additional and Independent Director of the Company. He will hold office upto the date of ensuing Annual General Meeting. In accordance with the provisions of Section 149 of the Companies Act, 2013 and clause 49 of the Listing Agreement it is proposed to appoint the Mr. Ranjan Pant (holding DIN 00005410), Mr. Aditya Mangaldas (holding DIN 00032233), Mr. Shobhan Thakore (holding DIN 00031788), Mr. Ranjan Sanghi (holding DIN 00275842) as Independent Directors of the Company for a period of 5 (five) consecutive years w.e.f. conclusion of 19th Annual General Meeting of the Company. The Independent Directors will not be liable to retire by rotation. The Company has received notices in writing from members proposing the appointment of the Independent Directors of the Company for the office of Director, subject to shareholders' approval to be obtained at the ensuing 19th Annual General Meeting of the Company.

Mr. Mahesh S. Gupta, Director of the Company, who is retiring by rotation at this Annual General Meeting and being eligible offer himself for re-appointment.

8. Auditors

The Statutory Auditors, M/s. Shah & Co., retires at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment as Auditors to audit the accounts of the Company for the financial year 2014-2015.

The Company has received a confirmation letter from the Auditors to the effect that their re-appointment, if made, will be within the prescribed limits under of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of the said Act.

The Company has re-appointed M/s. Phatak Paliwal & Co as Cost Auditor for conducting the cost audit for the financial year 2014-2015.

9. Corporate Social Responsibilities

For details on Corporate Social Responsibility, please

refer to Point No. 8.7 of the Corporate Governance Report Section of the Annual Report.

10. Particulars of Employees

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 ("said Act") 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.

11. Subsidiary Company

Morarjee International s.r.l.

Morarjee International s.r.l., the Company's 100% subsidiary continue to perform 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.

12. 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, 2014 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, 2014 on a going concern basis.

13. Employee Stock Option Scheme

Pursuant to the Shareholders resolution on 14th June, 2006, your company had launched "Morarjee Textiles Limited - Stock Option Plan 2006" (Scheme) and granted options to its employees as per the terms and conditions mentioned therein.

As on 31.03.2014 none of the employees have exercised their options and there are no options outstanding for conversion. The company does not intend to grant any more options under the said scheme. In the present scenario, the Board of Directors feels that the Scheme is ineffective and

hence your board has recommended to terminate the "Morarjee Textiles Limited - Stock Option Plan 2006".

14. 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.

15. Foreign Exchange earnings and outgo

During the year under review, foreign exchange earnings were ₹ 20,453.96 lacs and outgoings were ₹ 1,954.99 lacs making the Company a net foreign exchange earner with a net inflow of ₹ 18,498.97 lacs.

16. Fixed Deposits

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

17. Acknowledgements

The Directors express their deep gratitude and thank the Central & State Governments as well as their respective departments connected with the business of the Company, contractors & consultants and also Banks, Financial Institutions, shareholders and employees of the Company for their continued support and encouragement

By Order of the Board

Urvi A. Piramal
Chairperson

Mumbai, 1st August, 2014



ANNEXURE 'A'

FORM - "A"

Form of disclosure of particulars with respect to conservation of energy

	Units	Current Year 31 st March, 2014	Previous Year 31 st March, 2013
A) Power & Fuel Consumption			
1 Electricity			
a) Purchased Units	Lacs Kwhs	415.79	425.02
Total Cost	₹ Lacs	2,517.90	2,394.67
Rate / Unit	₹	6.06	5.63
b) Own Generation			
Through Diesel Generator Units	Lacs Kwhs	0.93	0.56
Unit per litre of Diesel Oil	Kwhs	2.50	2.50
Cost / Unit (Diesel Oil Only)	₹	25.37	17.04
Total Cost of Diesel	₹ Lacs	23.51	9.49
2 Coal (slack coal for Boiler)			
Quantity	M. T.	21,112.09	22,215.84
Total Cost	₹ Lacs	841.07	1,078.25
Average rate per M. T.	₹	3,983.84	4,853.52
3 Furnace Oil			
Quantity	K. Ltrs	—	58.42
Total Amount	₹ Lacs	—	21.51
Average rate per K. Ltr	₹	—	36,822.00

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	39.57 lacs
c.	Total	39.57 lacs
d.	Total R&D expenditure as a percentage of total turnover	0.10%

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Addition of washing compartment and drying range in mercerizing machine has resulted in improvement in the mercerizing quality and reduction in the process time.

MANAGEMENT DISCUSSION & ANALYSIS

Global Textile Market

With the economic scenario in the US showing signs of revival, demand for textiles from US consumers is expected to go up in FY15. Asian countries have been gaining market share in the textile trade due to lower costs compared to North African, European and South American countries. The Textile & Clothing trade in the global market is fast changing with the scaling up of uses of technical or speciality textiles in diverse areas.

The future may hold changes for regional markets should Pakistan be granted duty-free access to the EU, which is under consideration, Duty-free access, under the Generalized System of Preference in operation in the EU, has been opposed by other emerging country rivals including India, and the European Apparel and Textile Confederation.

Indian Textile Market

For the most part of FY12 and FY13, the textile sector was besieged by twin impacts of slowing domestic consumption and slowdown in export demand. Data available from various sources show that in FY14 the textiles and clothing industry was on a recovery path.

During the period of April - January of the current fiscal year IIP showed an increase of 11.3% compared to the same period of last year. The most impressive growth of 28.1% was in the production of garments, while for the other segments of the textile sector the growth was around 4%. Exports have also shown a positive trend. During April - December of FY 2014, exports of textile products increased by 13.4% compared to same period of the previous year.

Another good indicator of the recovery is the profitability in the sector. An analysis of 286 textiles companies shows that during the first three quarters of FY14, around 60% have shown an increase both in topline and bottomline compared to the same period of last year.

Morarjee Textiles

Morarjee Textiles once again beat its previous year's performance, with an 8% increase in total revenue

driving an EBIDTA margin expansion from 17.95% to 19.34%.

The company continues to gain a strong foothold in the domestic retail market, with 20% growth over last year. The company also augmented its product basket with the introduction of Zari-in-Voile fabric, as well as more finer counts of superfine shirting fabrics to the market.

Morarjee's culture of world-class quality is inculcated in every employee through continuous training, Lean Six Sigma projects and Quality Circles. This year skills of around 1,300 employees were enhanced with around 2,000 man hours of training. Employee interactions with top management are held at regular intervals through town hall meets, offsite meets and the annual day function.

Morarjee is a company with a deep commitment to the environment. The company continues to optimize energy use and other resources. We are reviewing and changing our processes and input streams to cut down on demand for energy, which in turn will boost competitiveness. There has been reduction in consumption of water by 13.5%, steam by 8.5% and heat by 4.1%. During the year, the company also successfully reduced wastage in several areas.

Outlook

The global clothing and textile industry was affected for a prolonged period by the economic recession, but with rising consumer spending in Asia and cautious consumer confidence in the West, the textile sector in the country is witnessing improvement as export demand has begun to pick up.

Apparel exports from India are expected to increase to US\$ 82 bn by 2021 from US\$ 31 bn in 2011. Total cloth production in India is expected to grow to 112 bn square metres by FY17 from 62 bn square metres in FY11. Continued government schemes in the form of policies like Focus Market Scheme would encourage exporters to explore markets outside the traditional destinations of the US and EU. To reduce the dependence on these markets, 26 additional countries have been added to the scheme.



Industry players are preparing for this large increase in business by augmenting capacity to reach out to new markets and boost sales. Modernization of plants will enable companies to produce quality products and at higher volume to satiate constant demand from international buyers. TUFS has been the flagship programme and an extremely successful scheme in terms of attracting investments. Industry operators are increasingly moving towards modernization and expansion as encouraged by the so-designated Textile Upgradation Fund Scheme implemented by the government.

Indian textile and clothing industry have made substantial investment in the entire value chain and an investment of US\$ 30 billion has been invested in last 10 years. The industry is planning to invest additional US\$ 20 billion in the next 5 years to expand capacities and modernize and upgrade the existing capacities.

Morarjee Textile is well placed to capitalise on this opportunity. A state-of-the-art spinning and weaving factory for captive requirements is undergoing various government approvals, and an expansion of our printing capacity is also on the cards. With a strong balance sheet, state-of-the-art products, operational excellence, focus on people and a commitment to the environment, the management is confident that Morarjee Textiles can go from strength to strength in the coming years.

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. This prudence 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

Procurement of raw cotton at right price and during harvest remains crucial. 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. Thus this enables an in built risk mitigation for cotton price fluctuation.

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 FY13 was 13956 MTOE (Metric Ton Oil Equivalent). During the year the Company invested in various energy efficient equipment's and took various energy saving initiatives, which translated into declining energy consumption & reduction in cost of energy. The total energy input in FY14

was 13351 MTOE (Metric Ton Oil Equivalent), with the same level of 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 high-end customers. The company also produces high quality printed cotton fabric for the African market.

Financial Snapshot

The Company scaled new peaks and strengthened its position on all major financial parameters. During the year, the total income of the company was ₹ 39,198 lakhs as against ₹ 36,412 lakhs in the previous year, an increase of 8%. With the upward trend in EBIDTA margin of 19.34% as against 17.95% in the previous year, the company managed to broaden the bottom line by 18% with the profit of ₹ 2,819 lakhs as against profit of ₹ 2,394 lakhs in the previous year

Standalone

₹ in Lakhs

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Income	39,198	36,412
EBITDA	7,582	6,536
% to income	19.34%	17.95%
Interest	2,549	2,726
Depreciation	1,594	1,416
Profit Before Tax	3,440	2,394
Deferred Tax	621	—
Profit After Tax	2,819	2,394

On a consolidated basis the revenue increased by 8%, from ₹ 36,420 lakh to ₹ 39,199 lakh. EBIDTA improved to 19.35% in FY14 against 17.94% in the previous year. PAT stood at ₹ 2,820 lakh in FY14 against ₹ 2,391 lakh in the previous year.

Consolidated

₹ in Lakhs

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Income	39,199	36,420
EBITDA	7,584	6,534
% to income	19.35%	17.94%
Interest	2,549	2,726
Depreciation	1,594	1,416
Profit Before Tax	3,441	2,391
Deferred Tax	621	—
Profit After Tax	2,820	2,391

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 report on Management 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

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

2. Board of Directors ("Board")

2.1 Composition and size of the Board

The Company has an optimum combination of Executive Directors and Non-Executive Directors. The Board consists of 8 (eight) Directors of which 4 (four) are Non-Executive 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. Harsh 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, 2014
Promoter Directors	Ms. Urvi A. Piramal	Chairperson	49,566
	Mr. Harsh 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

Chairperson of Ashok Piramal Group, Ms. Urvi Piramal is 62 years of age. Ms. Piramal oversees a professionally managed business conglomerate with interest in real estate, textiles, engineering, renewable energy and sports.

She is the guiding force behind the Group's sustained and profitable growth which is bringing the Group companies closer to realizing her vision of touching the lives of one in five people across the globe.

She 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).

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

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

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

Mr. Harsh A. Piramal

Harsh Piramal, 40, is vice-Chairman of Morarjee Textiles, PMP Auto and Piramal Renewable Energy, all part of the Ashok Piramal Group.

Harsh has been responsible for leading a turnaround at Morarjee Textiles since he began leading the company in 2004. The company is now planning to expand its operations and regain its position as one of India's leading textile companies.

Under his stewardship, PMP Auto Components Private Limited has acquired two companies in Europe and scaled up and internationalized its operations. Since its inception last year, Piramal Renewable Energy has entered the fast-growing renewable energy sector in India.

He began his career as an analyst at venture capital firm Indococean Chase Capital Partners (subsequently part of JP Morgan Chase). After completing his MBA, he founded Thundercloud Technologies (India) Private Limited, an IT Company, in May 2000. In August 2001, he was appointed COO - Allied Pharma Businesses at Nicholas Piramal India Limited (now Piramal Enterprises Limited), where he was responsible for the turnaround of the loss-making vitamins division and expansion and robust growth of all divisions. He was also responsible for launching a branded pathology lab chain for the company. He was in this position till April 2004, when he took up his current positions.

Harsh plays competitive polo at the national level and is a keen football player and fan. He co-founded Pune Football Club, which plays in Indian football's top division, in 2007. His other hobbies are travelling to remote locations all over the globe. He also travels to the forests of India to watch, photograph and help save tigers.

Harsh holds a Bachelor of Science (Physics) degree from Kings College London and a MBA (specializing in Finance and Strategy) from the London Business School.

Mr. Mahesh Gupta

Mr Mahesh Gupta, Group Managing Director, Ashok Piramal Group, is 58 years of age. Mr Gupta plays the role of formulating the business strategy for all group companies and steering the Group to achieve its goals. As a senior member of the Group, he plays a very significant role in guiding each business to attain profitable 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.

Mr Gupta's expertise lies primarily in mergers and acquisitions. In the last 3 decades of his career, he has led his companies in acquisitions in India as well as overseas in almost every segment in which the company has a presence, from pharmaceutical to auto-engineering to road infrastructure.

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 Ltd (now Piramal Enterprises Ltd). Mr Gupta has also worked with the RPG group as Group CFO and Management Board Member.

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

He is on the Board of several Public listed Companies such as Morarjee Textiles Limited, Ceat Limited, RPG Life Sciences Limited, Delta Corp Ltd etc. From time to time, he has also been associated with various Committees such as The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs & Treasurers (In ACT) and Advisory Board of Chennai Business School.

Mr. Gupta, has an Honours Degree in B.Com; L.L.B (Gen) and is a Fellow Member of The Institute of Chartered Accountants and The Institute of Company Secretaries of India. He had an outstanding academic record and is a 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 57 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 70 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 66 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 Crowford Bayley & Company) founded Talwar Thakore & Associates.

Shobhan Thakore is also a Director in Alkyl Amines Chemicals Limited, Bharat Forge Ltd., Carborundum Universal Limited., Uni Deritend Limited, Uni Klinger 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 of 50 years of age.

Mr. Mangaldas is a Mechanical Engineer from L. D. College of Engineering, Ahmedabad and has an MBA from Babson College, USA. He has been the Chairman and the Managing Director of the Victoria Mills Limited since 1999.

He has a wide experience and has spent approximately 20 years in the Textiles Industry.

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

Mr. Pradipta Mohapatra

Mr. Pradipta Mohapatra, Independent Director of the Company is 64 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, 2014 are given below:

Sr. 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 Trustee Limited • Pune Football Club Limited • Peninsula Cross Roads Private Limited • Pavurotti Real Estate Private Limited (Formerly known as Pavurotti Finance & Investment Private Limited) • Peninsula Brookfield Capital Advisors Limited • Peninsula Land Limited • Peninsula Holdings and Investments Private Limited
2.	Mr. Harsh A. Piramal	<ul style="list-style-type: none"> • Ashok Piramal Management Corporation Limited • Arrow Textiles Limited • Camphor & Allied Products Limited • HEM Infrastructure and Property 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 • Peninsula Mega Township Developers Limited (Formerly Known as Peninsula Mega Township Developers Private Limited) • Takenow Property Developers Private Limited
3.	Mr. Mahesh S. Gupta	<ul style="list-style-type: none"> • Ashok Piramal Management Corporation Limited • Delta Corp Limited • Delta Magnets Limited • Peninsula Land Limited • Hem Infrastructure and Property Developers Private Limited • Peninsula Holdings and Investments Private Limited • Peninsula Investment Management Company Limited • Peninsula Real Estate Management Private Limited • Renato Finance and Investments Private Limited • Ceat Limited • RPG Life Sciences Limited
4.	Mr. R. K. Rewari	<ul style="list-style-type: none"> • Just Textiles Limited • Integra Garments and Textiles Limited

Sr. No.	Name of the Directors	Other Directorships held
5.	Mr. Ranjan Sanghi	<ul style="list-style-type: none"> • Bajaj Finance 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 Ltd • Carborundum Universal Limited • DSP Blackrock Investment Managers Limited • Uni Deritend Limited • Uni Klinger Limited • Sharda Cropchem 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 • Coaching Foundation India Limited • KMC Speciality Hospitals (India) Limited • Saregama India Limited. • Zensar Technologies Limited • RPG Life Sciences 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 / Chairman.

Name	Category	Relationship with other Directors	Attendance Particulars		Membership of Board/ Board Committees (other than MTL)		
			Board Meetings	AGM held on 14.08.2013	No of other Directorships held as at 31.03.2014	Chairperson/ Chairman	Member
Ms. Urvi A. Piramal	Non-Executive Chairperson	Mother of Mr. Harsh A. Piramal	4	Yes	9	—	1
Mr. Harsh A. Piramal	Executive Vice Chairman	Son of Ms. Urvi A. Piramal	4	Yes	13	3	1
Mr. Mahesh S. Gupta	Non Executive Non Independent Director	None	4	Yes	11	4	3
Mr. R. K. Rewari	CEO & Executive Director	None	4	Yes	2	—	1
Mr. Ranjan Sanghi	Independent Director	None	4	Yes	4	1	4



Mr. Shobhan Thakore	Independent Director	None	4	Yes	6	1	1
Mr. Aditya Mangaldas	Independent Director	None	4	Yes	3	1	—
Mr. Pradipta Mohapatra	Independent Director	None	3	Yes	6	—	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 2013 - 2014 and the gap between two Board Meetings did not exceed four months.

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

Sr. No.	Date of Meetings	Board Strength	No. of Directors Present
1	28.05.2013	8	8
2	29.07.2013	8	8
3	11.11.2013	8	7
4	10.02.2014	8	8

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.

- A detailed profile of Directors eligible for appointment/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.
- Mr. Mahesh S. Gupta, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.
- Mr. Ranjan Pant, Mr. Aditya Mangaldas, Mr. Ranjan Sanghi and Mr. shobhan Thakore, be appointed as Independent Directors at the ensuing Annual General Meeting for a period of Five consecutive years.

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 14th August, 2013. The Executive Vice Chairman, CEO & Executive Director, Group CFO, Head Finance & Accounts and General Manager - Group Legal & Company Secretary are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The 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 2013-2014, the Audit Committee met 4 (four) times on 28th May, 2013, 29th July, 2013, 11th November, 2013, and 10th February, 2014. 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	4
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 statements 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 M/s. Phatak Paliwal & Co., as Cost Auditor for conducting the cost audit for the financial year 2014-2015. 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, 2013, in XBRL mode, was 30th September, 2013 and the cost audit report was filed by the cost Auditor on 26th September, 2013. The due date for filing the cost Audit Report for the financial year ended 31st march, 2014 is 30th September, 2014.

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 28th May, 2013 during the year 2013 - 2014 for recommending the minimum remuneration to be paid to the Executive Directors. The details are given below:

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

4.2 Terms of Reference & Remuneration Policy

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

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

5. Investors' Grievance Committee

5.1 Composition, Meeting and Attendance

The Investors' Grievance Committee currently comprises 3(three) of which 2 (two) are Non-Executive



Directors and one is an Executive Director, i.e. Mr. Shobhan Thakore (Chairman), Mr. Mahesh S. Gupta and Mr. R. K. Rewari.

During the financial year 2013 - 2014, the Investors' Grievance Committee met 4 (four) times on 28th May, 2013, 29th July, 2013, 11th November, 2013, and 10th February, 2014. The attendance details are given below:

Name of the Directors	Designation	No. of meetings during the year	
		Held	Attended
Mr. Shobhan Thakore	Chairman	4	4
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 2013-14 are as follows:-

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	2	2	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 4602
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 2013-2014 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	1,20,000
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. Harsh A. Piramal	Executive Vice Chairman	1,40,40,000	9,360
Mr. R. K. Rewari	CEO & Executive Director	1,14,62,404	6,72,424

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
2010-2011	16 th AGM	10 th August, 2011	03.00 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



2012-2013	18 th AGM	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
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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
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
18 th AGM	14 th August, 2013	Resolution No. 6- Appointment of Harsh A. Piramal as Executive Vice Chairman.

7.3 Special Resolution passed through Postal Ballot

No postal ballot was conducted during the year under review.

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. 38 to Notes on 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, 2014. 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

During the year under review, the Company had constituted a Corporate Social Responsibility (CSR) Committee in line with the requirements of the provisions of the Companies Act, 2013. The Committee comprises of Ms. Urvi A Piramal, Chairperson, Mr. Harsh A Piramal, Executive Vice Chairman and Mr. Ranjan Sanghi, Independent Director. The Terms of Reference of the CSR committee shall be :

- (a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- (b) To recommend the amount of expenditure to be incurred on the CSR activities; and
- (c) To Monitor the Corporate Social Responsibility Policy of the company from time to time.

Morarjee Textiles Limited (MTL) undertakes Corporate Social Responsibility (CSR) activities through Urvi Ashok Piramal Foundation (UAPF). The Foundation operates in Rajasthan, Maharashtra and Gujarat.

During the financial year 2013-14, health and vocational skill training related projects were launched in Nagpur district in Maharashtra and Khwasa block and Seoni district in Madhya Pradesh. Over 55,000 people have been directly benefited from these programmes.

Under health, two mobile health units are rendering its service since 2010 and during the year, over 13,000 patients from 53 villages were examined and treated. These mobiles health units provide preventive and curative health care facilities. During this time, eight special health checkup camps were conducted for laborers and technicians.

In addition, the Foundation conducted awareness on health and safety for laborers at the factory site. To drive home the point, the Foundation involved community stakeholders such as the Gram Panchayats, Anganwadi Sewikas and Nurses and organised special meetings with villagers on these issues.

Under the livelihood initiative, 3 vocational skill training centers were set up during the year to train rural women in short-term (3 months) courses in tailoring & fashion designing. About 150 women were trained at these centres. Post the training, some of the women have set up their own production units and stitch dresses, scarves, stoles and bags amongst other items. They are able to generate a monthly income of approximately ₹ 4500 per month.



In addition to these activities, the Foundation provides financial support to children of Morarjee Textiles employees to enable them to complete their higher education through scholarships. This year, 9 students were given these scholarships.

For the younger children, the Foundation runs Pathshala whereby children are assisted with their school education. About 45 students from Butibori village attended this Pathshala. Along with the school syllabus, trained teachers provide a holistic learning experience to the children.

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 19th Annual General Meeting

Date	Time	Venue
29 th September, 2014	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 2014 -2015

Financial year	1 st April, 2014 to 31 st March, 2015
Book Closure Dates	20 th September, 2014 to 29 th September, 2014 (both days inclusive)
Financial reporting for the quarter ending (tentative and subject to change)	
30 th June, 2014	By 14 th August, 2014
30 th September, 2014	By 15 th November, 2014
31 st December, 2014	By 14 th February, 2015
Year ending 31 st March, 2015	By 30 th May, 2015
Annual General Meeting for the year ending 31 st March, 2015	By September, 2015

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	2008 - 2009	NIL	NA	NA
2	2009 - 2010	NIL	NA	NA
3	2010 - 2011	NIL	NA	NA
4	2011 -2012	NIL	NA	NA
5	2012-2013	1.75	14 th August, 2013	16 th August, 2013

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 statement of Unclaimed Dividend as 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, 2013	Nil
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2013-2014	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year 2013-2014	Nil
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year 31 st March, 2014	Nil

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
31.03.2007	26.07.2007	02.08.2007	08.10.2014
31.03.2013	14.08.2013	16.08.2013	23.11.2020

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 ₹ 3,94,400 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	INE161G01027

The Company has been regular in paying the Annual Listing Fees to the Stock Exchanges. Listing fees for the year 2014 -2015 have also been paid within the due date.

11.8 Stock Market Data

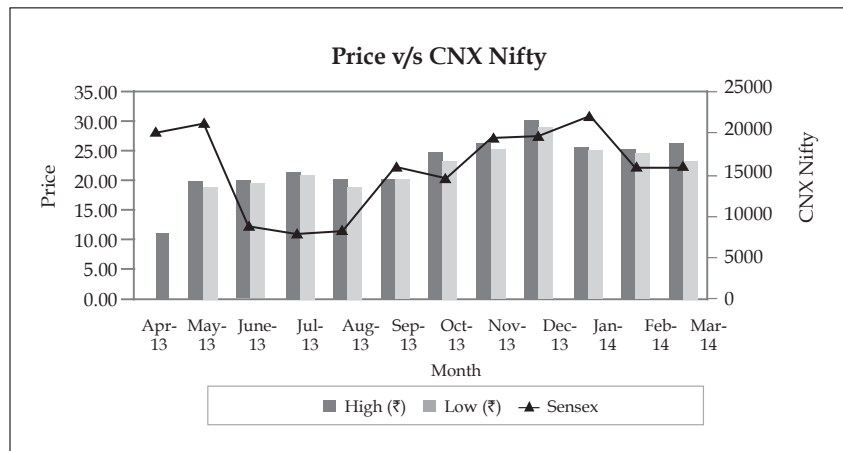
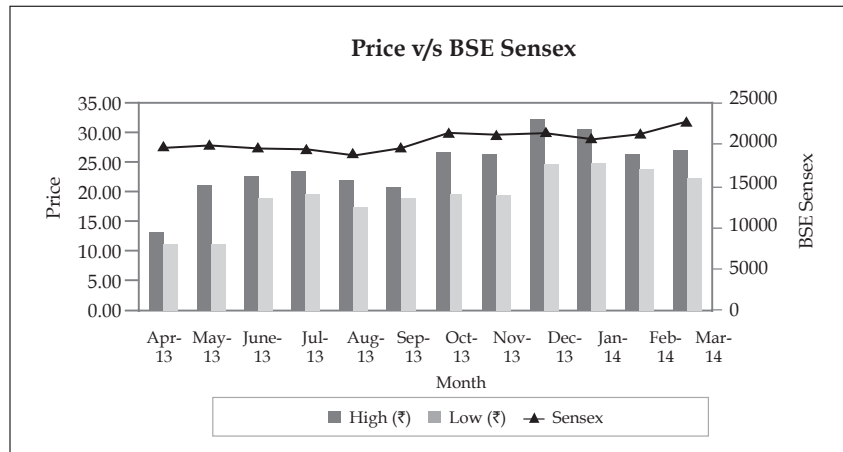
The high / low of the market price of the shares of the Company is given below :

Sources: BSE and NSE websites

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

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

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Sensex (Closing)	High (₹)	Low (₹)	S&P CNX NIFTY (Closing)
Apr-13	12.90	10.99	19,504.18	13.60	10.95	5,930.20
May-13	20.79	11.10	19,760.30	20.65	10.85	5,985.95
Jun-13	22.40	18.55	19,395.81	22.40	18.05	5,842.20
Jul-13	23.25	19.25	19,345.70	23.45	19.30	5,742.00
Aug-13	21.50	17.10	18,619.72	21.25	17.70	5,471.80
Sep-13	20.45	18.50	19,379.77	20.30	18.40	5,735.30
Oct-13	26.25	19.45	21,164.52	26.55	18.20	6,299.15
Nov-13	29.35	23.05	20,791.93	29.20	23.00	6,176.10
Dec-13	31.90	24.25	21,170.68	31.50	24.05	6,304.00
Jan-14	30.40	24.80	20,513.85	30.15	24.80	6,089.50
Feb-14	26.15	23.40	21,120.12	26.05	22.90	6,276.95
Mar-14	26.45	22.05	22,386.27	26.20	21.55	6,704.20



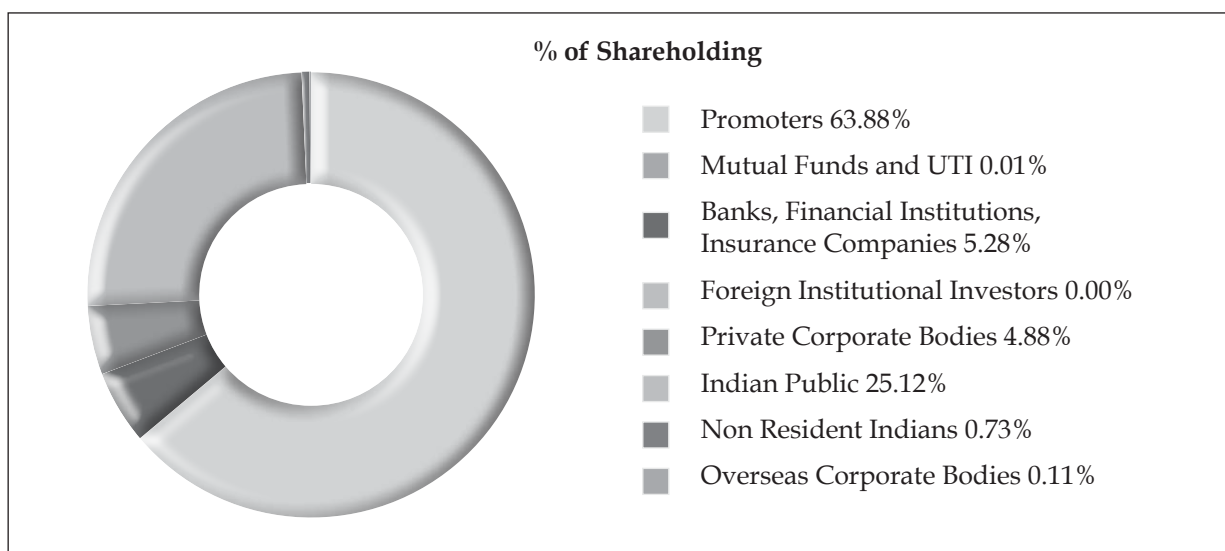
11.9 Distribution of shareholding as on 31st March 2014

Slab of Shareholding	No of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
1 TO 5000	17886	98.57	4090867	11.26
5001 TO 10000	122	0.67	875950	2.41
10001 TO 20000	76	0.42	1058180	2.91
20001 TO 30000	20	0.11	521327	1.43
30001 TO 40000	5	0.03	173150	0.48
40001 TO 50000	10	0.06	463232	1.27
50001 TO 100000	12	0.07	961314	2.65
100000 & ABOVE	14	0.08	28188329	77.58
	18145	100	36332349	100



11.10 Shareholding Pattern as on 31st March 2014

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)	19,16,499	5.28
c.	Foreign Institutional Investors	1,135	0.00
	Sub total (3)	19,20,345	5.28
4	Others		
a	Private Corporate Bodies	17,74,289	4.88
b	Indian Public	91,25,692	25.12
c	Non Resident Indians	2,65,057	0.73
d	Overseas Corporate Bodies	39,331	0.11
	Sub total (4)	1,12,04,369	30.84
	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. Harsh 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 Secretarial Audit Reports of M/s. Nilesh Shah & Co., which have been submitted to the Stock Exchanges within the stipulated period, inter alia confirms that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

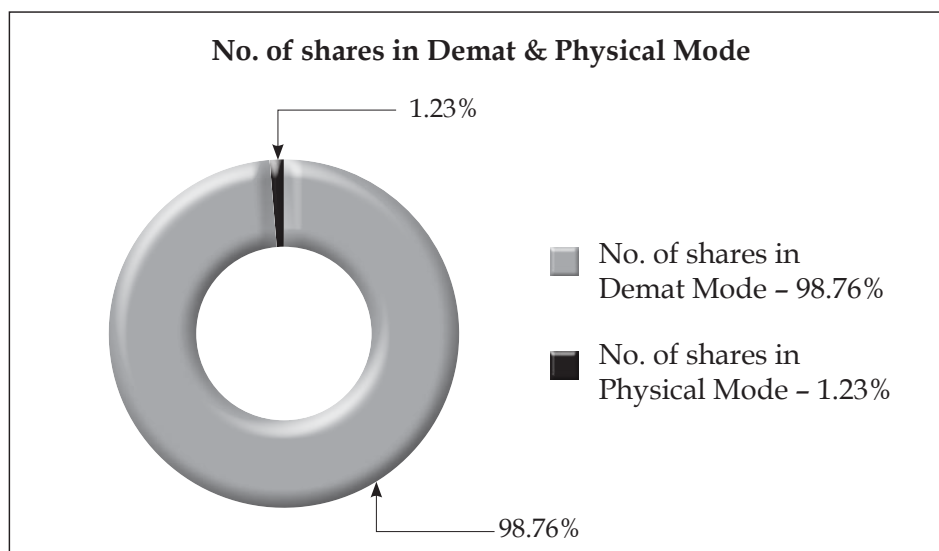
11.12 Dematerialisation of shares liquidity

As on 31st March, 2014, 3,58,82,817 Equity Shares representing 98.76% of the Company's paid-up Equity Share Capital have been dematerialized.

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

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

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



11.13 Share Transfer Agent

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

Registered Office	Freedom Registry Limited Plot No. 101/102, 19 th Street, MIDC Area, Satpur, Nashik 422 007. Tel (0253) - 2360 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	+91-22-66154602

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	+91-22-66154602

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
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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 financial result and annual report are also posted on Company's website.
- 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, 2014.

R. K. Rewari
CEO & Executive Director

Mumbai, 23rd May, 2014

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, 2014, 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, 23rd May, 2014



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 there under, provisions of Listing Agreement, applicable SEBI Rules & Regulations (Restricted to SEBI (SAST) Regulations, 2011 and SEBI - (Prohibition of Insider Trading) Regulations, 1992) as amended till date and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March, 2014**. 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:

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 as prescribed under the Act and the Rules made there under.
3. The Board of Directors of the Company is duly constituted.

There were following change in the Board of Directors during the financial year under review:

- Mr. Harshvardhan A. Piramal appointed as Executive Vice Chairman of the Company w.e.f. 1st April, 2013.

The Board of Directors duly met 4 (four) times for meetings held on 28.05.2013, 29.07.2013, 11.11.2013 and 10.02.2014 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 met 4 times during the financial year under review.
- Investor Grievance Committee: The Committee had met 4 times during the financial year under review.
- Share Transfer Committee: The Committee had held 15 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) and Management Committee.

Minutes of the above named committee meetings were properly recorded in the Books maintained for the purpose.

5. The Company closed its Register of Members from 06.08.2013 to 14.08.2013 (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, 2013 was held on 14.08.2013 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 wherever required; Share certificates have been issued and delivered to the shareholders within the statutory period on the

- transfers / transmissions thereof and the compliance in respect of the same have been carried out and shares have been registered as per requirements of the Act in favor of transferee.
8. Declaration and payment of dividend for the previous financial year was made during the year under review in compliance with the provisions of the Act and amount lying in unclaimed dividend account has been transferred to the Investor Education and Protection Fund as per the requirements of the Act.
 9. The Charges as has been modified and satisfied by the Company, were duly filed with the Ministry of Corporate Affairs and the particulars of the same have been duly 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 there under.
 11. The Company has not issued and allotted any Equity Shares during the financial year under review.
 12. The Company has not redeemed any preference shares during the financial year under review and hence no comment in respect of the same is invited.
 13. The Company has not accepted any fixed deposits.
 14. 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.
 15. 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.
 16. The Company had complied with the provisions of Section 372A and other applicable 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.
 17. The Company has complied with the provisions of SEBI Takeover Regulations as amended from time to time.
 18. The Company has substantially complied with the provisions of SEBI (Provisions of Insider Trading) Regulations, 1992 as amended from time to time.
 19. 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.
 20. The Company has instituted the Code for Directors and Senior Executives of the Company and has complied with the Code of Conduct for Directors and other Senior Executives as required under Clause 49 of the Listing Agreements.
 21. The Company has not granted any fresh stock options during the financial year under review.
 22. The Company has not altered the provisions of Memorandum of Association during the financial year under review.
 23. The Company has not altered the provisions of Articles of Association during the financial year under review.

(KAVITA A. SHAH)
Company Secretary
C.P.No: 9161

Mumbai, 23rd May, 2014



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 31 March, 2014, 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (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 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 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, 23rd May, 2014



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 The Company has neither granted nor taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register required to be maintained under section 301 of the Act. In view of the above, clauses 4(iii){b, c, d, f & g} of the Companies (Auditor's Report) Order, 2003 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 ₹ 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 31st March 2014 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 and Excise 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	605.85	
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	586.66	
		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 2002-03	839.54	

- 10 The Company does not have any accumulated losses as 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
Firm Registration No: 109430W

Ashish H. Shah
Partner
Membership No: 103750

Mumbai, 23rd May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs	31.03.2013 ₹ in Lacs
I. EQUITIES AND LIABILITIES				
1. Shareholders' Funds				
a) Share Capital	2	5,043.26		5,043.26
b) Reserves and Surplus	3	<u>7,240.70</u>		<u>5,679.64</u>
			12,283.96	10,722.90
2. Non Current Liabilities				
a) Long Term Borrowings	4	8,361.44		4,187.21
b) Deferred Tax Liability (Net)	5	620.58		-
c) Other Long Term Liabilities	6	104.37		110.39
d) Long Term Provisions	7	<u>204.20</u>		<u>232.54</u>
			9,290.59	4,530.14
3. Current Liabilities				
a) Short Term Borrowings	8	8,677.37		7,736.00
b) Trade Payables	9	3,772.40		4,490.44
c) Other Current Liabilities	10	3,358.17		8,770.93
d) Short Term Provisions	11	<u>3,701.27</u>		<u>3,543.12</u>
			19,509.21	<u>24,540.49</u>
	TOTAL		41,083.76	<u>39,793.53</u>
II. ASSETS				
1. Non Current Assets				
a) Fixed Assets	12			
Tangible Assets		22,070.84		23,091.74
Intangible Assets		139.84		320.19
Capital Work In Progress		<u>893.80</u>		<u>240.06</u>
		23,104.48		<u>23,651.99</u>
b) Non Current Investments	13	70.61		70.61
c) Long Term Loans and Advances	14	241.13		243.25
d) Other Non Current Assets	15	<u>1,480.08</u>		<u>719.34</u>
			24,896.30	24,685.19
2. Current Assets				
a) Current Investments	16	795.56		795.56
b) Inventories	17	7,395.35		6,808.56
c) Trade Receivable	18	6,125.50		5,763.64
d) Cash and Bank Balances	19	70.16		69.30
e) Short Term Loans & Advances	20	1,723.33		1,571.77
f) Other Current Asset	21	<u>77.56</u>		<u>99.51</u>
			16,187.46	<u>15,108.34</u>
	TOTAL		41,083.76	<u>39,793.53</u>
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, 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harsh 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
Chief Financial Officer
Deputy Company Secretary



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
INCOME			
Income from Operations	22	39,194.15	36,407.07
Other Income	23	3.71	4.52
Total Income		39,197.86	36,411.59
EXPENDITURE			
Materials Consumed	24	15,799.99	15,080.07
Changes in inventories of Work-in-progress & Finished Goods	25	(494.67)	(625.56)
Manufacturing and Other expenses	26	10,124.36	9,750.19
Employment Cost	27	3,153.92	2,649.32
Administrative, Selling & Other Expenses	28	2,576.82	2,652.17
Net Loss on Foreign Currency Transactions & Translations		455.45	369.61
Total Expenditure		31,615.87	29,875.80
Profit Before Finance Expenses, Depreciation & Tax		7,581.99	6,535.79
Finance Expenses	29	2,548.91	2,725.66
Depreciation	12	1,593.58	1,416.05
Profit Before Tax		3,439.50	2,394.08
Less : Provision for Tax (MAT)		760.77	512.23
Less : Deferred Tax	5	620.58	—
Add : MAT Credit Entitlement		760.77	512.23
Profit After Tax		2,818.92	2,394.08
Earning Per Equity Share (₹) (Face value ₹ 7/- each)		7.16	5.99
(Refer Note No. 40)			
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, 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
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Mr. S. C. Kashimpuria
Ms. Karina Vaz

Chairperson
Executive Vice Chairman
CEO & Executive Director
Director
Director
Director
Director
Chief Financial Officer
Deputy Company Secretary

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

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, 2014

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, 2014

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, 2014

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ 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
	<u>5,650.00</u>	<u>5,650.00</u>
Issued, Subscribed and Paid-up:		
3,63,32,349 (Previous Year 3,63,32,349) Equity Shares of ₹ 7/- each (Previous Year ₹ 7 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)	2,543.26	2,543.26
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		
	<u>5,043.26</u>	<u>5,043.26</u>
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	<u>36,332,349</u>	<u>36,332,349</u>
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	<u>1,000,000</u>	<u>1,000,000</u>
9% Preference Shares at the beginning of the year	1,500,000	1,500,000
Preference Shares at the end of the year	<u>1,500,000</u>	<u>1,500,000</u>
Total Preference Shares at the end of the year	<u>2,500,000</u>	<u>2,500,000</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014	31.03.2013
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 31st March, 2014 (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

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, 2014

	31.03.2014 ₹ in Lacs		31.03.2013 ₹ in Lacs	
Note 3 : Reserves and Surplus				
a) General Reserve				
Opening balance	5,137.91		4,897.91	
Add: Transfer from Profit & Loss Account	282.00		240.00	
	<u>5,419.91</u>		<u>5,137.91</u>	
b) Profit & Loss Account				
Opening balance	541.73		(150.54)	
Add: Net Profit for the year	2,818.92		2,394.08	
Less:				
Proposed Dividend on Preference Shares	185.00		613.64	
Dividend Distribution Tax	31.44		104.29	
Proposed Dividend on Equity Shares	890.14		635.82	
Dividend Distribution Tax	151.28		108.06	
Transfer to General Reserve	282.00		240.00	
	<u>1,820.79</u>		<u>541.73</u>	
	<u>7,240.70</u>		<u>5,679.64</u>	
	Non Current		Current	
	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 4 : Long Term Borrowings				
<u>Secured</u>				
Term Loan from Bank	1,361.44	4,187.21	2,919.84	3,391.72
<u>Unsecured</u>				
Term Loan from Bank	7,000.00	—	—	5,000.00
	<u>8,361.44</u>	<u>4,187.21</u>	<u>2,919.84</u>	<u>8,391.72</u>
a) Nature of Security and Term of Repayment for Long Term Secured Borrowings of ₹ 375.00 lacs (Previous year ₹ 2,925 lacs)				
(Secured by a 1 st 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 2 nd 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 ₹ 375.00 lacs (Previous year ₹ 2,925 lacs))				
Terms of Repayment for Long Term Secured borrowings :				
- Loan of ₹ 375 lacs repayable in 1 quarterly installment (excluding current maturities)				

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

b) Nature of Security and Term of Repayment for Long Term Secured Borrowings of ₹ 986.44 lacs (Previous year ₹ 1,262.21 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 ₹ 986.44 lacs) (Previous year ₹ 1,262.21 lacs)

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 986.44 lacs repayable in 32 monthly installments (excluding current maturities)

c) Terms of Repayment for Long Term Unsecured borrowings :

- Loan of ₹ 5,000 lacs repayable in 3 monthly installments w.e.f. April 2015

- Loan of ₹ 2,000 lacs repayable in 8 quarterly installments w.e.f. June 2015

d) The interest rate on the above is in the range from 11% to 14.75% per annum.

e) Default in repayment of principal and interest - Nil

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Note 5 : Deferred Tax Liabilities (Net)		
<u>Deferred Tax Liabilities</u>		
Tax due to difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961	2,319.48	2,473.81
Total Deferred tax liabilities	2,319.48	2,473.81
<u>Deferred Tax Assets</u>		
Tax due to provision for employment benefits allowed for tax purposes on payment basis	100.00	84.91
Tax due to unabsorbed depreciation / business losses carried forward under Income Tax Act 1961	1,598.90	2,985.04
Total Deferred tax assets	1,698.90	3,069.95
Net Deferred tax asset / (liability)	(620.58)	596.14
Opening Balance	-	-
Less:- Not Accounted during the year*	-	596.14
Closing Net Deferred tax asset / (liability)	(620.58)	-
Net Deferred tax expense for the year	620.58	-

*Deferred Tax assets are not recognised following prudential accounting policy.



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Note 6 : Other Long Term Liabilities		
Trade Deposits	104.37	110.39
Note 7 : Long Term Provisions		
Employees Retirement Benefits	204.20	232.54
Note 8 : Short Term Borrowings		
Secured		
Cash Credit / Packing Credit from Banks**	6,152.74	6,625.85
Unsecured		
Bodies Corporate	1,047.49	1,110.15
Packing Credit from Bank	1,477.14	—
	8,677.37	7,736.00
<p>** 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. Default in repayment of principal & interest - Nil</p>		
Note 9 : Trade Payables		
Dues of Micro and small Enterprises (Refer Note no. 33)	31.92	11.12
Others	3,740.48	4,479.32
	3,772.40	4,490.44
Note 10 : Other Current Liabilities		
Current Maturities of Long Term Loan from Bank (Refer Note no. 4)	2,919.84	8,391.72
Interest Accrued but not due	124.67	178.64
Unclaimed Dividend	6.69	6.97
Statutory Liabilities	91.51	47.36
Advances from Customers & Other current liabilities	215.46	146.24
	3,358.17	8,770.93
Note 11 : Short Term Provisions		
Proposed Dividend	1,075.14	1,249.46
Dividend Distribution Tax	182.72	212.35
Provision for Employees Retirement Benefits	89.99	17.27
Provision for Expenses & Others	2,353.42	2,064.04
	3,701.27	3,543.12

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Note 12 : Fixed Assets	₹ in Lacs										
	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2013	Additions	Deduction	Balance as on 31.03.2014	Balance as on 01.04.2013	For the year	Deduction	Balance as on 31.03.2014	Balance as on 31.03.2014	Balance as on 31.03.2013	
<u>Tangible Assets</u>											
Land - Leasehold	6,647.70	—	—	6,647.70	120.16	32.04	—	152.20	6,495.50	6,527.54	
Building	8,251.48	—	—	8,251.48	2,119.57	275.60	—	2,395.17	5,856.31	6,131.91	
Plant & Machinery	19,803.46	349.84	20.97	20,132.33	9,473.73	1,056.06	14.40	10,515.39	9,616.94	10,329.73	
Computer	314.71	8.75	—	323.46	294.14	4.98	—	299.12	24.34	20.57	
Furniture, Fixture & Office Equipments	190.00	7.57	—	197.57	123.37	10.19	—	133.56	64.01	66.63	
Motor Vehicles	25.87	—	2.45	23.42	10.51	1.62	2.45	9.68	13.74	15.36	
<u>Intangible Assets</u>											
Designs & Archives *	277.42	—	—	277.42	127.43	149.99	—	277.42	—	149.99	
Computer Software	359.89	32.74	—	392.63	189.69	63.10	—	252.79	139.84	170.20	
Total	35,870.53	398.90	23.42	36,246.01	12,458.60	1,593.58	16.85	14,035.33	22,210.68	23,411.93	
Previous Year	30,344.01	5,526.52	—	35,870.53	11,042.55	1,416.05	—	12,458.60	23,411.93	—	
Capital W.I.P.									893.80	240.06	
									23,104.48	23,651.99	

The addition of the Plant & Machinery is net of ₹154.90 lacs towards capital subsidy recd from the Government.

* Based on re-assessment of the balance useful life of Design and Archives (Intangible Assets) the company has fully provided for WDV of the same as of 01.01.2014 amounting to ₹ 143.00 lacs.



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Note 13 : Non Current Investments (Unquoted)		
Others		
a) Investment in Equity Shares		
<u>Whollyowned Subsidiary</u>		
Morarjee International srl (Euro 10,000) 10000 (Previous year 10000) Equity Shares of EURO 1 each fully paid up	5.61	5.61
<u>Joint Venture</u>		
Morarjee Castiglioni I Private Limited 10,00,000 (Previous year 10,00,000) Equity Shares of ₹ 10 each fully paid up	64.10	64.10
<u>Other Entities</u>		
Saraswat Bank 2500 (Previous year 2,500) Equity shares of ₹ 10 each fully paid	0.25	0.25
Morarjee Goculdas Spg. & Wvg. Co. Private Limited (Formerly known as Morarjee Legler Private Limited) 2000 (Previous year 2,000) Equity Shares of ₹ 10 each fully paid up	0.01	0.01
b) Investment in Government Securities		
Govt securities	0.64	0.64
	70.61	70.61
Note 14 : Long Term Loans & Advances (Unsecured & considered good)		
Capital Advances	—	4.47
Deposit / balance with Govt authorities etc.	188.43	183.43
Deposit and Other advances	13.11	14.02
Advance Tax	39.59	41.33
	241.13	243.25
Note 15 : Other Non Current Assets		
MAT Credit Entitlement	1,480.08	719.34
	1,480.08	719.34

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Note 16 : Current Investments (Unquoted)		
Investment in Equity Shares of Joint Venture		
Just Textiles Ltd.	795.56	795.56
7,95,560 (Previous year 7,95,560) Equity Shares of ₹ 100 each fully paid up	<u>795.56</u>	<u>795.56</u>
Note 17 : Inventories		
Raw materials	1,238.53	1,199.89
Work-In- Progress	3,022.03	2,783.98
Finished Goods	2,822.68	2,528.38
Consumable, Stores, Spares etc	312.11	296.31
	<u>7,395.35</u>	<u>6,808.56</u>
Note 18 : Trade Receivables (Unsecured, considered good)		
Overdue for more than six months	331.09	238.66
Others	5,794.41	5,524.98
	<u>6,125.50</u>	<u>5,763.64</u>
Note 19 : Cash and Bank Balances		
Cash and Cash Equivalents		
Cash in hand	16.59	10.28
Bank Balances	46.00	31.27
Cash & Cash Equivalents	<u>62.59</u>	<u>41.55</u>
Other Bank Balances		
• in Unclaimed dividend Account	6.69	6.97
• in Fixed Deposits (Margin Money)	0.88	20.78
Other Bank Balances	7.57	27.75
Cash & Bank Balances	<u>70.16</u>	<u>69.30</u>
Note 20 : Short Term Loans & Advances		
Advances recoverable in cash or kind or for value to be received	922.64	818.75
Deposit and other advances	0.99	4.48
Advances to Staff	12.47	9.28
Deposit with Government Authorities	787.23	739.26
	<u>1,723.33</u>	<u>1,571.77</u>
Note 21 : Other Current Assets		
Interest Receivable	77.56	99.51
	<u>77.56</u>	<u>99.51</u>



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
Note 22 : Income from Operations		
Revenue from Sale of Goods	38633.37	35897.22
Other Operating Income	680.64	621.05
	<u>39314.01</u>	<u>36518.27</u>
Less : Excise duty	119.86	111.20
	<u>39,194.15</u>	<u>36,407.07</u>
Note 23 : Other Income		
Interest Income	2.63	4.47
Dividend Income	0.03	0.05
Profit on Sale of Assets	1.05	—
	<u>3.71</u>	<u>4.52</u>
Note 24 : Material Consumed		
Opening Stock	1199.89	460.94
Add: Purchases	15838.63	15,819.02
Less : Closing Stock	1238.53	1,199.89
Material Consumed	<u>15,799.99</u>	<u>15,080.07</u>
Note 25 : Change in Inventories of Work-in-progress and Finished Goods		
Opening 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>
Closing Stock		
Work in Progress	3,022.03	2,783.98
Finished Goods & Stock in Trade	2,822.68	2,528.38
	<u>5,844.71</u>	<u>5,312.36</u>
Excise Duty (Increase) / Decrease on Finished Goods	(37.68)	(36.02)
(Increase) / Decrease	<u>(494.67)</u>	<u>(625.56)</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 26 : Manufacturing & Other Expenses		
Processing Charges	1,586.45	1,627.40
Dyes & Chemicals	3,165.40	2,838.38
Packing Expenses	354.83	348.60
Stores & Spares	997.66	768.59
Other Consumables	165.55	164.31
Repairs & Maintenance -Building	20.23	27.40
Repairs & Maintenance -Plant & Machinery	163.88	148.16
Repairs & Maintenance -Others	6.71	6.05
Power & Fuel	3,387.37	3,566.44
Rates, Taxes & Water charges	276.28	254.86
	<u>10,124.36</u>	<u>9,750.19</u>
Note 27 : Employee Cost		
Salaries & Wages	2,945.09	2,443.06
Contribution to Provident and Other Funds	142.73	129.17
Staff Welfare Expenses	66.10	77.09
	<u>3,153.92</u>	<u>2,649.32</u>
Note 28 : Administrative, Selling & Other Expenses		
Freight Out	482.84	665.25
Insurance Charges	16.99	16.64
Legal & Professional expenses	401.79	296.71
Rent	140.63	136.20
Telephone Expenses	22.72	23.78
Travelling	202.42	161.42
Loss on Insurance Claim	36.81	-
Marketing Service fee & Commission	678.23	756.18
Audit Fees, Certification & Out of Pocket expenses	16.27	16.70
Miscellaneous Expenses	578.12	579.29
	<u>2,576.82</u>	<u>2,652.17</u>
Note 29 : Finance Expenses		
Interest on Term Loan	1,621.98	1,687.66
Interest on Others (Refer Note no. 39)	627.67	860.31
	<u>2,249.65</u>	<u>2,547.97</u>
Other Borrowing Cost	96.73	71.33
Applicable loss on foreign currency transactions and translation	202.53	106.36
	<u>2,548.91</u>	<u>2,725.66</u>



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

30 Contingent Liability and commitments

A) Contingent Liability not provided for in respect of

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
i Contingent Liability for bill discounted	981.61	1,657.62
ii The Excise department has raised claims on the company The company has disputed the same with the appropriate authority.	2,570.46	2,477.80
iii Claim against the company not acknowledged as debts	1,344.40	1,344.40
B) Commitments		
i Bank Guarantees	853.05	626.03
ii Estimated amount of contracts remaining to be executed on capital accounts and not provided	79.20	91.37
iii Open Letters of credit	218.17	348.45

31 (a) Consumption of Raw Material

	Year ended 31.03.2014 (₹ in Lacs)	Year ended 31.03.2013 (₹ in Lacs)
Cotton	2,277.36	2,088.97
Yarn	5,040.68	4,932.41
Cloth	8,481.95	8,058.69
	<u>15,799.99</u>	<u>15,080.07</u>

(b) Value of Imported and Indigenous Raw Materials, Stores, Spares parts, Components, dyes & chemicals.

	31.03.2014 (₹ in Lacs)	%	31.03.2013 (₹ in Lacs)	%
I) Raw Material				
i) Imported	1,136.55	7.19	892.13	5.92
ii) Indigenous	14,663.44	92.81	14,187.94	94.08
	<u>15,799.99</u>	<u>100.00</u>	<u>15,080.07</u>	<u>100.00</u>
II) Stores & Spares components, Dyes & Chemicals				
i) Imported	138.85	3.34	156.13	4.33
ii) Indigenous (Including imported items purchased locally)	4,024.21	96.66	3,450.84	95.67
	<u>4,163.06</u>	<u>100.00</u>	<u>3,606.97</u>	<u>100.00</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
(c) I) Value of Imports calculated on C.I.F. basis		
i) Raw Materials	1,243.58	904.78
ii) Consumables	158.02	158.43
iii) Capital Goods	50.69	747.69
II) Expenditure in Foreign Currency		
i) Professional Fees	44.75	38.39
ii) Marketing Service fee and Sales Commission	389.83	539.84
iii) Foreign Travel	51.93	42.15
iv) Processing Charges	10.39	99.66
v) Others	5.80	17.73
III) Earning in Foreign Currency		
FOB Value of Exports	20,453.96	21,442.18
32 Auditor's Remuneration		
Audit Fees	8.00	8.00
Tax Audit Fees	2.50	2.50
Certification fees	5.77	6.20
	16.27	16.70
33 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, 2014. 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 31.03.2014 ₹ in Lacs	As on 31.03.2013 ₹ in Lacs
(a) Principal amount and separately the interest due thereon remaining unpaid to any supplier at the end of the financial year	31.92	11.12
(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, 2014

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, 2014 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 31.03.2014		Unfunded 31.03.2013	
	Gratuity ₹ in Lacs	Leave Encashment ₹ in Lacs	Gratuity ₹ in Lacs	Leave Encashment ₹ in Lacs
<u>Amount Recognised in Balance sheet</u>				
Present Value of Unfunded Obligation	215.63	78.56	182.43	67.38
Unrecognised Past Service Cost	—	—	—	—
Amount not recognised as Asset, because of the limit in Para 59(b)	—	—	—	—
<u>Amount in Balance Sheet</u>				
Liability	215.63	78.56	182.43	67.38
Assets	—	—	—	—
Net Liability	<u>215.63</u>	<u>78.56</u>	<u>182.43</u>	<u>67.38</u>
<u>Expense Recognised in the Statement of Profit & Loss</u>				
Opening Defined Benefit Obligation less benefits Paid	—	—	—	—
Current Service Cost	26.40	12.80	21.09	15.58
Interest Cost on Defined Benefit Obligation	14.20	4.96	12.50	3.75
Expected Return on Plan Assets	—	—	—	—
Net Actuarial Losses / (Gains) Recognised in Year	6.93	5.80	8.45	9.47
Past Service Cost	—	—	—	—
Effect of the limit in Para 59(a)	—	—	—	—
Losses / (Gains) on "Curtailments and Settlements"	—	—	—	—
Total Included in "Employee Benefit Expense"	<u>47.53</u>	<u>23.56</u>	<u>42.04</u>	<u>28.80</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Unfunded 31.03.2014		Unfunded 31.03.2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
<u>Change in define benefit obligation</u>				
Opening Defined Benefit Obligation as at 01.04.2013	182.43	67.38	153.68	49.75
Current Service Cost	26.40	12.80	21.09	15.58
Interest Cost	14.20	4.96	12.50	3.75
Acturial Losses / (Gain)	6.93	5.80	8.45	9.47
Liabilities Extinguished on Curtailment	-	-	-	-
Liabilities Extinguished on Settlements	-	-	-	-
Liabilities Assumed on Acquisition	-	-	-	-
Exchange Difference on Foreign Plans	-	-	-	-
Benefits Paid	(14.33)	(12.38)	(13.29)	(11.17)
Closing Defined Benefit Obligation as at 31.03.2014	215.63	78.56	182.43	67.38

	₹ in Lacs				
	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
<u>Gratuity</u>					
Defined Benefit Obligation	215.63	182.43	153.68	175.01	169.37
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(215.63)	(182.43)	(153.68)	(175.01)	(169.37)
<u>Leave Encashment</u>					
Defined Benefit Obligation	78.56	67.38	49.75	76.53	78.83
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(78.56)	(67.38)	(49.75)	(76.53)	(78.83)

Summary of the Acturial Assumptions :-

Discount Rate 9.10%

Note :

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



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

- 36 The Company has taken vehicles on an operating lease basis for a period of 48 months. The lease rentals are payable on monthly instalments by the Company.

Future minimum lease rentals payable as per the lease agreements:

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
a) Not later than one year	5.79	10.19
b) Later than one year but not later than five years	—	5.79
c) Later than five years	—	—
	5.79	15.98

Lease payment recognised in profit & Loss account for the year is ₹ 10.86 lacs (Previous year ₹ 10.19 lacs)

- 37 A) In the previous year The Board of Directors have passed a resolution to divest from Just Textiles Ltd, a joint venture in which the Company holds 49% stake. Accordingly, Just Textiles Ltd financial statements are not consolidated with the financial statements of the Company.

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

- The proportion of interest of the Company in the JV is by way of 49% equity participation. The balance 51% held by Mr. Pradeep Modi and others.
- The Company's share of capital commitments of the JV as at 31st, March, 2014 is ₹ Nil (Previous year ₹ Nil)
- The Company's share of contingent liabilities of the JV as at 31st, March, 2014 is Nil. (Previous year ₹ Nil)
- No contingent liabilities and capital commitments have been incurred as at 31st March, 2014 in relation to the Company's interest in the JV alongwith the other venture. (Previous year Nil)
- The aggregate amount of assets, liabilities, income & expenses related to the company's interest in the JV as at 31st March, 2014.

Particulars	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
i Assets	2,641.89	2,720.52
ii Liabilities	1,843.80	1,866.38
iii Income	1,865.90	1,684.44
iv Expenses	1,919.51	1,866.61

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

- The Propotion of interest of the Company in the JV is by way of equal equity participation with Manifattura Castiglioni S.P.A.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

- (b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31st March, 2014

Particulars	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
i Assets	71.23	72.98
ii Liabilities	0.87	0.48
iii Income	0.81	0.78
iv Expenses	2.94	3.21

- (c) The Company's share of capital commitments of the JV as at 31st, March, 2014 is ₹ Nil. (Previous year Nil)
- (d) The Company's share of contingent liabilities of the JV as at 31st, March, 2014 is Nil. (Previous year Nil)
- (e) No contingent liabilities and capital commitments have been incurred as at 31st March, 2014 in relation to the Company's interest in the JV alongwith the other venture. (Previous year Nil)

- 38 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)

B. Subsidiary Companies

Morarjee International s.r.l.

C. Joint Ventures

Morarjee Castiglioni (I) Private Limited
 Just Textiles Limited

D. Key Management Personnel

Mr. Harsh A. Piramal
 Mr. R. K. Rewari



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Details of Transactions are as follows:	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
A Purchase from related parties		
Joint Ventures		
Just Textiles Limited	33.25	40.50
B Purchase of Fixed Assets (Land)		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Integra Garments & Textiles Limited	—	4,051.00
C Services from related parties		
Subsidiary Companies		
Morarjee International srl	21.69	23.63
Enterprises over which Directors/Key Management personnel exercise significant influence		
Ashok Piramal Management corporation Limited	76.70	24.00
Peninsula Facility Management Services Limited	—	63.91
D Repayment of Loan / Advances		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Integra Garments & Textiles Limited	—	3,749.51
E Remuneration / Sitting Fees		
Key Management personnel		
Shri Harsh A. Piramal	140.49	—
Shri R. K. Rewari	121.35	97.26
Sitting Fees	5.80	5.20
F Rent paid		
Enterprises over which Directors/Key Management personnel exercise significant influence		
PMP Components Private Limited	0.67	0.67
Peninsula Land Limited	127.62	127.62
G Donations given		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Ashok G. Piramal Trust	10.75	5.02
Urvi Ashok Piramal Foundation	5.38	—

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Details of Transactions are as follows:		31.03.2014	31.03.2013
		₹ in lacs	₹ in lacs
H Outstanding balance			
Due to Enterprises over which Directors/Key Management personnel exercise significant influence			
Peninsula Facility Management Service	–	29.58	
Peninsula Land Limited	17.17	24.31	
PMP Components Private Limited	–	0.50	
Due to Joint Venture Companies			
Morarjee Castiglioni (I) Private Limited	119.45	123.93	
Just Textiles Limited	1.50	2.22	
Due to Subsidiary Companies			
Morarjee International srl	17.83	2.38	
Due from Enterprises over which Directors/Key Management personnel exercise significant influence			
Ashok G. Piramal Trust	0.01	0.01	
39	Includes Interest of ₹ 24.07 lacs on payment of advance tax for the financial year 2012-2013. (Previous year ₹ 1.79 lacs)		
40	Earnings Per Share (Basic / Diluted)		
	31.03.2014		31.03.2013
	₹ in lacs	₹ in lacs	₹ in lacs
(a) Profit after Tax	2,818.92		2,394.08
Less: Preference Share Dividend & Taxes	216.44	2,602.48	216.44
(b) Number of Shares (weighted average)		36332349	36332349
(c) Earnings Per Share (₹)		7.16	5.99
41	Previous year's figures have been regrouped / reclassified wherever necessary.		
As per our report of even date.		For and on behalf of Board of Directors	
SHAH & CO.		Ms. Urvi A. Piramal	
Chartered Accountants		Mr. Harsh A. Piramal	
FRN. 109430W		Mr. R. K. Rewari	
A. H. SHAH		Mr. Mahesh S. Gupta	
Partner		Mr. Ranjan Sanghi	
Membership No. 103750		Mr. Aditya Mangaldas	
Mumbai, 23 rd May, 2014		Mr. Pradipta Mohapatra	
		Mr. S. C. Kashimpuria	
		Ms. Karina Vaz	
		Chairperson	
		Executive Vice Chairman	
		CEO & Executive Director	
		Director	
		Director	
		Director	
		Director	
		Chief Financial Officer	
		Deputy Company Secretary	



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31 st March, 2014		31 st March, 2013	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		3439.50		2394.08
Adjustments for :				
Depreciation	1,593.58		1,416.05	
Interest Expenses	2,548.91		2,725.66	
Dividend Income	(0.03)		(0.05)	
Profit on Sale of Assets	(1.05)		—	
Interest Income	(2.63)		(4.47)	
		<u>4,138.78</u>		<u>4,137.19</u>
Operating Profit Before Working Capital Changes		7,578.28		6,531.27
Adjustments for Changes in Working Capital				
(Increase)/ Decrease in Trade and Other Receivables	(491.10)		1,872.00	
(Increase) / Decrease in Inventories	(586.79)		(1,441.30)	
Increase/(Decrease) in Trade Payables	(360.81)		2,439.06	
		<u>(1,438.70)</u>		<u>2,869.76</u>
Cash From Operating Activities		6,139.58		9,401.03
Less: Income Tax Paid (MAT)		675.40		376.58
Net Cash From Operating Activities		(A) 5,464.18		(A) 9,024.45
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1,052.64)		(5,426.45)	
Sale of Fixed Assets	7.63		—	
Interest Received	2.63		4.47	
Dividend Received	0.03		0.05	
Net Cash Used in Investing Activities		(B) (1,042.35)		(B) (5,421.93)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31 st March, 2014		31 st March, 2013	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	7140.61		612.36	
Repayment of Long Term Borrowings	(8,438.26)		(2,710.67)	
Dividend and Dividend Tax Paid	(1,461.81)		—	
Increase/ (Decrease) in Short term Borrowings	941.37		1,160.75	
Interest Paid	(2,602.88)		(2,697.40)	
Net Cash Used in Financing Activities		(C) (4,420.97)		(C) (3,634.96)
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)		0.86		(32.44)
Cash and Cash Equivalents at the beginning of the year		69.30		101.74
Cash and Cash Equivalents at the end of the year		70.16		69.30

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai : 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harsh 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
Chief Financial Officer
Deputy Company Secretary



ANNEXURE TO THE BALANCE SHEET AS AT 31st March, 2014

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	31.03.2014
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)	3.24
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	<i>Chairperson</i>
Mr. Harsh 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>Chief Financial Officer</i>
Ms. Karina Vaz	<i>Deputy Company Secretary</i>

Mumbai, 23rd May, 2014

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 (collectively referred to as "Morarjee Textiles Group") (Refer Note no 35 read with Note No. 33 A to consolidated financial statements) which comprise the consolidated Balance Sheet as at 31st March 2014, 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 principles generally accepted in India. 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

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 subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Morarjee Textiles Group as at 31st March, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Morarjee Textiles Group for the year ended on that date, and
- (c) in the case of the consolidated Cash Flow Statement,



of the cash flows of the Morarjee Textiles Group for the year ended on that date.

The financial statements of the Morarjee Castiglioni (I) Pvt. Ltd., a Joint Venture between the parent company and the Manifattura castiglioni S.P.A. for the year ended 31st March 2014 have been audited by us.

Other matter

We have not audited the financial statements of subsidiary 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 subsidiary, is based solely on reports of the other auditors.

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

Ashish H. Shah
Partner
Membership No: 103750

Mumbai, 23rd May, 2014

The subsidiary company considered in the consolidated financial statements and audited by other Auditors is:

₹ In Lacs

Name of the Company	Financial Year	Total Assets	Total Revenues
Morarjee International srl	April 2013 to March 2014	3.74	21.31

Joint Venture:

The Joint Venture unit considered in the consolidated financial statements as audited by us is:

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, 2014

	Note		31.03.2014		31.03.2013
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. EQUITIES AND LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	2	5,043.26		5,043.26	
b) Reserves and Surplus	3	7,232.69		5,670.51	
c) Capital Reserve on Consolidation		14.83		14.83	
			12,290.78		10,728.60
2. Non Current Liabilities					
a) Long Term Borrowings	4	8,361.44		4,187.21	
b) Deferred Tax Liability	5	620.58		—	
c) Other Long Term Borrowings	6	104.37		110.39	
d) Long Term Provisions	7	204.20		232.54	
			9,290.59		4,530.14
3. Current Liabilities					
a) Short Term Borrowings	8	8,677.37		7,736.00	
b) Trade Payables	9	3,788.23		4,495.34	
c) Other Current Liabilities	10	3,340.77		8,770.52	
d) Short Term Provisions	11	3,701.27		3,543.53	
			19,507.64		24,545.39
TOTAL			41,089.01		39,804.13
II. ASSETS					
1. Non Current Assets					
a) Fixed Assets	12				
Tangible Assets		22,070.85		23,091.76	
Intangible Assets		139.84		320.19	
Capital Work In Progress		893.80		240.06	
		23,104.49		23,652.01	
b) Non Current Investments	13	0.90		0.90	
c) Long Term Loans and Advances	14	242.48		245.99	
d) Other Non Current Assets	15	1,480.08		719.34	
			24,827.95		24,618.24
2. Current Assets					
a) Current Investments	16	795.56		795.56	
b) Inventories	17	7,395.35		6,808.56	
c) Trade Receivables	18	6,147.43		5,785.55	
d) Cash and Cash Equivalents	19	80.06		80.67	
e) Short Term Loans and Advances	20	1,764.94		1,615.89	
f) Other Current Assets	21	77.72		99.66	
			16,261.06		15,185.89
TOTAL			41,089.01		39,804.13
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, 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harsh 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
Chief Financial Officer
Deputy Company Secretary



CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Note	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
INCOME			
Income from Operations	22	39,194.15	36,407.07
Other Income	23	4.52	12.70
Total Income		39,198.67	36,419.77
EXPENDITURE			
Materials Consumed	24	15,799.99	15,080.07
Changes in Inventories of work in progress & Finished Goods	25	(494.67)	(625.56)
Manufacturing and Other Expenses	26	10,124.36	9,750.19
Employment Cost	27	3,169.78	2,663.70
Administrative, Selling & Other Expenses	28	2,562.85	2,645.78
Net Loss on Foreign Currency Transactions & Translations		452.80	371.94
Total Expenditure		31,615.11	29,886.12
Profit Before Finance Expenses, Depreciation & Tax		7,583.56	6,533.65
Finance Expenses	29	2,549.10	2,726.11
Depreciation	12	1,593.59	1,416.06
Profit Before Tax		3,440.87	2,391.48
Less: Provision for Tax (Including MAT)		761.02	513.09
Less: Deferred Tax	5	620.58	—
Add: MAT Credit Entitlement		760.77	512.23
Profit After Tax		2,820.04	2,390.62
Earning Per Equity Share (₹) (Face value ₹ 7/- each) (Refer Note no. 41)		7.17	5.98
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, 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harsh 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
Chief Financial Officer
Deputy Company Secretary

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

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, 2014

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, 2014

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, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ 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 of ₹ 7/-) 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)	2,543.26	2,543.26
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
	5,043.26	5,043.26
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, 2014**

	31.03.2014 No of shares	31.03.2013 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, 2014. 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.		
	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 3 : Reserves and Surplus		
a) General Reserve		
Opening balance	6,378.84	6,138.84
Add: Amount Transferred from Profit & Loss Account	282.00	240.00
	6,660.84	6,378.84
b) Foreign Exchange Reserve		
Opening Balance	15.13	15.13
	15.13	15.13



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
c) Profit & Loss Account		
Opening balance	(723.46)	(1,165.95)
Less: Opening Balance of Joint Venture (Refer Note no. 38)	-	246.32
Add: Net Profit for the year	2,820.04	2,390.62
Less :		
Proposed Dividend on Preference Shares	185.00	613.64
Dividend Distribution Tax	31.44	104.29
Proposed Dividend on Equity Shares	890.14	635.82
Dividend Distribution Tax	151.28	108.06
Transfer to General Reserve	282.00	240.00
	<u>556.72</u>	<u>(723.46)</u>
	<u>7,232.69</u>	<u>5,670.51</u>

	Non Current		Current	
	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 4: Long Term Borrowings				
Secured				
Term Loan from Bank	1,361.44	4,187.21	2,919.84	3,391.72
Unsecured				
Term Loan from Bank	7,000.00	-	-	5,000.00
	<u>8,361.44</u>	<u>4,187.21</u>	<u>2,919.84</u>	<u>8,391.72</u>

a) Nature of Security and Terms of Repayment for Long Term Secured Borrowings of ₹ 375 lacs (Previous year ₹ 2,925 lacs)

Nature of Security

- Secured by a 1st 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 2nd 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 ₹ 375 lacs (Previous Year ₹ 2,925 lacs)

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 375 lacs repayable in 1 quarterly instalment (excluding current maturities)

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014**

b) Nature of Security and Terms of Repayment for Long Term Secured Borrowings of ₹ 986.44 lacs (Previous year ₹ 1,262.21 lacs)

Nature of Security

- Secured by first charge on the present and future movable and immovable fixed assets of the Company in respect of ₹ 986.44 lacs (Previous year ₹ 1,262.21 lacs)

Terms of Repayment for Long Term Secured borrowings :

- Loan of ₹ 986.44 lacs repayable in 32 monthly instalments (excluding current maturities)

c) Terms of Repayment for Long Term Unsecured Borrowings:

- Loan of ₹ 5,000 lacs repayable in 3 monthly installments w.e.f. April 2015
- Loan of ₹ 2,000 lacs repayable in 8 quarterly installments w.e.f. June 2015

d) The interest rate on the above is in the range of 11% to 14.75% per annum

e) Default in repayment of principal and interest - Nil

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 5 : Deferred Tax Liability (Net)		
<u>Deferred Tax Liabilities</u>		
Tax due to difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961	2,319.48	2,473.81
Total Deferred tax liabilities	2,319.48	2,473.81
<u>Deferred Tax Assets</u>		
Tax due to provision for employment benefits allowed for tax purposes on payment basis	100.00	84.91
Tax due to unabsorbed depreciation / business losses carried forward under Income Tax Act 1961	1,598.90	2,985.04
Total Deferred tax assets	1,698.90	3,069.95
Net Deferred tax asset / (liability)	(620.58)	596.14
Opening Balance	—	—
Less:- Not Accounted during the year *	—	596.14
Closing Net Deferred tax asset / (liability)	(620.58)	—
Net Deferred tax expense for the year	620.58	—
*Deferred Tax assets are not recognised following prudential accounting policy.		



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 6 : Other Long Term Liabilities		
Trade Deposits	104.37	110.39
Note 7 : Long Term Provisions		
Employee Retirement Benefits	204.20	232.54
Note 8 : Short Term Borrowings		
Secured		
- Cash Credit / Packing Credit from Banks *	6,152.74	6,625.85
	6,152.74	6,625.85
Unsecured		
Bodies Corporate	1,047.49	1,110.15
Packing Credit from Bank	1,477.14	—
	2,524.63	1,110.15
	8,677.37	7,736.00
<p>*(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) -Default in repayment of principal and interest - Nil</p>		
Note 9 : Trade Payables		
- Due of Micro and small Enterprises	31.92	11.12
- Others	3,756.31	4,484.22
	3,788.23	4,495.34
Note 10 : Other Current Liabilities		
- Current Maturities of Long Term Loan from Bank (Refer Note no. 4)	2,919.84	8,391.72
- Interest accrued but not due	124.67	178.64
- Unclaimed Dividend	6.69	6.97
- Statutory Liabilities	91.51	47.36
- Advances from Customers & Other current liabilities	198.06	145.83
	3,340.77	8,770.52
Note 11 : Short Term Provisions		
- Proposed Dividend	1,075.14	1,249.46
- Dividend Distribution Tax	182.72	212.35
- Provision for Employees Retirement Benefits	89.99	17.27
- Provision for Expenses & others	2,353.42	2,064.45
	3,701.27	3,543.53

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014

Schedule 12 : Fixed Assets										₹ in lacs	
PARTICULARS	Gross Block			Depreciation			Net Block		Bal as on 31.03.2013	Bal as on 31.03.2014	
	Bal as on 01.04.2013	Additions	Deductions	Bal as on 31.03.2014	Bal as on 01.04.2013	For the year	Deduction/ Adjustment	Bal as on 31.03.2014			
Tangible Assets											
Land - Leasehold	6,647.70	-	-	6,647.70	120.16	32.04	-	152.20	6,495.50	6,527.54	
Building	8,251.48	-	-	8,251.48	2,119.57	275.60	-	2,395.17	5,856.31	6,131.91	
Plant & Machinery	19,803.46	349.84	20.97	20,132.33	9,473.73	1,056.06	14.40	10,515.39	9,616.94	10,329.73	
Computer	318.89	8.75	-	327.64	298.32	4.98	-	303.30	24.34	20.57	
Furniture & Fixture, Office Equipments	203.41	7.57	-	210.98	136.78	10.19	-	146.97	64.01	66.63	
Motor vehicles	27.34	-	2.45	24.89	11.96	1.63	2.45	11.14	13.75	15.38	
Intangible Assets											
Designs & Archives @	277.42	-	-	277.42	127.43	149.99	-	277.42	-	149.99	
Computer Software	359.89	32.74	-	392.63	189.69	63.10	-	252.79	139.84	170.20	
Total	35,889.59	398.90	23.42	36,265.07	12,477.64	1,593.59	16.85	14,054.38	22,210.69	23,411.95	
Previous Year *	30,363.07	5,526.52	-	35,889.59	11,061.58	1,416.06	-	12,477.64	23,411.95		
Capital W.I.P.									893.80	240.06	
Total									23,104.49	23,652.01	

The addition to Plant & Machinery is net of ₹ 154.90 lacs towards capital subsidy received from the Government.

* Previous year opening balances amount are net of deduction of Joint Venture (Refer Note No.38)

@ Based on re-assessment of the balance useful life of Design and Archives (Intangible Assets) the company has fully provided for WDV of the same as of 01.01.2014 amounting to ₹ 143.00 lacs.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 13 : Non Current Investments		
a) Others		
The Saraswat Co-operative Bank Limited (2500 (Previous year 2500) Equity Shares of ₹ 10/- each)	0.25	0.25
Morarjee Goculdas Spg. & Wvg. Co. Private Limited (Formerly - Morarjee Legler Private Limited) (2000 (Previous Year 2000) Equity Shares of ₹ 10/- each fully paid up)	0.01	0.01
b) Investment in Government Securities		
Govt. Securities (Unquoted)	0.64	0.64
	0.90	0.90
Note 14 : Long Term Loans & Advances		
Capital Advances	—	4.47
Deposit / balance with Government Authorities etc.	188.43	183.43
Deposit and Other advances	13.11	15.41
Advance Tax	40.94	42.68
	242.48	245.99
Note 15 : Other Non Current Assets		
MAT Credit Entitlement	1,480.08	719.34
	1,480.08	719.34
Note 16 : Current Investments		
Joint Venture		
Just Textiles Ltd. (795560 Equity shares of ₹ 100/- each fully paid) (Refer Note No.38)	795.56	795.56
	795.56	795.56
Note 17 : Inventories		
Raw materials & Accessories	1,238.53	1,199.89
Work-In-Progress	3,022.03	2,783.98
Finished Goods	2,822.68	2,528.38
Consumable, Stores, spares..etc	312.11	296.31
	7,395.35	6,808.56

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014**

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 18 : Trade Receivables (unsecured considered good)		
Overdue for more than six months	353.02	260.57
Others	5,794.41	5,524.98
	<u>6,147.43</u>	<u>5,785.55</u>
Note 19 : Cash and Bank Balances		
Cash in hand	17.00	12.74
Bank Balances	46.27	31.60
Cash and Cash Equivalents	63.27	44.34
Other Bank Balances		
• In Unclaimed dividend Account	6.69	6.97
• In Fixed Deposit (Margin Money)	10.10	29.36
Other Bank Balances	16.79	36.33
Cash and Bank Balances	<u>80.06</u>	<u>80.67</u>
Note 20 : Short Term Loans and Advances (Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	960.93	859.38
Deposit and other advances	0.99	4.48
Advances to Staff	12.47	9.28
Deposit / balance with government authorities etc.	790.55	742.75
	<u>1,764.94</u>	<u>1,615.89</u>
Note 21 : Other Current Assets		
Interest Receivable	77.72	99.66
	<u>77.72</u>	<u>99.66</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 22 : Income from Operations		
Revenue from sale of Goods	38,633.37	35,897.22
Other Operating Income	680.64	621.05
	<u>39,314.01</u>	<u>36,518.27</u>
Less : Excise Duty	119.86	111.20
	<u>39,194.15</u>	<u>36,407.07</u>
Note 23 : Other Income		
Interest Income	3.44	5.26
Profit on Sale of Assets	1.05	—
Dividend Income	0.03	0.05
Miscellaneous Receipt	—	7.39
	<u>4.52</u>	<u>12.70</u>
Note 24 : Material Consumed		
Opening Stock	1,199.89	509.53
Less: Opening Stock of Joint Venture (Refer Note No.38)	—	48.59
Add: Purchases	15,838.63	15,819.02
Less: Closing Stock	1,238.53	1,199.89
Material Consumed	<u>15,799.99</u>	<u>15,080.07</u>
Note 25 : Changes in Inventories of Work in Progress and Finished Goods		
Opening 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>
Less: Opening Stock of Joint Venture (Refer Note No.38)	—	99.10
Closing Stock		
Work in Progress	3,022.03	2,783.98
Finished Goods & Stock in Trade	2,822.68	2,528.38
	<u>5,844.71</u>	<u>5,312.36</u>
Excise Duty (Increase) / Decrease on Finished Goods	<u>(37.68)</u>	<u>(36.02)</u>
(Increase) / Decrease	<u>(494.67)</u>	<u>(625.56)</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014**

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Note 26 : Manufacturing Expenses & Other Expenses		
Processing Charges	1,586.45	1,627.40
Dyes & Chemicals	3,165.40	2,838.38
Packing Material	354.83	348.60
Stores & Spares	997.66	776.76
Other Consumables	165.55	156.14
Repairs & Maintenance -Building	20.23	27.40
Repairs & Maintenance -Plant & Machinery	163.88	148.16
Repairs & Maintenance -Others	6.71	6.05
Power & Fuel	3,387.37	3,566.44
Rates, Taxes & Water charges	276.28	254.86
	<u>10,124.36</u>	<u>9,750.19</u>
Note 27 : Employment Cost		
Salaries & Wages	2,959.89	2,453.71
Contribution to Provident and Other Funds	143.79	132.90
Staff Welfare Expenses	66.10	77.09
	<u>3,169.78</u>	<u>2,663.70</u>
Note 28 : Administrative, Selling & Other Expenses		
Freight Out	482.84	665.25
Insurance Charges	16.99	16.64
Legal & Professional expenses	402.49	298.90
Rent	142.35	143.13
Telephone Expenses	23.21	25.48
Travelling	202.42	161.42
Loss on Insurance Claim	36.81	-
Marketing Service fee & Commission	656.55	732.55
Audit Fees, Certification & Out of Pocket Expenses	16.32	16.75
Miscellaneous Expenses	582.87	585.66
	<u>2,562.85</u>	<u>2,645.78</u>
Note 29 : Finance Expenses		
Interest on Term Loan	1,621.98	1,687.66
Interest on Others (Refer Note No.40)	627.67	860.31
	<u>2,249.65</u>	<u>2,547.97</u>
Other Borrowing Cost	96.92	71.78
Applicable loss on foreign currency transactions and Translation	202.53	106.36
	<u>2,549.10</u>	<u>2,726.11</u>



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

30 Contingent Liability and commitments

A) Contingent Liability not provided for in respect of

	31.03.2014 ₹ In Lacs	31.03.2013 ₹ In Lacs
(i) Contingent Liability for bill discounted	981.61	1,657.62
(ii) The Excise department has raised claims on the company The company has disputed the same with the appropriate authority.	2,570.46	2,477.80
(iii) Claim against the company not acknowledged as debts	1,344.40	1,344.40

B) Commitments

	31.03.2014 ₹ in Lacs	31.03.2013 ₹ in Lacs
(i) Bank Guarantees	853.05	626.03
(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided	79.20	91.37
(iii) Open Letters of credit	218.17	348.45

31 Auditor's Remuneration

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
Audit Fees	8.06	8.06
Tax Audit Fees	2.50	2.50
Certification fees	5.77	6.20
Total	16.33	16.76

32 The Company has taken vehicles on an operating lease basis for a period of 48 months. The lease rentals are payable on monthly instalments by the Company.

Future minimum lease rentals payable as per the lease agreements:

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
a) Not later than one year	5.79	10.19
b) Later than one year but not later than five years	—	5.79
c) Later than five years	—	—
Total	5.79	15.98

Lease payment recognised in profit & Loss account for the year is ₹ 10.86 lacs. (Previous year ₹ 10.19 lacs)

33 A In the previous year The Board of Directors have passed a resolution to divest from Just Textiles Ltd, a joint venture in which the Company holds 49% stake. Accordingly, Just Textiles Ltd financial statements are not

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

consolidated with the financial statements of the Company.

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

- The proportion of interest of the Company in the JV is by way of 49% equity participation. The balance 51% held by Mr. Pradeep Modi and others.
- The Company's share of capital commitments of the JV as at 31st, March, 2014 is ₹ Nil (Previous year ₹ Nil)
- The Company's share of contingent liabilities of the JV as at 31st, March, 2014 is ₹ Nil. (Previous year ₹ Nil)
- No contingent liabilities and capital commitments have been incurred as at 31st March, 2014 in relation to the Company's interest in the JV alongwith the other venture. (Previous year NIL)
- The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31st March, 2014

Particulars	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
i. Assets	2,641.89	2,720.52
ii. Liabilities	1,843.80	1,866.38
iii. Income	1,865.90	1,684.44
iv. Expenses	1,919.51	1,866.61

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

- The financial year of the JV is April 13 to March 14 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 2014 is ₹ Nil (Previous year Nil)
- The parent company's share of contingent liabilities of the JV as at 31st March 2014 is ₹ Nil (Previous year Nil)
- No contingent liabilities and capital commitments have been incurred as at 31st March 2014 in relation to the parent company's interests in the JV along with the other venturer. (Previous year Nil)

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

35 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	India	50%



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

36 Principles of Consolidation:-

- The Consolidated Financial statements are based on the audited financial statements of the subsidiary for the year ended 31st March, 2014 . No significant transactions have occurred after the Balance Sheet date of subsidiaries.
- 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.
- 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.
- The goodwill / capital reserve on consolidation has been recognised in the consolidated financial statement.
- Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately.

37 Employee Benefits:

- Short term employee benefits:
The liability towards short term employee benefits for the year ended 31st March, 2014 has been recognised in the Profit and Loss Account.
- Post - employment benefits:
The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	Unfunded 31.03.2014		Unfunded 31.03.2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Amount Recognised in Balance sheet				
Present Value of Unfunded Obligation	215.63	78.56	182.43	67.38
Unrecognised Past Service Cost	—	—	—	—
Amount not recognised as Asset, because of the limit in para 59(b)	—	—	—	—
Amount in Balance Sheet				
Liability	215.63	78.56	182.43	67.38
Assets	—	—	—	—
Net Liability	215.63	78.56	182.43	67.38
Expense Recognised in the Statement of Profit & Loss				
Opening Defined Benefit Obligation less benefits Paid	—	—	—	—
Current Service Cost	26.40	12.80	21.09	15.58
Interest Cost on Defined Benefit Obligation	14.20	4.96	12.50	3.75
Expected Return on Plan Assets	—	—	—	—
Net Actuarial Losses / (Gains) Recognised in Year	6.93	5.80	8.45	9.47
Past Service Cost	—	—	—	—
Effect of the limit in Para 59(a)	—	—	—	—
Losses / (Gains) on "Curtailments and Settlements"	—	—	—	—
Total Included in "Employee Benefit Expense"	47.53	23.56	42.04	28.80

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014**

	Unfunded 31.03.2014		Unfunded 31.03.2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Change in define benefit obligation				
Opening Defined Benefit Obligation as at 01.04.2013	182.43	67.38	153.68	49.75
Current Service Cost	26.40	12.80	21.09	15.58
Interest Cost	14.20	4.96	12.50	3.75
Actuarial Losses / (Gain)	6.93	5.80	8.45	9.47
Liabilities Extinguished on Curtailment	—	—	—	—
Liabilities Extinguished on Settlements	—	—	—	—
Liabilities Assumed on Acquisition	—	—	—	—
Exchange Difference on Foreign Plans	—	—	—	—
Benefits Paid	(14.33)	(12.38)	(13.29)	(11.17)
Closing Defined Benefit Obligation as at 31.03.2014	215.63	78.56	182.43	67.38

		₹ in lacs			
Gratuity	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit Obligation	215.63	182.43	163.25	184.22	176.61
Plan Assets	—	—	—	—	—
Surplus/ (Deficit)	(215.63)	(182.43)	(163.25)	(184.22)	(176.61)

		₹ in lacs			
Leave Encashment	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit Obligation	78.56	67.38	57.27	83.22	86.50
Plan Assets	—	—	—	—	—
Surplus/ (Deficit)	(78.56)	(67.38)	(57.27)	(83.22)	(86.50)

Summary of the Actuarial Assumptions :-

Discount Rate 9.10%

Note:

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

38 During the previous financial year The Board of Directors have passed a resolution to divest from Just Textiles Ltd, a joint venture in which the Company holds 49% stake.

Accordingly, Just Textiles Ltd. 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 previous year.



NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

39 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 31.03.2014

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

Peninsula Land 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)

B. Key Management Personnel

Mr. Harsh A. Piramal
 Mr. R. K. Rewari

Details of Transactions are as follows:

	31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
A Services from related parties		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Ashok Piramal Management corporation Limited	76.70	24.00
Peninsula Facility Management Services Limited	—	63.91
B Donations given		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Ashok G. Piramal Trust	10.75	5.02
Urvi Ashok Piramal Foundation	5.38	—
C Remuneration / Sitting Fees		
Key Management Personnel		
Mr. Harsh A. Piramal	140.49	—
Mr. R. K. Rewari	121.35	97.26
- Sitting Fees	5.80	5.20
D Rent Paid		
Enterprises over which Directors/Key Management personnel exercise significant influence		
Peninsula Land Limited	127.62	127.62
PMP Components Private Limited	0.67	0.67

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2014**

		31.03.2014 ₹ in lacs	31.03.2013 ₹ in lacs
E	Repayment of Loan / Advances Enterprises over which Directors/Key Management personnel exercise significant influence		
	Integra Garments & Textiles Limited	—	3,749.51
F	Purchase of Fixed Assets (Land) Enterprises over which Directors/Key Management personal exercise significant influence		
	Integra Garments & Textiles Limited	—	4,051.00
G	Outstanding balance Enterprises over which Directors/Key Management personnel exercise significant influence		
	Peninsula Facility Management Service	—	29.58
	Peninsula Land Ltd	17.17	24.31
	PMP Components Pvt Ltd	—	0.50
H	Due from Enterprises over which Directors/Key Management personnel exercise significant influence		
	Ashok G. Piramal Trust	0.01	0.01
40	Interest includes ₹ 24.07 lacs (Previous year ₹ 1.79 lacs) on payment of advance tax for the financial year 2012-2013.		
41		31.03.2014	31.03.2013
		₹ in lacs	₹ in lacs
	Earnings Per Share (Basic / Diluted)		
a.	Profit / (Loss) after Tax (₹ in lacs)	2,820.04	2,390.62
	Less : Preference Share dividend & tax thereon	216.44	216.44
		2,603.60	2,174.18
b.	Number of Shares (weighted average basis)	36332349	36332349
c.	Earnings Per Share (₹)	7.17	5.98
42	Previous year's figures have been regrouped / reclassified wherever necessary.		
As per our report of even date.		For and on behalf of Board of Directors	
SHAH & CO.	Ms. Urvi A. Piramal	<i>Chairperson</i>	
<i>Chartered Accountants</i>	Mr. Harsh A. Piramal	<i>Executive Vice Chairman</i>	
FRN. 109430W	Mr. R. K. Rewari	<i>CEO & Executive Director</i>	
	Mr. Mahesh S. Gupta	<i>Director</i>	
	Mr. Ranjan Sanghi	<i>Director</i>	
A. H. SHAH	Mr. Aditya Mangaldas	<i>Director</i>	
Partner	Mr. Pradipta Mohapatra	<i>Director</i>	
Membership No. 103750	Mr. S. C. Kashimpuria	<i>Chief Financial Officer</i>	
Mumbai, 23 rd May, 2014	Ms. Karina Vaz	<i>Deputy Company Secretary</i>	



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014		31 st March, 2013	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		3,440.87		2,390.62
Adjustments for :				
Provision for Tax	0.25		0.86	
Depreciation	1,593.59		1,416.06	
Interest Expense	2,549.10		2,726.11	
Interest Income	(3.44)		(5.26)	
Profit on Sale of Assets	(1.05)		—	
Dividend Income	(0.03)		(0.05)	
		<u>4,138.42</u>		<u>4,137.72</u>
Operating Profit Before Working Capital Changes		7,579.29		6,528.34
Adjustments for Changes in Working Capital				
(Increase)/ Decrease in Trade and Other Receivables	(483.74)		1,873.70	
(Increase) / Decrease in Inventories	(586.79)		(1,441.30)	
Increase/(Decrease) in Trade Payables	(371.19)		2,440.85	
		<u>(1,441.72)</u>		<u>2,873.25</u>
Cash From Operating Activities		6,137.57		9,401.59
Less: Income Tax Paid (MAT)		675.48		376.77
Net Cash From Operating Activities		(A) 5,462.09		(A) 9,024.82

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014		31 st March, 2013	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1,052.64)		(5,426.46)	
Sale of Fixed Assets	7.63		-	
Interest Received	3.44		5.26	
Dividend Received	0.03		0.05	
Net Cash Used in Investing Activities		(B) (1,041.54)		(B) (5,421.15)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	7,140.61		612.36	
Repayment of Long Term Borrowings	(8,438.26)		(2,710.67)	
Dividend and Dividend Tax paid	(1,461.81)		-	
Increase/ (Decrease) in Short term Borrowings	941.37		1,160.75	
Interest Paid	(2,603.07)		(2,697.85)	
Net Cash Used in Financing Activities		(C) (4,421.16)		(C) (3,635.41)
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)		(0.61)		(31.74)
Cash and Cash Equivalents at the beginning of the year		80.67		141.40
Cash and Cash Equivalents of Joint Venture		-		(28.99)
Cash and Cash Equivalents at the end of the year		80.06		80.67

As per our report of even date.

SHAH & CO.
Chartered Accountants
FRN. 109430W

A. H. SHAH
Partner
Membership No. 103750
Mumbai, 23rd May, 2014

For and on behalf of Board of Directors

Ms. Urvi A. Piramal
Mr. Harsh 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
Chief Financial Officer
Deputy Company Secretary



FINANCIAL OF SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ in Lacs
	Morarjee International srl
	<hr/>
CAPITAL	5.61
RESERVE & SURPLUS	(294.57)
TOTAL ASSETS	3.74
TOTAL LIABILITIES	292.70
INVESTMENT	—
TURNOVER	21.31
PROFIT BEFORE TAXATION	3.24
PROVISION FOR TAXATION	—
PROFIT AFTER TAXATION	3.24

FINANCIAL HIGHLIGHTS

₹ in Lacs

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Total Income	39,197.86	36,411.59	29,076.50	33,027.27	25,496.16
Profit Before Depreciation, Interest & Tax	7,581.99	6,535.79	4,396.57	4,798.28	3,364.88
Interest	2,548.91	2,725.66	2,758.30	2,813.32	2,499.35
Cash Profit	5,033.08	3,810.13	1,638.27	1,984.96	865.53
Depreciation	1,593.58	1,416.05	1,326.90	1,521.85	1,233.97
Profit / (Loss) Before Tax	3,439.50	2,394.08	311.37	463.11	(368.44)
Provision for Tax	—	—	—	—	6.64
Deferred Tax	620.58	—	—	—	—
Profit / (Loss) after Tax	2,818.92	2,394.08	311.37	463.11	(375.08)
Earnings per share (₹)	7.16	5.99	0.27	0.98	(1.67)
Equity Dividend (%)	35%	25%	—	—	—
Book Value per share (₹)	33.81	29.51	26.95	21.41	16.02



MORARJEE TEXTILES LIMITED

CIN : L52322MH1995PLC090643

Regd. Office : Peninsula Spenta, Mathuradas Mills Compound,
Senapati BapatMarg, Lower Parel, Mumbai 400 013

Telephone No: 022-66154651 Website: www.morarjee.com Email: investors@morarjee.com

ATTENDANCE SLIP

(To be presented at the entrance)

I/We hereby record my/our presence at the 19th 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-400001 on Monday, 29th September, 2014 at 11.00 a.m.

Folio No. Client ID No. DP ID No.

Name of the Member : Signature :

Name of Proxy holder : Signature :-

1. Only Member / Proxy holder / can attend the Meeting.
2. Member/ Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.



MORARJEE TEXTILES LIMITED

CIN : L52322MH1995PLC090643

Regd. Office : Peninsula Spenta, Mathuradas Mills Compound, Senapati BapatMarg, Lower Parel, Mumbai 400 013
Telephone No: 022-66154651 **Website:** www.morarjee.com **Email:** investors@morarjee.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):

Address :

E-mail id :

Folio No. Client ID No. DP ID No.

I/We, being the member (s) of.....shares of Morarjee Textiles Limited, hereby appoint

1. Name :

Address :

E-mail Id :Signature :

or failing him

2. Name :

Address :

E-mail Id :Signature :

or failing him

3. Name :

Address :

E-mail Id :Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the company, to be held on Monday, 29th September, 2014 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss 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. Approve to fill the vacancy created on the Board of Directors of the Company in place of Mr. Mahesh S. Gupta, who retires by rotation and does not seek re-appointment.
4. Appointment of Auditors
5. Appointment of Mr. Ranjan Pant as Independent Director of the Company for consecutive period of 5 Years
6. Appointment of Mr. Aditya Mangaldas as Independent Director of the Company for consecutive period of 5 Years
7. Appointment of Mr. Ranjan Sanghias Independent Director of the Company for consecutive period of 5 Years
8. Appointment of Mr. Shoban Thakore as Independent Director of the Company for consecutive period of 5 Years
9. Termination of "Morarjee Textiles Limited - Stock Option Plan 2006"
10. Approval of cost auditor remuneration

Signed this Day of 2014.

Signature of shareholder

Signature of Proxy holder(s).....

Please affix a revenue stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Winding Machine



Fimat Coating



Laser Engraving



Zimmer Machine







Optimax Loom



2 for 1 Twister



FORM A
Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Morarjee Textiles Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> ▪ CEO Mr. R. K. Rewari ▪ CFO Mr. S. C. Kashimpuria ▪ Auditor of the company Shah & Co. ▪ Audit Committee Chairman Mr. Ranjan Sanghi 	   

MORARJEE TEXTILES LTD

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