



ASHOK  
PIRAMAL  
GROUP



TWENTY  
FOURTH  
ANNUAL  
REPORT  
2018-2019



**MORARJEE**  
TEXTILES LTD.



High speed Warping machine



Air jet loom

# Corporate Information

## BOARD OF DIRECTORS

**Ms. Urvi A. Piramal**, Chairperson  
**Mr. Harsh A. Piramal**, Executive Vice Chairman  
**Mr. R. K. Rewari**, Managing Director  
**Mr. Mahesh S. Gupta**, Non-Executive Director  
**Mr. Ranjan Sanghi**, Independent Director (ceased to be Director w.e.f. 8<sup>th</sup> April, 2019)  
**Mr. Shobhan Thakore**, Independent Director  
**Mr. Aditya Mangaldas**, Independent Director  
**Mr. Ranjan Pant**, Independent Director  
**Lt. Gen. A. K. Singh (Retd.)**, Independent Director

## GROUP CFO

Mr. Dinesh Jain

## CHIEF FINANCIAL OFFICER

Mr. S. C. Kashimpuria

## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sanjeev Singh Sengar (Resigned w.e.f. 20<sup>th</sup> March, 2019)  
Mr. Tanmay Bhat (Appointed w.e.f. 8<sup>th</sup> May, 2019)

## STATUTORY AUDITORS

M/s. Haribhakti & Co. LLP  
Chartered Accountants

## BANKERS

Allahabad Bank  
The Saraswat Co-op. Bank Limited  
IDBI Bank Limited  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
Federal Bank Limited  
Axis Bank Limited  
Tata Capital Financial Services Limited

## REGISTERED OFFICE

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

CIN : L52322MH1995PLC090643

Website : [www.morarjee.com](http://www.morarjee.com)

Email : corporatesecretarial@ashokpiramalgroup.com

## PLANT

Plot No.G1, G2- M.I.D.C. Industrial Estate  
Post: Salai Dhaba, Butibori, Nagpur - 441122

## SHARE TRANSFER AGENT (STA)

Freedom Registry Limited  
Registered Office:  
Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area,  
Satpur, Nasik - 422 007  
Email : support@freedomregistry.in  
Website : [www.freedomregistry.in](http://www.freedomregistry.in)

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

## 24<sup>TH</sup> ANNUAL GENERAL MEETING

Day: Tuesday  
Date: 3<sup>rd</sup> September, 2019 at 3.00 p.m.  
Venue: Hall of Culture, Nehru Centre,  
Dr. Annie Besant Road, Worli,  
Mumbai - 400 018

# Contents

	Page Nos.		
Notice .....	2	Standalone Balance Sheet .....	64
Directors' Report .....	13	Standalone Statement of Profit and Loss .....	65
Corporate Governance .....	33	Notes to Standalone Financial Statements .....	67
Management Discussion & Analysis .....	55	Standalone Statement of Cash Flows .....	98
Independent Auditor's Report .....	58	Consolidated Financials .....	99
		Financial Highlights .....	140

# Notice

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting ("AGM") of Morarjee Textiles Limited will be held on Tuesday, 3<sup>rd</sup> September, 2019, at 3.00 p.m. at "Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018 to transact the following businesses:

## Ordinary Business:

1. To receive, consider and adopt:
  - i. the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019 together with the Reports of the Board of Directors and the Auditors thereon; and
  - ii. the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019 and the Report of the Auditors thereon.
2. To appoint a director in place of Mr. Mahesh S. Gupta (DIN: 00046810), Non-Executive Director, who retires by rotation and being eligible, has offered himself for re-appointment.

## Special Business:

3. To consider and if thought fit, pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modifications or re-enactments thereof, for the time being in force, the Company hereby ratifies the remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only), (exclusive of the applicable taxes) to M/s. Phatak Paliwal & Co., Cost Accountants (Firm Registration Number 000105), appointed by the Board of Directors of the Company as Cost Auditors, to conduct the audit of cost records of the Company for the Financial Year ended 31<sup>st</sup> March, 2020;

**RESOLVED FURTHER THAT** any of the Directors of the Company and/ or the Key Managerial Personnel of the Company be and is hereby severally authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. To consider and if thought fit, pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to revise the terms of remuneration of Mr. Harshvardhan A. Piramal (DIN: 00044972), Whole-time Director designated as Executive Vice-Chairman, to provide him a rent free furnished accommodation, the perquisite value of which as per Income Tax Act, 1961 shall not exceed ₹ 25 lakhs per year, with effect from 1<sup>st</sup> January, 2019 till 31<sup>st</sup> March, 2020, in addition to the remuneration approved by the members of the Company by way of a special resolution in the Annual General Meeting of the Company held on 22<sup>nd</sup> August, 2017 and all the other terms and conditions of his remuneration shall remain unchanged;

**RESOLVED FURTHER THAT** any of the directors and/ or the Company Secretary be and is hereby authorized severally to obtain the required approvals, to sign, execute and file the necessary documents, writings, undertakings, intimations to Ministry of Corporate Affairs, Stock Exchanges 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 or expedient in this regard."

5. To consider and if thought fit, pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to re-appoint Mr. R. K. Rewari (DIN: 00619240) as the Managing Director of the Company to hold office for a period of three years w.e.f. 1<sup>st</sup> February, 2019.

**RESOLVED FURTHER THAT** during the tenure of Mr. R. K. Rewari as the Managing Director, he shall be paid remuneration as per the provisions of Section – II of the Schedule V of the Companies Act, 2013, w.e.f. 1<sup>st</sup>



February, 2019, with the authority to the Nomination and Remuneration Committee of the Board to alter and vary the remuneration as it may deem fit and to fix the quantum, composition and periodicity of the remuneration payable to Mr. R. K. Rewari including the payment of commission as may be determined, however the annual remuneration including commission shall not exceed the limit mentioned hereinafter and that the following perquisites shall not be included in the computation of the ceiling on remuneration prescribed under Schedule V of the Companies Act, 2013;

- a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure.

<b>a) Salary</b>	
i. Basic Salary	In the scale of ₹ 4,50,000/- to ₹ 7,50,000/- per month
ii. Special Allowance	₹ 4,50,000/- per month
iii. Performance Linked Variable Pay	As per the policy of the Company (Subject to a maximum of ₹ 24,00,000/- per annum)
iv. Commission	As may be determined by the Board
<b>b) Perquisites</b>	
i. Leave Travel Allowance	Upto ₹ 2,50,000/- per annum for self and family
ii. Reimbursement of Medical Expenses	₹ 15,000/- per annum for self and family
iii. Children Education Allowance	₹ 2,400/- per annum
iv. Contribution to Provident Fund, Super Annuation Fund, Gratuity and Leave encashment.	As per the Rules of the Company

- c) Furnished Accommodation or HRA equivalent thereto and electricity, company maintained car with driver and reimbursement of fuel expenses for official use, reimbursement of expense being telephone at residence and mobile for official use and such other perquisites other than those quantified above in accordance with Company's Rules, the monetary value of such perquisites to be determined in accordance with Income Tax Rules, 1962, be restricted to ₹ 25,00,000/- per annum.

**RESOLVED FURTHER THAT** the term of office of Mr. R. K. Rewari shall be subject to retirement by rotation;

**RESOLVED FURTHER THAT** any of the Directors of the Company or the Company Secretary be and is hereby severally authorized to do all such acts, deeds, matters and things, including but not limited to filing of necessary Forms and returns with the Registrar of Companies or any other statutory or regulatory authorities, as may be required to give effect to the foregoing resolution."

6. To consider and if thought fit, pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactments thereof, for the time being in force and the recommendation of Nomination and Remuneration Committee, Mr. Shobhan Thakore (DIN: 00031788), who holds office as an Independent Director and whose current term of appointment expires on 28<sup>th</sup> September, 2019, be and is hereby re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years on the Board of the Company with effect from 29<sup>th</sup> September, 2019 **AND THAT** his appointment shall continue on him attaining the age of 75 years on 3<sup>rd</sup> July, 2022 upto the conclusion of his term;

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorized to do necessary filings with the Ministry of Corporate Affairs and Stock Exchanges and to take all steps, action as may be necessary to give effect to the above resolution."

7. To consider and if thought fit, pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications

or re-enactments thereof, for the time being in force and the recommendation of Nomination and Remuneration Committee, Mr. Ranjan Pant (DIN: 00005410) who holds office as an Independent Director and whose current term of appointment expires on 28<sup>th</sup> September, 2019, be and is hereby re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years on the Board of the Company with effect from 29<sup>th</sup> September, 2019;

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorized to do necessary filings with the Ministry of Corporate Affairs and Stock Exchanges and to take all steps, action as may be necessary to give effect to the above resolution."

8. To consider and if thought fit, pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force) and subject to rules/ regulations/ guidelines issued by Securities and Exchange Board of India or any other appropriate/ statutory authorities and pursuant to the provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to make offer(s) of Non-Convertible Debentures to be issued and allotted in one or more series within a period of one year, on private placement basis to such persons as may be identified by the Board of Directors (including any Committee of the Company authorized by the Board of Directors in this regard), upto an overall amount of ₹ 150 Crores (Rupees One Hundred & Fifty Crores only) on such terms and conditions as may be decided by the Board or a Committee of the Board, as the case may be, from time to time;

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, things and to execute all such documents, undertaking as may be necessary for giving effect to the foregoing resolution."

On behalf of the Board  
For **Morarjee Textiles Limited**

Sd/-  
**Tanmay Bhat**  
Company Secretary

Place: Mumbai  
Date: 8<sup>th</sup> May, 2019

## NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2) Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
- 3) MEMBER/PROXY SHOULD BRING THE ATTENDANCE SLIP SENT HERewith, DULY FILLED IN, FOR ATTENDING THE MEETING.
- 4) The proxy shall not have the right to speak at the meeting.
- 5) An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the Special Businesses to be transacted at the meeting is annexed hereto.
- 6) Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of Directors proposed to be appointed in this AGM are annexed to this notice.
- 7) The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> August, 2019 to 3<sup>rd</sup> September, 2019 (both days inclusive).
- 8) Members desirous of obtaining any information in respect of audited financial statement and operations of the company are requested to write to the company at least one week before the meeting to enable the company to make available the required information at the meeting.
- 9) All relevant documents referred to in the Explanatory Statement shall be open for inspection, upto two days prior to the said meeting, at the Registered Office of the

Company on all working days during 12.00 PM to 02.00 PM and at the meeting.

- 10) Members holding shares in physical form are requested to address all their correspondence including change of address, mandates etc. to the Share Transfer Agents (STA) viz. M/s. Freedom Registry Limited, Plot No. 101/102, 19<sup>th</sup> Street, MIDC Area, Satpur, Nashik - 422007 and the Members holding shares in dematerialized form should approach their respective Depository Participants for the same.
- 11) SEBI has mandated the transfer of securities of the listed entities, only in demat form with effect from 1<sup>st</sup> April, 2019. Members are therefore requested to dematerialise their physical share certificates as soon as possible in order to avoid inconvenience in future.
- 12) The shareholders who are holding shares in demat form and have not yet registered their email IDs, are requested to register their email IDs with their Depository Participant at the earliest, to enable the Company to use the same for serving documents to them electronically. Shareholders holding shares in physical form may register their email IDs with the STA by sending an email at [support@freedomregistry.in](mailto:support@freedomregistry.in). The Annual Report of the Company and other documents proposed to be sent through email will also be made available on the Company's website at i.e. [www.morarjee.com](http://www.morarjee.com)
- 13) Members holding shares in single name and in physical form are advised to make a nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialized form are advised to make a nomination through their Depository Participants. The nomination form can be downloaded from the Company's website [www.morarjee.com](http://www.morarjee.com)

14) **E-Voting:**

- i) In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the e-voting (remote e-voting) facility to its members and the business set out in the notice may be transacted through remote e-voting.
- ii) The Company also offers the facility for voting by way of physical ballot at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote at the AGM through ballot for all businesses specified in the notice. However, the Members who have exercised

their right to vote by remote e-voting may attend the AGM but shall not be entitled to vote at the AGM.

- iii) Voting rights of the members (for remote e-voting and voting at AGM) shall be reckoned on shares registered in the name of the members and in proportion to their shares in the equity share capital of the Company as on the cut-off date 23<sup>rd</sup> August, 2019. A person who is not a Member on the cut-off date should treat this notice for information purposes only.
- iv) The Company has engaged the services of Central Depository Services Limited ("CDSL") as the Agency to provide e-voting facility.
- v) The Board of Directors has appointed Ms. Kala Agarwal, Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner and she has communicated her willingness to be appointed for the said purpose.
- vi) The Scrutinizer will, after scrutinizing the votes cast at the meeting and through remote e-voting, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairperson/ Managing Director or any person authorised by the Chairperson who shall declare the results. The results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company viz. [www.morarjee.com](http://www.morarjee.com) and on the website of CDSL viz. [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.

**The instructions for shareholders voting electronically are as under:**

- i) The voting period begins on 31<sup>st</sup> August, 2019 at 10.00 a.m. and ends on 2<sup>nd</sup> September, 2019 at 5.00 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 (record date) of 23<sup>rd</sup> August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 3<sup>rd</sup> September, 2019.
- iii) Shareholders who have already voted prior to the meeting date shall not be entitled to vote at the meeting venue.

iv) The shareholders should log on to the e-voting website i.e. [www.evotingindia.com](http://www.evotingindia.com) and follow the below procedure:

- a. Click on shareholders.
- b. Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.

v) Enter the Image Verification as displayed and Click on Login.

vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

vii) If you are a first time user follow the steps given below:

#### **For Members holding shares in Demat or Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>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 8 digits of the sequence number in the PAN field.</li> </ul> <p>The sequence number is printed on the address label affixed to the Annual Report and will also be mentioned in the email which will be sent to the Shareholders whose email ID's are registered with the Company.</p>
	<ul style="list-style-type: none"> <li>In case the sequence 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. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

viii) After entering these details appropriately, click on "SUBMIT" tab.

ix) Members holding shares in physical form will then directly reach 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.

x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

xii) 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.

xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv) 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.

xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix) 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](http://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](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details 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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.

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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

### Item No. 3

Your Company is required to appoint a Cost Auditor to conduct the audit of the cost records of the Company as per Section 148 of the Companies Act, 2013. On the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on 8<sup>th</sup> May, 2019 appointed M/s. Phatak Paliwal & Co., as the Cost Auditors of the Company for the financial year 2019-20 at a remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only), exclusive of the applicable taxes. M/s. Phatak Paliwal & Co., have given their consent and eligibility letter for the said appointment.

The aforesaid remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) is subject to ratification by the members as per Section 148(3) of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Board of Directors of the Company recommends the resolution appearing under the Item No. 3 of the accompanying Notice for its ratification by **Ordinary Resolution**.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, is in any way concerned or interested, in the Resolution set out at No. 3 of the Notice.

### Item No 4

Pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions

of the Companies Act, 2013 (“the Act”) and rules made thereunder, the Shareholders of the Company by way of a Special Resolution at their meeting held on 22<sup>nd</sup> August, 2017, had approved the terms of remuneration of Mr. Harsh A. Piramal, Whole-time Director designated as Executive Vice-Chairman, for a period of 3 years with effect from 1<sup>st</sup> April, 2017.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 4<sup>th</sup> February, 2019 approved the revised terms of the remuneration of Mr. Harsh A. Piramal to provide him a rent free furnished accommodation, the perquisite value of which as per Income Tax Act, 1961 shall not exceed ₹ 25 lakhs per year, with effect from 1<sup>st</sup> January, 2019, in addition to the approved remuneration. All the other terms of his remuneration shall remain unchanged. Details of his existing remuneration as approved by the shareholders in the AGM of the Company held on 22<sup>nd</sup> August, 2017 are given below:

Salary	
Basic Salary	In the scale of ₹ 1,50,00,000/- to ₹ 2,40,00,000/- p.a.
Perquisites	
LTA	As per the Rules of the Company
Medical Reimbursement	At actuals
Medical Insurance	As per Rules of the Company
Accident Insurance	As per Rules of the Company
Reimbursement of Car & Telephone expenses	As per Rules of the Company
Leave encashment	At the end of Tenure
Gratuity	As per the Rules of the Company
Provident Fund	As per the Rules of the Company
Superannuation Fund	Nil
Commission	As may be determined by the Board

Pursuant to the provisions of Section 196, 197 and Schedule V of the Act and Regulation 17 of the Listing Regulations, the approval of the members is sought by way of Special Resolution to approve the revised terms of remuneration of Mr. Harsh A. Piramal.

The Information as required to be annexed to the Explanatory Statement as per the second proviso to para (B) (iv) of Part II of Schedule V of the Companies Act, 2013 is given after Item No. 5.

Accordingly, the Board recommends the resolution appearing under the Item No. 4 of the accompanying Notice for the approval of the members by the way of **Special Resolution**.

Except for Mr. Harsh Piramal & Ms. Urvi Piramal, none of the Directors, Key Managerial Personnel of the Company or their

respective relatives, is in any way concerned or interested, in the Resolution set out at No. 4 of the Notice.

## Item 5

On the recommendations of the Nomination and Remuneration Committee and pursuant to the provision of Section 196, 197 and 203 of the Companies Act, 2013 ("the Act") read with Schedule V of the Act and the rules made thereunder, the Board of Directors of the Company at its meeting held on 3<sup>rd</sup> November, 2018 approved the re-appointment Mr. R. K. Rewari (DIN: 00619240) as the Managing Director of the Company, subject to approval of members, for a further period of 3 (Three) years with effect from 1<sup>st</sup> February, 2019.

The terms and conditions of re-appointment of Mr. R. K. Rewari and remuneration payable to him are specified in the Item no. 5 of the notice.

Pursuant to the provisions of Section 196, 197 and Section II of Part II of schedule V of the Act, the approval of the members is sought by way of Special Resolution for the re-appointment of Mr. R. K. Rewari as the Managing Director of the Company and for the remuneration payable to him.

### 4) Financial performance based on given indicators:

Particulars	(₹ in lakhs)				
	For the FY March 2019	For the FY March 2018	For the FY March 2017	For the FY March 2016	For the FY March 2015
	IND AS		GAAP		
Total Income	35,025.31	36,750.91	38,485.95	33,963.93	36,781.24
Profit/ (Loss) before Tax	(3,439.03)	81.76	1,032.84	2,360.04	3,239.95
Profit/ (Loss) after Tax	(2,448.44)	40.49	1,179.74	1,651.62	2,071.60
Other Comprehensive Income	14.96	(18.88)	(14.83)	–	–
Total Comprehensive Income for the year	(2433.48)	21.61	1,164.91	1,651.62	2,071.60

### 5) Foreign Investments or collaborations, if any:

The Company has not entered into any foreign collaboration. As per the shareholding pattern as on March 31, 2019, foreign investments in the Company is as under:

Category	No of shareholders	No of Shares	% of shareholding
Foreign Institutional Investors	1	258	0.00
Overseas Corporate Bodies	147	9,80,328	2.70
Non-Resident Indian	94	4,22,672	1.16

## II. Information about the appointee

### 1) Background Details:

#### Mr. Harsh A. Piramal

Mr. Harsh A. Piramal is the executive Vice-Chairman of Morarjee Textiles Limited. He is also the Vice-Chairman of Piramal Renewable Energy which is also a part of Ashok Piramal Group.

Accordingly, the Board recommends the passing of the resolution set out in Item No. 5 of the notice as the **Special Resolution**.

Except for Mr. R. K. Rewari, none of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5

**The Information as required to be annexed to the Explanatory Statement as per the second proviso to para (B) (iv) of Part II of Schedule V of the Companies Act, 2013 for Mr. Harsh A. Piramal and Mr. R. K. Rewari:**

### I. General Information

- Nature of Industry** : Textiles
- Date or expected date of commencement of commercial production** : Not Applicable as the Company is already in Operations
- In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** : Not Applicable.

Mr. Piramal began his career as an analyst at venture capital firm, Indocan 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