



MORARJEE TEXTILES LTD.

15th Annual Report 2009-2010

**BOARD OF DIRECTORS**

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

CEO & EXECUTIVE DIRECTOR

Mr. R. K. Rewari

HEAD - FINANCE & ACCOUNTS

Mr. S. C. Kashimpuria

COMPANY SECRETARY

Mr. Haresh Vala

AUDITORS

M/s. Shah & Co.
Chartered Accountants

BANKERS

Allahabad Bank
 Export - Import Bank of India
 AXIS Bank

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

Freedom Registry Limited
Registered Office
 Plot No. 101/102, 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

CONTENTS

	Page Nos.
Notice.....	2 - 7
Directors' Report.....	8 - 14
Management Discussion & Analysis.....	15 - 16
Corporate Governance	17 - 38
Secretarial Compliance Certificate.....	39 - 40
Auditor's Report	41 - 43
Balance Sheet	44
Profit & Loss Account.....	45
Schedules to the Accounts	46 - 65
Cash Flow Statement	66 - 67
Balance Sheet Abstract	68
Annexure to Balance Sheet	69
Consolidated Results	70 - 93
Financial Highlights	94

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

NOTICE

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

Ordinary Business:

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

Special Business:

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

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

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

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if

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

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

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

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

Clause "V"

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



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

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

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

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

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

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

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

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

NOTES :

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

By Order of the Board

Registered Office :

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

Haresh Vala
Company Secretary



EXPLANATORY STATEMENT

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

Item No. 5

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

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

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

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

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

Item No. 6

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

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

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

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

Item No. 7

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

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

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

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

Item No. 8

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

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

unsecured loan and strengthen its net worth.

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

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

Item No. 9

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

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

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

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

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

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

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

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

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

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

By Order of the Board

Haresh Vala

Company Secretary

Registered Office :

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

Mumbai : 22nd September, 2010


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

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

DIRECTORS' REPORT

Dear Shareholders

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

Financial Results

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

Dividend

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

Operations Highlights - Standalone

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

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

Rights Issue

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

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

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

Awards

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

Amalgamation of Integra Apparels and Textiles Limited with the Company

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

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



Extension of Annual General Meeting

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

Subsidiary Companies / Consolidated Accounts

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

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

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

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

Morarjee International s.r.l.

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

Men's Club s.p.a.

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

Joint Ventures

Just Textiles Limited ("JTL")

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

Conservation of energy and technology absorption

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

Employees

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

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

Employee Stock Option Scheme

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