



MORARJEE TEXTILES LTD.

**13th
Annual Report
2007-2008**

**BOARD OF DIRECTORS**

Ms. Urvi A. Piramal	<i>Chairperson</i>
Mr. Harshvardhan A. Piramal	<i>Executive Vice Chairman</i>
Mr. P. K. Gothi	<i>Managing Director</i>
Mr. Mahesh S. Gupta	
Mr. Aditya Mangaldas	
Mr. Pradipta Mohapatra	
Mr. Ranjan Sanghi	
Mr. Shobhan Thakore	
Mr. Takao Yajima	
Mr. Shailesh Haribhakti	<i>Alternate Director to Mr. Takao Yajima</i>

**HEAD - FINANCE & ACCOUNTS
& COMPANY SECRETARY**

Mr. S. C. Kashimpuria

AUDITORS**M/s. Shah & Co.***Chartered Accountants***BANKERS**

Allahabad Bank

Export - Import Bank of India

AXIS Bank

REGISTERED OFFICE

Peninsula Spenta

Mathuradas Mills Compound

Senapati Bapat Marg

Lower Parel, Mumbai - 400 013

SHARE TRANSFER AGENT**Amtrac Management Services Limited****Administrative Unit**

008, Ground Floor

Peninsula Centre

Dr. S. S. Rao Road

Parel, Mumbai 400 012

Processing UnitPlot No. 101/102, 19th Street, MIDC Area

Satpur, Nasik - 422 007

Email : amtrac_nsk@sancharnet.in

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Annual General Meeting of the Company will be held on **Monday, 11th August, 2008 at 3.00 p.m.** at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the members of Morarjee Textiles Limited will be held on Monday, the 11th day of August, 2008 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Mangaldas, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Mahesh S Gupta, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

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

"RESOLVED THAT in modification to the Ordinary Resolution passed by the shareholders at the 12th Annual General Meeting of the Company held on 26th July, 2007 relating to the re-appointment of Mr P K Gothi as the Managing Director of the Company from 1st October, 2006 to 27th December, 2009 ('period') and remuneration for the said period and pursuant to the provisions of Section 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modifications or re-enactment thereof for the time being in force), the members of the Company do hereby approve the payment of the remuneration as mentioned hereunder to

Mr P K Gothi as the Managing Director for the balance period of his tenure with effect from 1st April, 2007 as the minimum remuneration in accordance with Section II of Part II of Schedule XIII of the Act or any amendments thereto and subject to the approval of the Central Government, if and to the extent required, in view of the inadequacy of profits:

- a. **Salary :** Rs.2,10,000/- (Rupees Two Lacs Ten Thousand only) per month, with an authority to the Board (which term shall also include any Committee thereof) to increase from time to time in accordance with Schedule XIII of the Act, as amended from time to time;

b. Perquisites :

- **Leave Travel Allowance :** upto a maximum of Rs 1,25,000/- (Rupees One Lac Twenty Five Thousand only) per annum for self and family;
- **Reimbursement of Medical Expenses :** upto a maximum of Rs 1,00,000/- (Rupees One Lac only) per annum for self and family;
- **Accommodation :** Rent free Company accommodation or House Rent Allowance in lieu thereof subject to a maximum of Rs 1,50,000/- (Rupees One Lac Fifty Thousand only) per month;
- **Car :** Company maintained car as per the rules of the Company;
- **Telephone :** Telephone at residence.

c. Following perquisites which shall not be included in the computation of the remuneration specified above :

- i Company's contributions to Provident Fund and Superannuation Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act;



- ii Gratuity as per the rules of the Company;
- iii Encashment of leave at the end of tenure is permitted, as per the Company's rules.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of the remuneration specified above;

RESOLVED FURTHER THAT the remuneration so paid to Mr Gothi with effect from 1st April, 2007 be and is hereby approved and ratified;

RESOLVED FURTHER THAT the terms and conditions of Mr. Gothi's appointment as Managing Director may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Act or any amendments made hereafter in this regard;

RESOLVED FURTHER THAT any one of the Directors and / or the Company Secretary be and is hereby authorized to obtain the required approvals, to sign and file the necessary return / intimation with the Registrar of Companies / Ministry of Corporate Affairs or to such other Statutory Authorities as may be necessary and further to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED THAT in modification to the Ordinary Resolution passed by the shareholders at

the 12th Annual General Meeting of the Company held on 26th July, 2007 relating to the re-appointment of Mr Harshvardhan A Piramal as Executive Vice Chairman of the Company from 1st June, 2007 to 31st May, 2012 ('period') and remuneration for the said period and pursuant to the provisions of Section 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modifications or re-enactment thereof for the time being in force), the members of the Company do hereby approve the payment of the remuneration as mentioned hereunder to Mr Harshvardhan A Piramal as the Executive Vice Chairman for a period of 3 years with effect from 1st June, 2007 till 31st May, 2010 as the minimum remuneration during the said period of his appointment in accordance with Section II of Part II of Schedule XIII of the Act or any amendments thereto and subject to the approval of the Central Government, if and to the extent required, in view of the inadequacy of profits:

- a. **Salary** : Basic Salary in the scale of Rs. 3,20,000 - Rs. 50,000 - Rs. 5,70,000 per month;

with an authority to the Board (which term shall also include any Committee thereof) to grant suitable increment within the aforesaid salary range.

- b. **Perquisites** :

- **Leave Travel Allowance** : upto a maximum of Rs 1,50,000/- (Rupees One Lac Fifty Thousand only) per annum for self and family;
- **Reimbursement of Medical Expenses** : upto a maximum of Rs 1,00,000/- (Rupees One Lac only) per annum for self and family;
- **Car** : Company maintained car as per the rules of the Company;
- **Telephone** : Telephone at residence.

- c. **Following perquisites which shall not be included in the computation of the remuneration specified above :**

- i Company's contributions to Provident Fund and Superannuation Fund as per the rules of the Company to the extent these, either singly or put together, are not taxable under the Income Tax Act;
- ii Gratuity as per the rules of the Company;
- iii Encashment of leave at the end of tenure is permitted, as per the Company's rules.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of the remuneration specified above;

RESOLVED FURTHER THAT the remuneration so paid to Mr. Piramal with effect from 1st June, 2007 be and is hereby approved and ratified;

RESOLVED FURTHER THAT Mr. Harshvardhan A. Piramal shall continue as the Executive Vice Chairman of the Company till 31st May, 2012 as already approved by the shareholders at the 12th Annual General Meeting;

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

RESOLVED FURTHER THAT any one of the Directors and / or the Company Secretary be and is hereby authorized to obtain the required approvals, to sign and file the necessary return / intimation with the Registrar of Companies / Ministry of Corporate Affairs or to such other Statutory Authorities as may be necessary and further to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to

settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

- i) That the existing Article 1 be substituted by the following new Article 1 :

Article 1

In these Articles unless it be repugnant to the subject or context thereof :

"Act" or **"the said Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

"ADR" shall mean American Depository Receipt and **"GDR"** shall mean Global Depository Receipt.

"Articles", "these presents" or "Regulations" means the Articles of Association of the Company as originally framed or as altered from time to time and includes the Company's Memorandum of Association where the context so requires.

"Beneficial Owner" means a beneficial owner as defined in the Depositories Act, 1996.

"Board of Directors" or "Board" means the Board of Directors of the Company and shall, where the context admits, also include a Committee of Director(s) as the Board may appoint from time to time.



"Company" means MORARJEE TEXTILES LIMITED.

"Depository" shall mean a Depository as defined in the Depositories Act, 1996.

"Member" means a duly registered holder, for the time being, of the equity shares and/or preference shares in the Company, every person holding equity shares and/or preference shares of the Company, every subscriber to the Memorandum and Articles of Association of the Company and one whose name is entered as the Beneficial Owner in the records of the Depository but does not include a bearer of share warrants.

"Ordinary Resolution" and **"Special Resolution"** shall have the meanings assigned thereto by Section 189 of the Act.

"Person" shall include individuals, companies, body corporate, corporations, organizations, partnerships, firms, joint ventures, joint families, incorporated or unincorporated associations or bodies of persons, societies, trusts, public financial institutions, banks and juristic persons.

"Register of Members" means the Register of Members to be kept pursuant to the Act and also includes records of the Depository maintained in any media as may be permitted by law including electronic media.

"Seal" means the common seal for the time being of the Company.

"Secretary" shall mean the Company Secretary appointed in accordance with the provisions of the Act.

Words importing the singular number include the plural number and vice versa.

Words importing the masculine gender shall also include the feminine and neuter genders and vice versa.

Words and expressions used in these Articles, but not defined in these Articles, shall have the same meaning as is assigned thereto in the Act or the Depositories Act, 1996 or any modifications or re-enactments thereof for the time being in force.

- ii) That the words "& 88" appearing in Article 2(2) be deleted.
- iii) That the new Article 7(4) be inserted after existing Article 7(3):

Article 7(4)

The provisions of these Articles shall mutatis mutandis apply to the Debenture(s) of the Company.

- iv) That the new Article 9(1A) be inserted after existing Article 9(1):

Article 9(1A)

On all shares (not being fully paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company.

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- v) That the new Article 19(3) be inserted after existing Article 19(2):

Article 19(3)

The provisions of these Articles shall mutatis mutandis apply to the Debenture(s) of the Company.

- vi) That the words "or alternatively as may be approved by the Board" appearing in Article 20 be deleted.
- vii) That the new Article 28A be inserted after existing Article 28 :

Article 28A

The provisions of these Articles shall mutatis mutandis apply to the Debenture(s) of the Company.

- viii) That the new Article 44A be inserted after existing Article 44 :

Article 44A

The Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and in accordance with the provisions of Sections 77A, 77AA and 77B of the Act or any statutory modification or re-enactment thereto and such other regulations and guidelines as may be issued in this regard.

- ix) That the new Article 47A be inserted after existing Article 47 :

Article 47A

The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue ADRs or GDRs or such other securities on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs or such other securities, including without limitation, exercise of voting rights in accordance with the directions of the Board or otherwise.

- x) That the words "and 205C" be inserted after "Section 205A" appearing in Article 96.
- xi) That the new Article 102 be inserted after existing Article 101 :

Article 102

Wherever, in the Act, it has been provided that a Company shall have any right, privilege or authority or that a Company could carry out a

transaction only if a Company is so authorized by its Articles, then and in that case this Article hereby authorizes and empowers the Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Act without there being any specific Article in that behalf herein provided.

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE 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 meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 5th August, 2008 to Monday, 11th August, 2008 (both days inclusive).
4. Section 109A of the Companies Act, 1956 permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the Share Transfer Agents of the Company at their Nasik address.
5. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide



to consolidate your folios, you are requested to forward your share certificates to the Share Transfer Agents of the Company at their Nasik address.

6. Members holding shares in physical form are requested to immediately intimate to the Company / Share Transfer Agents, changes, if any, in their registered address alongwith the pin code number. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participants.
7. Trading in the Company's shares through Stock Exchanges is permitted only in dematerialized / electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depository Services (India) Limited to enable shareholders 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.
8. Brief resume of the Directors seeking re-appointment and other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Annexure to the Notice.

By Order of the Board

S. C. Kashimpuria
Head-Finance & Accounts
& Company Secretary

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

Mumbai : 5th June, 2008

Explanatory Statement

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

Item No 5

At the 12th Annual General Meeting of the Company held on 26th July, 2007, the shareholders of the Company had approved the re-appointment of Mr P K Gothi as the Managing Director of the Company for a further period upto 27th December, 2009 with effect from 1st October, 2006 at a remuneration as set out therein.

The Company was entitled to pay and was paying monthly remuneration in terms of Section 198, 309 read with Schedule XIII of the Companies Act, 1956 ('the Act'). In view of the inadequacy of profits incurred by the Company for the year ended 31st March, 2008, provisions of Section II of Part II of Schedule XIII of the Act for minimum remuneration have been attracted.

The Remuneration Committee of the Company at its meeting held on 5th June, 2008 had considered and recommended the payment of minimum remuneration to be paid to Mr Gothi for the balance period of his tenure ending 27th December, 2009 and also approved the ratification of payment of remuneration made to Mr Gothi from 1st April, 2007 as the minimum remuneration.

Mr Gothi's tenure as the Managing Director of the Company would continue for the balance period till 27th December, 2009.

On 5th June, 2008, the Board of Directors considered the recommendation of the Remuneration Committee regarding payment of minimum remuneration to Mr Gothi for the balance period of his tenure ending 27th December, 2009 and therefore recommend, the resolution at Item No 5 of the accompanying Notice for the approval of the shareholders as a Special Resolution.

The disclosures to made as specified in Schedule XIII of the Act are given hereinbelow.

Disclosures pursuant to sub-clause (iv) under the proviso to the Part (B) of Section II of Part II of Schedule XIII of the Act :

I. General Information		
1. Nature of Industry	:	Textile
2. Year of commencement of commercial production	:	1 st January, 1998
3. Financial performance	:	The Company's turnover during the year 2007-08 was Rs.172.55 Crores as compared to Rs.212.51 Crores during 2006-07. The Company has incurred loss of Rs.22.74 crores during the year 2007-08 as against a profit of Rs.8.42 Crores in 2006-07.
4. Export performance and net foreign exchange collaborations	:	During the year, foreign exchange earnings were Rs.102.23 Crores and outgoings were Rs.25.76 Crores making the Company a net foreign exchange earner with a net flow of Rs.76.47 Crores.
5. Foreign investments or collaborators, if any	:	NIL
II. Information about the Appointee		
1. Background details	:	Mr Gothi has more than thirty seven years experience in diversified industries. After working in reputed companies like Hindustan Copper Limited, Hindustan Electro-graphite and Carbon Corporation Limited, Mr. P.K. Gothi joined Piramal Enterprises as Executive Director of G.P. Electronics Limited. He then moved to Miranda Tools as Executive Director and later to the Corporate Office as President of Piramal Enterprises Limited. He was the Managing Director of Morarjee Goculdas Spinning & Weaving Company Limited (now known as Peninsula Land Limited) for over 4 years till the demerger of its textile business to form the Company. The shareholders at the 12 th Annual General Meeting of the Company had re-appointed Mr. Gothi as Managing Director for a further period upto 27 th December, 2009 with effect from 1 st October, 2006.
2. Past remuneration	:	Mr. Gothi was paid a remuneration of Rs 3.44 lacs per month for the year 2006 -2007 (which includes salary and perquisites but excludes provident fund and superannuation fund)



3. Recognition or awards	:	Mr. Gothi is actively involved with various organisations related with textile industry. Mr. Gothi is the Chairman of the Governing Council of the Bombay Textile Research Association, Chairman of the Mill Owners Association and also the Co-Chairman of Cotton Development Research Association.
4. Job profile and suitability	:	<p>Mr. Gothi is an engineering graduate with Gold Medal from the University of Roorkee. He has been associated with the group for over a decade. He has been responsible for the management of the Company under the superintendence, guidance and control of the Board of Directors.</p> <p>His experience in diversified fields has helped the Company in implementing its strategies so as to achieve premium position in the Industry.</p> <p>He has also driven the path for smooth functioning of the process and supply chain.</p> <p>His past experience in the textile industry is considered relevant and valuable for the Company.</p>
5. Remuneration proposed	:	Details given in Item No. 5 of the Notice
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	:	<p>The salary being paid to Mr. Gothi is commensurate with the responsibilities he shoulders in the Company.</p> <p>It is in line with the remuneration being paid by other companies of comparable size in the Textile Industry.</p>
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	:	Apart from holding the office of a Director and Managing Director of the Company, Mr Gothi has no pecuniary relationship with the Company. He is not related to any other Director of the Company.
III. Other information		
1. Reasons for loss or inadequate profits	:	<p>The loss mainly attributed to following facts:</p> <ol style="list-style-type: none"> 1. Production loss at our factory on account of disruption of water supply from MIDC during the period April 2007 to July 2007. 2. Steep appreciation of Rupee against US Dollar resulted in lower realization in respect of exports which accounted for 55% of the turnover. 3. In the Shirting Division, one season of business was lost as customers did not place repeat order due to delay/ non supply of previous orders on time.