

INFORMATION MEMORANDUM
INTEGRA GARMENTS AND TEXTILES LIMITED

(Formerly Known as: Five Star Mercantile Limited)

(Registration No. : U52100MH2007PLC172888)

Registered Office: Plot No. G2, MIDC Industrial Estate, Post Salai Dhaba, Butibori, Nagpur: 441108

Tel: 022-66154651 Fax No: 022-66154593

Website: www.integragarments.com

Contact person: Ms Vrushali Nar; Email: corporatesecretarial@integragarments.com

INFORMATION MEMORANDUM FOR LISTING OF 3,63,32,349 EQUITY SHARES OF RS. 3/- EACH FULLY PAID-UP

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Integra Garments and Textiles Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Integra Garments and Textiles Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors appearing on page no. 10 of this Information Memorandum

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts for, and confirms that this Information Memorandum contains all information with regard to the company, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum to BSE and NSE and the same is available on the Company's website www.integragarments.com. The Information Memorandum would also be made available on the website of BSE www.bseindia.com and NSE www.nseindia.com.

For the purpose of listing designated Stock Exchange would be BSE

REGISTRAR AND SHARE TRANSFER AGENT

Freedom Registry Limited

Registered Office

Plot No. 101/102, 19th Street, MIDC

Area, Satpur, Nashik 422 007.

Tel (0253) - 2354 032

Fax (0253) - 2351 126

E-mail : support@freedomregistry.in

Mumbai Liaisoning Office :

Freedom Registry Limited

104, Bayside Mall,

35, C. M. M. Malviya Marg,

Tardeo Road, Haji Ali,

Mumbai 400 034.

Tel: (022) - 2352 5589

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**SECTION-I
DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS**

“we”, “us”, “our”, “the Company”, “our Company”, Resulting Company	Integra Garments And Textiles Limited (previously known as Five Star Mercantile Limited), a public limited company incorporated under the provisions of the Companies Act, 1956.
“MTL or Demerged Company	Morarjee Textiles Limited, a public limited company incorporated under the provisions of the Companies Act, 1956.
“MHPL” or Transferor Company	Morarjee Holdings Private Limited, a private limited company incorporated under the provisions of the Companies Act, 1956.
“Scheme”	<p>Composite Scheme of Arrangement and Amalgamation between Morarjee Textiles Limited (“the Demerged Company”) and Integra Garments and Textiles Limited(formerly Five Star Mercantile Limited) (“the Resulting/Transferee Company”) and Morarjee Holdings Private Limited (“the Transferor Company”) and their respective shareholders</p> <p>Aforesaid scheme was sanctioned by the Hon’ble High Court of the Bombay on 29th June, 2012 and became effective from 17th July, 2012 on filing of the certified copy of order of the High Court i.e. with Registrar of Companies, Maharashtra.</p>

GENERAL TERMS AND ABBREVIATIONS

Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
Appointed Date	<p>In relation to demerger of Integra Division of Morarjee Textiles Limited into the Company would mean 1st April, 2011 or such other date as may be fixed or approved by the High Court or such other competent authority;</p> <p>In relation to merger of MHPL with the Company would mean 1st January, 2012 or such other date as may be fixed or approved by the High Court or such other competent authority;</p>
Articles	Articles of Association of the Company as originally framed or as altered from time to time in pursuance of any previous companies’ law or of this Act.
AS	Indian Accounting Standard

Auditors	M/s. D. Dadheech & Co., having their office at 319-20, Rex Chambers, W. H. Marg Mumbai 400 001.
Board or Board of Directors	Board of Directors of the Company
BSE	BSE Limited
Capital or Share Capital	Share Capital of the Company
CDSL	Central Depository Services (India) Limited
Integra Division	The garment manufacturing business of MTL, more specifically the business of producing specialized products ranging from woven shirts for men to dresses for women including other products like different washes, embroideries and panel prints that employ the latest techniques and also includes investments till the effective date pertaining to or relating to the said business, on a going concern basis as per clause 1.8 of the Scheme
Designated Stock Exchange	The designated Stock Exchange for the of this Information Memorandum shall be BSE.
Effective Date	Effective date means 17 th July, 2012, the date on which the certified or the copy of the Bombay High Court order under Section 391 and 394 of the Companies Act sanctioning the scheme was filed with Registrar of Companies, at Mumbai.
EPS	Earnings Per Share
Equity Share(s)	Fully paid-up equity shares of the face value of Rs.3/- each of the Company.
Equity shareholders	Holders of Equity Share(s) or the beneficiaries holding their shares in DEMAT Mode.
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institutions
FII (s)	Foreign Institutional Investors registered with SEBI under applicable laws
FY / Fiscal	Financial Year ending March 31
HUF	Hindu Undivided Family
IT Act	The Income Tax Act, 1961 and amendments thereto
NAV	Net Asset Value
NR	Non Resident
NRI(s)	Non Resident Indian (s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Promoter	Ms. Urvi A Piramal
RBI	The Reserve Bank of India
Record Date	14/08/2012, the date fixed for ascertaining shareholders who would be eligible for entitlement of the Shares determining the entitlement of equity

	shareholders of the company to equity shares of the Resulting Company pursuant to the scheme, as approved by the Bombay High Court vide order dated 29/06/2012.
Registrar to the Company	Freedom Registry Limited
ROC	Registrar of Companies, Mumbai
SEBI	Securities and Exchange Board of India
SEBI ICDR Regulations	SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009 issued by the SEBI on 26 th August, 2009, as amended, including instructions and clarifications issued by SEBI from time to time,
Stock Exchanges	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of our Company are proposed to be listed.
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time
Promoter Group	<ul style="list-style-type: none"> • Mr. Harshvardhan Ashok Piramal • Mr. Rajeev Ashok Piramal • Mr. Nandan Ashok Piramal • Mr. Jaydev Mukund Mody • Ms. Kalpana Singhania • Ashok Piramal Group Textiles Trust through its trustee, Ms. Urvi A Piramal • Morarjee Goculdas Spinning & Weaving Co.Ltd. Senior Employees Stock Option Scheme through its trustees Ms. Urvi A Piramal, Mr Mahesh S Gupta & Mr. Shobhan Thakore

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless otherwise stated, the financial data in this Information Memorandum is derived from the financial statements of Integra Garments and Textiles Limited as of 31st March, 2012.

Currency of Presentation

All references to “Rupees” or “Rs.” or “Re”. or “INR” are to Indian Rupees, the official currency of the Republic of India.

Market Data

Unless otherwise stated, industry data used in this Information Memorandum has been obtained from industry publications. These industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Information Memorandum is reliable, such data has not been verified by any independent source.

The information included in this Information Memorandum about various other companies is based on their respective annual reports and information made available by the respective companies.

The Equity Shares of the Company are not listed on any Stock Exchange.

FORWARD-LOOKING STATEMENTS

In this Information Memorandum, the terms “we”, “us”, or “our”, unless the context otherwise implies, refers to the Integra Garments and Textiles Limited

This Information Memorandum contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “will”, “aim”, “will likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” or other words or phrases of similar import. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to;

- Our ability to manage successfully our business in its present form;
- Our dependence on key personnel;
- Our ability to comply with the financial conditions and other covenants of our borrowings;
- General economic and business conditions in India and other countries;
- Regulatory changes relating to the business segments in which we would operate and our ability to respond to them;
- Technological changes;
- Our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments; and
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion on factors that could cause our actual results to differ, please refer to “Risk Factors” and “Management’s Discussion and Analysis” beginning on page no. 9 and 113 respectively of this Information Memorandum.

Our Company does not have any obligations to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION - II RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. Prior to making a decision to invest in our Equity Shares, prospective investors and purchasers should carefully consider all the information contained in this Information of Memorandum, including the risks and uncertainties described below and the chapter titled “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” of this Information of Memorandum as well as other financial information contained in this Information of Memorandum. If any of the following risks occur, our results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline and you may lose all or part of your investment. The risks set out in this Information of Memorandum may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. This section has been numbered solely for convenience and the order in which the risks appear does not reflect the prioritization of any risk.

Risk (internal and external) envisaged by the management:

The Cotton Textile Industry is dependent on the vagaries of nature. Availability of the required quality and quantity of cotton is critical for business and any damage or fall in crop production can adversely impact the price of cotton, which can impact business performance and profitability.

Cheaper imports of fabric can also impact pricing power and adversely affect business performance in the domestic market.

Currency fluctuations can also impact profitability.

Economic Scenario - Any economic downturn / recession or unforeseen events like terrorist attacks etc would reduce consumer spending, thus dampening sales.

Increased Competition - Once the Quota system is abolished, global trade of textiles would be free, leading to severe competition. Price undercutting would result in shrinking operating margins.

Our revenues and profits are difficult to predict and can vary significantly from period to period, which could cause the price of our Equity Shares to fluctuate.

Our sales revenues are dependent on demand for the products, imports of readymade garments, competition and the growth of the industry to whom we supply our products and these factors could significantly affect our sales. As a result of the above factors there may be significant variations in our revenues and profits. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. If in the future our results of operations are below market expectations, the price of our Equity Shares could decline.

We are dependent on the performance of, and prevailing conditions affecting the Textile market in India.

Our business is heavily dependent on the performance of the Textile market in India, particularly in the regions in which we operate, and could be adversely affected if market conditions deteriorate. The Textile market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. These factors can negatively affect the demand which can hamper our business.

We have a limited operating history and might not be able to operate our business or implement our strategies successfully

The Company being new company has limited operating history. It is possible that we may not be able to anticipate or evaluate business risks. Further, we may have limited regulatory experience in managing corporate disclosures and compliance requirements and would have to acclimatize ourselves to the regulatory environment and buildup in-house expertise and resources for the same.

The success of our textiles business is dependent on supply chain management.

We depend on air or sea borne freight, rail and road transport to deliver our products from our manufacturing facilities to our customers. We rely on third parties to provide such services. These transportation facilities may not be adequate to support our existing and future operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair our ability to supply our products to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

Our business could be harmed if key management personnel with significant experience and expertise in the industry terminate their employment with us.

Our success depends on the continued services and performance of the members of our management team and other key employees, whose talent we believe provides us with a significant competitive advantage. Competition for senior management and key personnel in the industry is intense, and we may not be able to retain our existing senior management or key personnel or attract and retain new senior management or key personnel in the future. The loss of the services of our senior management or key personnel could seriously impair our ability to continue to manage and expand our business.

A slowdown in economic growth due to negative political, social and economic developments in India could cause our business to suffer.

We derive all of our revenues from India. Our performance and growth are directly and indirectly dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

**SECTION – III
GENERAL INFORMATION**

INTRODUCTION

INTEGRA GARMENTS AND TEXTILES LIMITED was initially incorporated under the name “Five Star Mercantile Private Limited” on 6th day of August, 2007. On 3rd January, 2012, the company got converted into Public Limited and was named as Five Star Mercantile Limited. Subsequently, on 2nd August, 2012 its name was changed to **INTEGRA GARMENTS AND TEXTILES LIMITED**.

Registered Office of the Company

G-2 MIDC Industrial Estate,
Post Salai Dhaba, Buotbori,
Nagpur:- 441108.

Registration Number: (U52100MH2007PLC172888)

PAN: AABCF1212H

Address of Registrar of Companies

Registrar of Companies
100, Everest Building, Marine Drive,
Mumbai - 400002
Maharashtra.

Board of Directors

Sr. No.	Names of Directors	Designation	Age	Residential Address
1	Mr. Harshvardhan A Piramal	Non- Executive Chairman	39 years	61, Piramal House, Pochkhanwala Road, Worli, Mumbai – 400025
2	Mr. R K Rewari	Managing Director	56 years	House No. 220, Sector-2, Pdnchkula, Haryana – 134112
3	Mr. Pramod kumar Akhramka	Independent Director	42 Years	B Block Flat No. 907, The Grand Geejgarh, Hawa Sadak, Near 22 Godam, Pulia, Jaipur, 302006, Rajasthan.
4.	Mr. Sridhar Rengan	Independent Director	52 Years	Flat 1104, 11th Floor, Kritika Annexe, Chembur, Mumbai, 400071, Maharashtra, INDIA
5.	Mr. Vijay Maheshwari	Independent Director	49 Years	602-B,Poonam Heights, Pandey layout, Khamla,Nagpur, 440025, Maharashtra, INDIA

Compliance Officer: Ms. Vrushali Nar
Tel: 022 - 66154651
Email: vnar@ashokpiramalgroup.com

Equity shareholder(s) can contact the Compliance Officer in case of any share transfer or other related problems.

Statutory Auditors

M/s. D. Dadheech & Co.,
319-20, Rex Chambers,
W. H. Marg Mumbai 400 001.
Tel: (022) 2351 2240
Fax: (022) 2351 2240

Registrar and Share Transfer Agent

Freedom Registry Limited

(Formerly Amtrac Management Services Limited)

Plot No. 101/102,
19th street, MIDC Industrial Area,
Nasik, Satpur
Tel : 0253-2354032
Fax.: 0253- 2351126
E-mail: support@freedomregistry.in
Contact Person: Mr. Bhushan Chandratre

Bankers to the Company:

Corporation Bank
Axis bank
Saraswat bank

SCHEME OF ARRANGEMENT AND AMALGAMATION

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION BETWEEN MORARJEE TEXTILES LIMITED AND FIVE STAR MERCANTILE LIMITED AND MORARJEE HOLDINGS PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

(A) PREAMBLE

This Composite Scheme of Arrangement and Amalgamation ('Scheme') is presented under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 for:

- 1 Demerger of the Integra Division of Morarjee Textiles Limited ('Morarjee' or 'MTL') into Five Star Mercantile Limited ('FSML'); and
- 2 Merger of Morarjee Holdings Private Limited ('MHPL') with FSML.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

Morarjee is a leading player in premium cotton shirting fabric and high fashion printed fabric globally. Morarjee has an integrated manufacturing which produces premium shirting and high fashion printed fabric for clients across the globe. Apart from fabric manufacturing, it also produces garment ranging from woven shirts for men to intricately embellished dresses for women (known as "Integra Division")

MHPL is a company having intangibles like trademarks relating to garment products.

To meet the growing demand for quality shirts and dresses, the management is of the view that segregation of the Integra division would lead to the following benefits:

- (a) Efficient and focused management on each business operations;
- (b) Unlocking value for the shareholders of Morarjee; and
- (c) Integrate the related business segment.

(C) PARTS OF THE SCHEME:

This Composite Scheme of Arrangement and Amalgamation is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;

- (ii) **PART II** deals with demerger of Integra Division of Morarjee Textiles Limited into FSML;
- (iii) **PART III** deals with the merger of MHPL with FSML;
- (iv) **PART IV** deals with general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act” or “The Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.2 **“Appointed Date” means :**
 - (i) **In relation to part II** would mean 1st day of April 2011 or such other date as may be fixed or approved by the High Court or such other competent authority;
 - (ii) **In relation to part III** would mean 1st day of January 2012 or such other date as may be fixed or approved by the High Court or such other competent authority;
- 1.3 **“Court” or “High Court”** means the High Court of Judicature of Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.4 **“Capital Reduction Record Date”** means in respect of capital reduction in Morarjee in accordance with Clause 6, the date to be fixed by the Board of Directors of Morarjee and which is on or subsequent to the Demerger Record Date as defined in clause 1.5.
- 1.5 **“Demerger Record Date”** means, in respect of demerger of the Integra Division business of Morarjee, the date to be fixed by the Board of Directors of Morarjee for the purposes of issue and allotment of shares by FSML to the shareholders of Morarjee in accordance with clause 5.1;
- 1.6 **“Effective Date”** means the later of the dates on which the certified copies of the Orders sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, at Mumbai by Morarjee, FSML and MHPL;
- 1.7 **“FSML” or “the Resulting Company” or “the Transferee Company”** means Five Star Mercantile Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013;
- 1.8 **“Integra Division”** means the garment manufacturing business of Morarjee, more specifically the business of producing specialized products ranging from woven shirts for men to dresses for women including other products like different washes, embroideries and panel prints that employ the latest techniques and also includes investments till the effective date pertaining to or relating to the said business, on a going concern basis and shall without limitation include the following:

- (i) All assets wherever situated, whether movable or immovable, tangible or intangible, including plant and machinery, furniture, office equipments, investments, inventories, receivables, cash and bank balance, loans and advances, appliances, accessories and all leasehold properties together with all present and future liabilities (including contingent liabilities) pertaining or relatable thereto.
- (ii) Without prejudice to the provisions of sub-clause (i) above, the Integra Division shall include all the debts, liabilities, duties and obligations and also include, without limitation, all properties and assets in connection with or pertaining or relatable to the Integra Division such as licenses, copyrights, permits, quotas, approvals, registrations, lease or tenancy rights in relation to office and / or residential properties, permissions, buildings, plant and machinery, office equipments, vehicles, incentives, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Integra Division and all loans, advances or deposits, investments made till effective date and/or moneys paid by Morarjee in connection with or pertaining or relatable to the Integra Division and all statutory licences, permissions, approvals or consents to carry on the operations of the Integra Division.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Integra Division include:

- (a) The liabilities, which arise out of the activities or operations of the Integra Division.
 - (b) Specific loans and / or borrowings raised, incurred and / or utilized solely for the activities or operation of the Integra Division.
 - (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Integra Division, being the amounts of any general or multipurpose borrowings of Morarjee shall be allocated to the Integra Division in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of Morarjee immediately before giving effect to the demerger of Integra Division under this Scheme.
- (iii) All permanent employees employed in and / or relatable to the Integra Division as on the Effective Date; and

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Integra Division or whether it arises out of the activities or operations of the Integra Division or not shall be decided by the Board of Directors of Morarjee or any committee thereof.

1.9 **“MHPL” or “the Transferor Company”** means Morarjee Holdings Private Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013;

1.10 **“Morarjee ” or “the Demerged Company”** means Morarjee Textiles Limited, a company incorporated under the Companies Act, 1956, and having its Registered

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

- 1.11 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Composite Scheme of Arrangement and Amalgamation in its present form as submitted to the High Court of Judicature of Bombay or this Scheme with such modification(s), if any made, as per Clause 26 of the Scheme;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court of Judicature of Bombay, shall be effective from the respective Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid-up share capital of Morarjee as on March 31, 2011 is as under:

Share Capital	Rupees in lacs
<u>Authorized Share Capital</u>	
4,50,00,000 (Previous year 4,30,00,000) Equity Shares of Rs. 10 each	4,500.00
25,00,000 (Previous year 10,00,000) Redeemable Cumulative Non Convertible Preference Shares of Rs 100 each	2,500.00
TOTAL	7,000.00
<u>Issued, subscribed and paid-up Share Capital</u>	
3,63,32,349 (Previous year 3,63,32,349) Equity Shares of Rs. 10 each, fully paid up	3633.23
25,00,000 Redeemable Cumulative Non Convertible Preference Shares of Rs 100 each	2500.00
10,00,000 (Previous year 10,00,000) 5 % Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each Redeemable anytime between 15th November, 2014 and 15th November, 2019 at the option of the Company.	
15,00,000 (Previous year - Nil) 9% Redeemable Cumulative Non- Convertible Preference Shares of Rs.100/- each. These Preference Shares are redeemable on the expiry of 5 years from the date of allotment with an option for the company for early redemption not before 18 months from the date of allotment	
TOTAL	6133.23

Subsequent to March 31, 2011, there has been no change in the capital structure of Morarjee.

- 3.2 The authorized, issued, subscribed and paid-up share capital of FSML as on March 31, 2011 is as under:

Share Capital	Rupees in lacs
<u>Authorized Share Capital</u>	
10,000 Equity Shares of Rs. 10 each	1.00
Total	1.00
<u>Issued, Subscribed and Paid-up Share Capital</u>	
10,000 Equity Shares of Rs. 10 each, fully paid up	1.00
Total	1.00

Subsequent to March 31, 2011, there has been change in the capital structure of FSML.

The revised capital structure stands as follows:

Share Capital	Rupees in lacs
<u>Authorized Share Capital</u>	
50,000 Equity Shares of Rs. 10 each	5.00
Total	5.00
<u>Issued, Subscribed and Paid-up Share Capital</u>	
50,000 Equity Shares of Rs. 10 each, fully paid up	5.00
Total	5.00

- 3.3 The authorized, issued, subscribed and paid-up share capital of MHPL as on March 31, 2011 is as under:

Share Capital	Rupees in lacs
<u>Authorized Share Capital</u>	
20,00,000 Equity Shares of Rs. 10 each	200.00
Total	200.00
<u>Issued, Subscribed and Paid-up Share Capital</u>	
10,000 Equity Shares of Rs. 10 each, fully paid up	1.00
Total	1.00

Subsequent to March 31, 2011, there has been no change in the capital structure of MHPL.

PART II

DEMERGER OF INTEGRA DIVISION OF MORARJEE TO FIVE STAR MERCANTILE LIMITED

4. VESTING OF INTEGRA DIVISION

Upon this Scheme becoming effective and with effect from the Appointed Date, the Integra Division of Morarjee, as defined in Clause 1.8 shall stand demerged to and vested in or deemed to be demerged to and vested in FSML, as a going concern, in accordance with section 2(19AA) of the Income Tax Act, 1961 and in the following manner:

- 4.1 With effect from the Appointed Date, the whole of the undertaking including assets, investments and properties of Morarjee relating to the Integra Division, shall, under the provisions of Sections 391-394 read with Sections 100 to 103 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred and/or deemed to be transferred to and vested in FSML as a going concern so as to vest in FSML all the rights, title and interest pertaining to the Integra Division.
- 4.2 Any and all assets relating to the Integra Division, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme shall stand transferred and vested by the Morarjee to the FSML and shall become the property and an integral part of the FSML. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in the FSML;
- 4.3 Any and all movable properties of the Morarjee relating to the Integra Division, other than those specified in sub-clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of the FSML;
- 4.4 Any and all immovable properties (including land together with the buildings and structures standing thereon) of the Morarjee relating to the Integra Division, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in the FSML, without any act or deed done by the Morarjee or the FSML. With effect from the Appointed Date, the FSML shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the FSML shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of the FSML;

- 4.5 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Morarjee relating to the Integra Division shall, without any further act or deed be and stand transferred to FSML so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of FSML and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. After the Effective Date, FSML undertakes to meet, discharge and satisfy the said liabilities to the exclusion of Morarjee and to keep Morarjee indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.
- 4.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Morarjee required to carry on operations in the Integra Division shall stand vested in or transferred to FSML without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FSML. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to FSML pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Morarjee relating to the Integra Division, are concerned, the same shall vest with and be available to FSML on the same terms and conditions.
- 4.7 The transfer and vesting of Integra Division as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Integra Division to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Integra Division.
- 4.8 All taxes, duties, cess payable by the Morarjee relating to the Integra Division including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the FSML, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds/credit/claims relating to the Integra Division shall continue to be borne by the Morarjee.
- 4.9 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Integra Division of Morarjee or whether it arises out of the activities or operations of Integra Division of Morarjee shall be decided by mutual agreement between the Board of Directors of Morarjee and FSML.

5. ISSUE OF SHARES BY FSML

- 5.1 Upon Scheme becoming effective and in consideration for the transfer and vesting of the Integra Division of Morarjee in FSML, FSML shall, without any further application or deed, issue and allot shares, credited as fully paid up, to the extent indicated below, to the members of Morarjee whose name appears in the Register of Members of Morarjee as on the Demerged Record Date or to their respective heirs,

executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

“1 (One) fully paid Equity Share of Rs.3 (Rupees Three) each of FSML shall be issued and allotted for every 1(One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in Morarjee”

“1 (One) fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1/- (Rupees One) each of FSML shall be issued and allotted for every 10 (Ten) fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 (Rupees One Hundred) each held in Morarjee”

“1 (One) fully paid 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1/- (Rupees One) each of FSML shall be issued and allotted for every 10 (Ten) fully paid 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- (Rupees One Hundred) each held in Morarjee”

- 5.2 The shares to be issued to the members of Morarjee as above shall be subject to the Memorandum and Articles of Association of FSML and shall rank *pari passu* with the existing shares of FSML in all respects including dividends.
- 5.3 The shares shall be issued in dematerialized form to those shareholders who hold shares of Morarjee in dematerialized form, in to the account in which Morarjee shares are held or such other account as is intimated by the shareholders to Morarjee and / or its Registrar before the Demerged Record Date. All those shareholders who hold shares of Morarjee in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Morarjee and / or its Registrar before the Demerger Record Date. Otherwise, they would be issued shares in physical form. The equity shares of FSML allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s).
- 5.4 The Board of Directors of FSML shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of shares to the members of Morarjee pursuant to clause 5.1 of the Scheme
- 5.5 The Equity shares to be issued to the members of Morarjee pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading on all the Stock Exchanges on which shares of Morarjee are listed on the Effective Date. FSML shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges.
- 5.6 FSML shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of shares under this Scheme.
- 5.7 Approval of this Scheme by the shareholders of FSML shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable

provisions of the Act for the issue and allotment of shares by FSML to the shareholders of Morarjee, as provided in this Scheme.

5.8 Upon the Scheme being effective, the borrowing limits of FSML in terms of section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of the Morarjee which are being transferred to the FSML pursuant to the Scheme, such limits being incremental to the existing limits of FSML, with effect from the Appointed Date.

5.9 The approval of this Scheme by the shareholders of Morarjee and the FSML under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31, 372A and other applicable provisions of the Act and any other consents and approvals required in this regard.

6. REDUCTION OF THE EXISTING EQUITY SHARE CAPITAL OF FSML

6.1 Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 5.1 above, the existing equity shares of FSML held by the existing shareholders of FSML as specified in clause 6.2 below; as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment.

6.2 The cancellation of the existing 50,000 equity shares of Rs 10 each of FSML as mentioned in Clause 6.1 above shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. FSML shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

7. REORGANISATION OF EQUITY SHARE CAPITAL OF MORARJEE

Upon the Scheme becoming effective and on the capital reduction record date:

7.1 The equity share capital of Morarjee as on the capital reduction record date shall be reduced/ extinguished by 30%. Accordingly, the face value and the paid up value per equity share of Morarjee shall, without any application or deed, stand reduced by Rs. 3/- without any payments to the holders of such equity shares of Morarjee.

7.2 The paid-up equity share capital of Morarjee of Rs. 36,33,23,490 divided into 3,63,32,349 of Rs. 10 each shall stand reduced by Rs. 10,89,97,047/- to Rs. 25,43,26,443 divided into 3,63,32,349 equity shares of Rs. 7/- each fully paid-up. The face value and the paid up value of Equity shares of Rs 10 each of 3,63,32,349 equity shares of Morarjee shall stand reduced to Rs 7 per share.

7.3 The equity shareholders shall receive 1 (One) equity share of Rs. 7/- each fully paid up for every 1 (One) equity share of Rs. 10/- each fully paid up.

7.4 The share certificates of Morarjee in relation to the shares held by its equity shareholders, whose names appear in the Register of Members on the capital reduction record date for effecting the reduction of share capital shall, without any further

application, act, instrument or deed, be deemed to have been automatically cancelled pursuant to the Reorganisation of Share Capital and new share certificates with the revised number and face value of equity shares will be issued by Morarjee. It is clarified that the number and face value of shares held in dematerialised form will be adjusted automatically.

- 7.5 Simultaneously with the reduction of the paid up value of the equity shares of Morarjee in accordance with clause 7.1 above, an amount equivalent to capital reduction as mentioned in clause 7.2 above shall be credited to General Reserve Account of Morarjee.
- 7.6 The Reduction of the equity shares of Morarjee as mentioned above shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital to the shareholders and the provisions of Section 101 of the Act will not be applicable. Morarjee shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.
- 7.7 The authorised share capital clause of the Memorandum of Association of Morarjee shall, upon the coming into effect of this Scheme and without any further act or deed, respectively be replaced by the following clauses:

“The Authorized Capital of the Company is Rs.56,50,00,000/- (Rupees Fifty Six Crores and Fifty Lakhs only) divided into 4,50,00,000 Equity Shares of Rs 7/- each and 25,00,000 Preference Shares of Rs.100 /- each 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. ACCOUNTING TREATMENT IN THE BOOKS OF FSML AND MORARJEE

8.1 IN THE BOOKS OF FSML

- 8.1.1 FSML shall record the assets and liabilities, pertaining to the Integra Division, at the respective book values as appearing in the books of Morarjee, as on the Appointed Date.
- 8.1.2 FSML shall credit to its share capital account, the aggregate face value of the shares issued by it pursuant to Clause 5.1 of this Scheme.
- 8.1.3 The difference between excess of the book value of assets over book value of liabilities of the Integra Division transferred from Morarjee and recorded by FSML in terms of clause 8.1.1 and the amount credited as share capital by FSML in terms of clause 8.1.2

after adjusting the reduction in the capital pursuant to clause 6 above shall be debited/ credited to Business Reconstruction Account of FSML.

8.1.4 If considered appropriate for the purpose of application of uniform accounting methods and policies between Morarjee and FSML, FSML may make suitable adjustments and adjust the effect thereof in the General Reserve Account of FSML.

8.2 IN THE BOOKS OF MORARJEE

8.2.1 Upon the Scheme becoming effective, Morarjee shall reduce the book value of assets and liabilities pertaining to the Integra Division from its books of account.

8.2.2 Investments of Morarjee in FSML as on Demerger Record date will be cancelled.

8.2.3 The difference between the book value of assets and the book value of liabilities transferred of the Integra Division, after adjusting the amount of investments held by Morarjee in FSML as mentioned in clause 8.2.2 above, shall, be credited/ debited to the General Reserve Account of Morarjee.

9. CONDUCT OF INTEGRA DIVISION BUSINESS TILL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

9.1 Morarjee shall be deemed to have been carrying on and shall carry on the Integra Division and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for FSML, including investments pertaining to Integra Division. Morarjee undertakes to hold its said assets with utmost prudence until the Effective Date.

9.2 Morarjee shall carry on the business and activities of the Integra Division with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of FSML, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.

9.3 All the profits or income accruing or arising to Morarjee or expenditure or losses arising or incurred or suffered by Morarjee, in relation to the Integra Division, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of FSML.

9.4 Morarjee shall not vary the terms and conditions of employment of any of the employees in relation to the Integra Division except in the ordinary course of business or without the prior consent of FSML or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.

9.5 Morarjee and FSML shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

10. CHANGE OF NAME

10.1 With effect from the Effective Date, the name of FSML shall stand changed to “Integra Garments and Textiles Limited” or such other name as may be decided by the Board of Directors or a committee thereof and approved by the concerned Registrar of Companies. Further, the name of FSML wherever it occurs in its Memorandum and Articles of Association be substituted by such name.

11. EMPLOYEES

11.1 On the Scheme becoming operative, all staff, workmen and employees of Morarjee pertaining to the Integra Division, who are in service as on the Effective Date shall become staff, workmen and employees of FSML, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with FSML shall not be less favorable than those applicable to them with reference to their employment with Morarjee on the Effective Date. FSML agrees that the services of all such employees with Morarjee, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Integra Division of Morarjee, shall be mutually decided by Board of Directors of Morarjee and FSML or committee(s) thereof.

11.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as ‘Funds’) created for the benefit of the staff, workmen and employees the Integra Division of Morarjee shall, with the approval of the concerned authorities, become Funds of FSML, or shall be transferred to or merged with other similar funds of FSML for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Morarjee in relation to such Funds shall become those of FSML. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

12. LEGAL PROCEEDINGS

12.1 If any suit, appeal or other proceeding of whatever nature by or against Morarjee, in relation to the Integra Division, is pending in on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against FSML, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Morarjee as if this Scheme had not been made.

13. CONTRACTS, DEEDS, ETC.

13.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Integra Division of Morarjee, which is subsisting as on the Effective Date, shall be in full force and effect against or

in favour of FSML, and may be enforced by or against FSML as fully and effectually as if, instead of Morarjee, FSML had been a party thereto.

- 13.2 FSML shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Morarjee will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. FSML shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Morarjee and to implement or carry out all formalities required on the part of Morarjee to give effect to the provisions of this Scheme.

14. SAVING OF CONCLUDED TRANSACTIONS

The vesting of the Integra Division of Morarjee into FSML under Clause 4 above and the continuance of proceedings by or against Morarjee in relation to the Integra Division shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that FSML accept and adopts all acts, deeds and things done and executed by or on behalf of FSML.

PART III AMALGAMATION OF MORARJEE HOLDINGS PRIVATE LIMITED WITH FIVE STAR MERCANTILE LIMITED

15. MERGER OF MHPL

- 15.1 Upon the Scheme becoming effective and with effect from the Appointed Date and subsequent to the demerger of the Integra Division of Morarjee into FSML in accordance with Part II above, the whole of the business, assets, (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible including trademarks, intellectual property rights, copyrights etc) properties and liabilities of MHPL shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in FSML so as to vest in FSML all rights, title and interest pertaining to MHPL.
- 15.2 Any and all assets relating to the MHPL, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme shall stand transferred and vested by the MHPL to the FSML and shall become the property and an integral part of the FSML. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in the FSML;
- 15.3 Any and all movable properties of the MHPL, other than those specified in sub-clause - 15.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies,

customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of the FSML;

- 15.4 Any and all immovable properties (including land together with the buildings and structures standing thereon) of MHPL, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in the FSML, without any act or deed done by MHPL or the FSML. With effect from the Appointed Date, the FSML shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the FSML shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of the FSML
- 15.5 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of MHPL shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to FSML, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of FSML and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 15.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents relating to and or held by MHPL required to carry on business of MHPL shall stand vested in or transferred to FSML without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FSML. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to FSML pursuant to the Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges granted by any Government body, local authority or by any other person, or enjoyed and availed of by MHPL are concerned, the same shall vest with and be available to FSML on the same terms and conditions.
- 15.7 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by MHPL after the Appointed Date, over the assets of MHPL transferred to FSML shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of FSML.
- 15.8 All taxes of any nature, duties, cess or any other like payments or deductions made by MHPL to any statutory authorities such as Income Tax, Sales tax, Service Tax, Value Added Tax etc. or any tax deduction/ collection at source, relating to the period after the Appointed Date and upto the Effective Date shall be deemed to have been on account of and on behalf of FSML and the relevant authorities shall be bound to transfer to the account of and give credit for the same to FSML upon the passing of the

order on this Scheme by the High Court or any other appropriate authority and upon relevant proof and documents being provided to the said authorities.

16. CONSIDERATION

16.1 Upon the Scheme becoming effective and subsequent to the demerger of the Integra Division of Morarjee into FSML in accordance with Part II above, the entire issued, subscribed and paid-up share capital of the MHPL would be held by FSML. Accordingly, pursuant to merger of MHPL with FSML, no shares of the FSML shall be allotted in lieu or exchange of its holding in MHPL and the share capital of the MHPL shall stand cancelled.

17. ACCOUNTING TREATMENT IN THE BOOKS OF FSML

17.1 All the assets and liabilities recorded in the books of MHPL shall stand transferred to and vested in FSML pursuant to the Scheme and shall be recorded by FSML at their respective fair values;

17.2 The investments in the equity share capital of the MHPL as appearing in the books of accounts of the FSML, as on appointed date, shall stand cancelled;

17.3 Inter-company balances, if any, will stand cancelled;

17.4 The difference, between the fair value of assets and the fair value of liabilities transferred to FSML, after making the adjustment as mentioned in clause 17.2 and 17.3 above and after adjusting the balance in Business Reconstruction Account created pursuant to clause 8.1.3 above, in case of excess, shall be credited to General Reserve Account and in case of shortfall, shall be debited to Goodwill Account.

17.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between MHPL and FSML, FSML may make suitable adjustments and reflect the effect thereof in the General Reserve Account of FSML.

18. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

18.1 MHPL shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for FSML. MHPL undertakes to hold its said assets with utmost prudence until the Effective Date.

18.2 MHPL shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of FSML, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.

- 18.3 All the profits or income accruing or arising to MHPL or expenditure or losses arising or incurred or suffered by MHPL shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of FSML.
- 18.4 MHPL shall not vary the terms and conditions of employment of any of the employees of MHPL except in the ordinary course of business or without the prior consent of FSML or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.
- 18.5 MHPL and FSML shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

19. EMPLOYEES

- 19.1 On the Scheme becoming operative, all staff, workmen and employees of MHPL, who are in service as on the Effective Date shall become staff, workmen and employees of FSML, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with FSML shall not be less favorable than those applicable to them with reference to their employment with MHPL on the Effective Date. FSML agrees that the services of all such employees with MHPL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to MHPL, shall be mutually decided by Board of Directors of MHPL and FSML or committee(s) thereof.
- 19.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of MHPL shall, with the approval of the concerned authorities, become Funds of FSML, or shall be transferred to or merged with other similar funds of FSML for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of MHPL in relation to such Funds shall become those of FSML. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

20. LEGAL PROCEEDINGS

- 20.1 If any suit, appeal or other proceeding of whatever nature by or against MHPL is pending on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against FSML, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against MHPL as if this Scheme had not been made.

21. CONTRACTS, DEEDS, ETC.

- 21.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to MHPL, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of FSML, and may be enforced by or against FSML as fully and effectually as if, instead of MHPL, FSML had been a party thereto.
- 21.2 FSML and MHPL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations in order to give formal effect to the provisions of this Scheme. FSML shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of MHPL and to implement or carry out all formalities required on the part of MHPL to give effect to the provisions of this Scheme.

22. SAVING OF CONCLUDED TRANSACTIONS

- 22.1 The merger of MHPL into FSML under Clause 15 above and the continuance of proceedings by or against MHPL shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that FSML accept and adopts all acts, deeds and things done and executed by or on behalf of FSML.

23. WINDING UP OF MHPL

- 23.1 On the Scheme becoming effective, MHPL shall stand dissolved automatically without being wound up.

PART IV

GENERAL TERMS AND CONDITIONS

24. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

- 24.1 Upon coming into effect of the Scheme, the following clause shall be inserted in the memorandum of association of Morarjee:

OTHER OBJECTS:

“To amalgamate, enter into any partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession, or for limiting completion, with any person or Company carrying on or engaged in or about to carry on or engage in/any business or transaction, which the Company is authorized to carry on or engage in.”

The approval to the Scheme by the shareholders under section 391 and sanction to the Scheme by the High Court shall be deemed to be due compliance of the provisions of Section 17, 149 and all other relevant and applicable provisions of the Act for the amendment to the object clause and no separate resolution by shareholders shall be required.

24.2 Upon coming into effect of the Scheme, the Main Object Clause as mentioned in clause III (A) in the memorandum of association of FSML shall without any further act or deed, respectively be replaced by the following clauses:

MAIN OBJECTS:

- (1) To carry on the business of manufactures, imports and exports, wholesale and retail dealers of and in men's, women's and children's clothing and wearing apparel garments and dresses of every kind, nature and description for men, women and children including shirts, bush-shirts, pyjama suits, vests, underwears, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, panties, nighties, socks, stockings, sweaters, bags, perfumes, watches, pens, mobile phones, sports goods, home textiles products like bed sheets, pillow covers, duvets, curtains, table mats, carpets, laces and accessories so on.
- (2) To carry on the business of manufacturing, trading, dealing, import and export and selling of textiles and fabrics.
- (3) To carry on all the business of spinners, texturisers, weavers, knitters, cambers, manufacturers, traders, merchants, dealers, commission agents, exports and imports in India or elsewhere, in yarns, yarn and staple waste, piece goods, hosiery, of all descriptions, cotton, kapas, cotton waste, silk, polyester or man-made fibres and any other fibrous material.
- (4) To carry on the business of manufacturers and processors of man-made fibres, or in general, of any fibres, filaments, yarns and fabrics(whether textile, felted, looped or otherwise manufactured and/or processed from any base whether organic or inorganic or compounds or mixtures thereof, by physical, chemicals or any other process or treatment now prevalent or as may be devised in future and of spinning, blending, combing, weaving, knitting, bleaching, processing, dyeing, printing, making or otherwise turning to account any other fabrics or finished articles thereof and of manufacturing the chemicals, dyestuffs, equipments, washing, bleaching and dyeing materials, raw materials, packing materials and all other requisites needs or all or any of the above purposes and of the byproducts which can be conveniently produced therefrom and to buy, sell, import, export, distribute, trade, stock, barter, exchange, pledge, make advances upon, speculate, enter into forward transactions or otherwise deal in all or any of the foregoing (r).

The approval to the Scheme by the shareholders under section 391 and sanction to the Scheme by the High Court shall be deemed to be due compliance of the provisions of Section 17, 149 and all other relevant and applicable provisions of the Act for the amendment to the object clause and no separate resolution by shareholders shall be required.

AUTHORISED SHARE CAPITAL CLAUSE

The authorised share capital clause of the Memorandum of Association of FSML, upon the coming into effect of this Scheme and without any further act or deed, respectively be replaced by the following clauses:

“The Authorized Capital of the Company is Rs.12,05,00,000/- (Rupees Twelve Crores Five Lakhs only) divided into 4,00,00,000 Equity Shares of Rs 3/- (Rupees Three) each and 5,00,000 Preference Shares of Rs. 1/- (Rupees One) each with the power to increase and reduce the Authorised Capital of the Company, and the Share Capital shall be capable of being increased and reduced in accordance with the Company’s Regulations and Legislative provisions for the time being in force in that behalf, with power to divide the shares in the Capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions”

25. APPLICATION TO HIGH COURT

25.1 Morarjee, FSML and MHPL shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 read with Sections 100 to 103 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

26. MODIFICATION OR AMENDMENTS TO THE SCHEME

26.1 Morarjee, FSML and MHPL by their respective Boards of Directors (‘the Board’, which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). Morarjee, FSML and MHPL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

27. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

27.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

27.2 The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of Morarjee, FSML and MHPL as may be directed by the High Court.

27.3 The sanction of the High Court under Sections 391 to 394 read with Sections 100 to 103 of the said Act in favour of Morarjee, FSML and MHPL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;

27.4 Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, of Maharashtra at Mumbai by Morarjee, FSML and MHPL as may be applicable.

27.5 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the Morarjee, MHPL and FSML, by their respective Board of Directors or any Committee constituted by them.

28. EFFECT OF NON-RECEIPT OF APPROVALS

28.1 In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2012 or within such further period or periods as may be agreed upon between Morarjee, FSML and MHPL by their respective Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

29. COSTS, CHARGES & EXPENSES

29.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of Morarjee, FSML and MHPL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by Morarjee.

ANNEXURE I

TERMS AND CONDITIONS FOR ISSUE OF 5% REDEEMABLE CUMULATIVE NON-CONVERTIBLE PREFERENCE SHARES

Instrument	5% Redeemable Cumulative Non-Convertible Preference Shares
Face Value	Rs. 1 each
Dividend Rate	The said preference shares shall carry the right to receive cumulative preferential dividend of 5% per annum of the face value of Rs.1 per share being the amount paid up thereon for each financial year.
Cumulative	The said shares shall be cumulative.
Redemption	The said preference shares shall be redeemable at par and not at premium.
Redemption Period	The said preference shares shall be redeemable out of profits and /or proceeds of issue of fresh shares or as may be permitted by the Companies Act, 1956 at the option of the Company at any time before the expiry of 20 years from the date of allotment of the said preference shares.
Surrender of Shares	The holders of the Preference Shares so redeemed shall surrender the share certificates for such shares to the Company against payment of the amount due on redemption.
Voting Rights	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.
Winding Up	The holders of the preference shares shall be entitled to a preferential right of return of the amount payable on redemption but shall not have any further right or claim over the surplus assets of the Company.

ANNEXURE II

TERMS AND CONDITIONS FOR ISSUE OF 9% REDEEMABLE CUMULATIVE NON-CONVERTIBLE PREFERENCE SHARES

Instrument	9% Redeemable Cumulative Non-Convertible Preference Shares
Face Value	Rs. 1 each
Cumulative	The Preference Shares shall be Cumulative, Redeemable and Non Convertible
Dividend Rate	The Preference Shares shall carry dividend at the rate of 9% per annum on Cumulative basis for a term of 5 years.
Redemption	The Preference Shares shall be redeemed at par at the end of 5 years from the date of allotment. The Company shall have an option to redeem the Preference Shares at any time after the end of 18 months from the date of allotment. If the Company exercises the call option, it will pay the amount of the face value of the Preference Shares alongwith the dividend declared, if any, upto the date on which it exercises the call option.
Call Option	In case, the Company exercises the call option, its liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount alongwith the dividend, if any.
Surrender of Shares	The holders of the Preference Shares so redeemed shall surrender the share certificates for such shares to the Company against payment of the amount due on redemption.
Voting Rights	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.
Winding Up	The holders of the preference shares shall be entitled to a preferential right of return of the amount payable on redemption but shall not have any further right or claim over the surplus assets of the Company.

Approval of the Scheme

The Hon'ble High Court of Judicature at Bombay vide its order dated 29th June, 2012 has approved the Scheme of Demerger between Morarjee Textiles Limited, Integra Garments and Textiles Limited and Morarjee Holdings Private Limited.

The aforesaid certified true copy of the order was filed by MTL, FSML and MHPL with the ROC, Mumbai on 17th July, 2012 and accordingly the Integra Division of MTL stood transferred to and vested in FSML from the Appointed Date.

SUMMARY FINANCIAL INFORMATION

Particulars	Amt. in Rs.		
	31-Mar-12	31-Mar-11	31-Mar-10
<u>EQUITY AND LIABILITIES</u>	-	-	-
Shareholders Funds			
Share Capital	500,000	100,000	100,000
Reserve & Surplus	127,360	177,273	262,948
Current Liabilities			
Short term borrowings	-	-	2,777,350
Trade payables	308,427	8,272	11,829
Short - Term provisions	-	106,497	275,096
TOTAL.....	935,787	392,042	3,427,223
<u>ASSETS</u>	-	-	-
Non-Current Assets	-	-	-
Non-Current Investments	300,000	-	
Current assets	-	-	-
Cash & Cash Equivalents	375,787	47,744	8,229
Other Current assets			
Short-term Loans and Advances	260,000	344,298	3,418,994
TOTAL.....	935,787	392,042	3,427,223

PARTICULARS	Amt. in Rs.		
	31-Mar-12	31-Mar-11	31-Mar-10
INCOME:			
Revenue from operations	-	-	-
<u>Other Income</u>			
Interest in IT Refund		324,565	
Interest on Fixed Deposit	-	20,087	
Total Revenue	-	344,652	-
EXPENSES:			
Auditor's Remuneration	8,427	8,272	8,272
Filing Fees	21,400	600	600
Professional Fees	10,647	-	2,000
Other Expenses	-	-	291
Preliminary Expenses Written off	9,439	-	5,392
Total Expenses before finance cost	49,913	8,872	16,555
Finance cost	-	314,958	296,508
Total expenses including finance cost	49,913	323,830	313,063
Profit before tax	(49,913)	20,822	(313,063)
Prior Period Item			(12,521)
Tax expense:			
Current Year	-	106,497	-
Profit/ (Loss) after tax	(49,913)	(85,675)	(325,584)
Profit / (Loss) carried to the balance sheet	(49,913)	(85,675)	(325,584)
Earning Per equity share:			
Basic & Diluted		(8.57)	

(1.00)

(32.56)

**As per our Report of Even Date
For D Dadeech & Co.
Chartered Accountants**

For Five Star Mercantile Limited

Director

Director

**Devesh Dadheech
Proprietor
Mumbai:**

CAPITAL STRUCTURE

A. SHARE CAPITAL BEFORE THE SCHEME:

SHARE CAPITAL	Aggregate value (in Rs.)
Authorized Share Capital	
50,000 Equity Shares of Rs. 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	
50,000 Equity Shares of Rs. 10 each, fully paid up	5,00,000
Total	5,00,000

B. SHARE CAPITAL AFTER THE SCHEME:

SHARE CAPITAL	Aggregate value (in Rs.)
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 3 each	12,00,00,000
2,50,000, 5% Redeemable Cumulative Non-Convertible Preference Shares of Re. 1/- each	2,50,000
2,50,000 9% Redeemable Cumulative Non-Convertible Preference Shares of Re. 1/- each	2,50,000
Total	12,05,00,000
Issued, Subscribed and Paid-up Share Capital	
3,63,32,349 Equity Shares of Rs. 3 each, fully paid up	10,89,97,047
1,00,000 5% Redeemable Cumulative Non-Convertible Preference Shares of Re. 1/- each	1,00,000
1,50,000 9% Redeemable Cumulative Non-Convertible Preference Shares of Re. 1/- each	1,50,000
Total	10,92,47,047

Notes to Capital Structure:

1. Equity Share Capital of the Company

Sr. No.	Date of Allotment of Equity Shares	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reason for allotment	Cumulative paid-up capital (Rs.)
1.	August 6, 2007	10000	10	10	Cash	Initial subscription to Memorandum of Association	1,00,000
2.	December 28, 2011	40000	10	10	Cash	Further Allotment	5,00,000
3.	August 16 , 2012	3,63,32,349	3	NA	NA	Pursuant to scheme of Arrangement and Amalgamation.	10,89,97,047
4.	September 5, 2012	(50,000)	10	NA	NA	Pursuant to scheme of Arrangement and Amalgamation. These shares have been cancelled.	10,84,97,047

- In accordance with the Scheme, in consideration of the Demerger, the Company has issued and allotted 1 (One) fully paid Equity Share of Rs.3 (Rupees Three) each to the equity shareholders of MTL for every 1(One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in MTL .

Upon the Scheme becoming effective and upon the issue of shares in accordance with above, the existing equity shares of FSML held by the existing shareholders of FSML on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment.

Promoters of the Company, their relatives and associates, and their Directors have not purchased or sold or financed, directly or indirectly, any equity shares from the date of approval of the scheme by the High Court till the date of submission of this Information Memorandum.

2. Shareholding pattern of Integra Garments and Textiles Limited (FSML) before and after the Scheme:

		Transferee Company			
		Pre-arrangement shareholding		Post-arrangement shareholding – as on date of allotment of shares	
		No. of shares	% of shares	No. of shares	% of shares
(A) Shareholding of Promoter and Promoter Group					
1 Indian					
(a) Individuals/ Hindu Undivided Family		-	-	1,05,529	0.29
(b) Central Government/ State Government(s)		-	-	-	-
(c) Bodies Corporate		50,000	100.00	-	-
(d) Financial Institutions/ Banks		-	-	-	-
(e) Any Others(Specify)		-	-	-	-
	Ashok Piramal Group Textiles Trust through its trustee, Ms.Urvi A Piramal			2,15,90,112	59.42
	Morarjee Goculdas Spinning & Weaving Co. Ltd.Senior Employes Stock Option Scheme through its trustees Ms Urvi A Piramal, Mr Mahesh S Gupta & Mr Shobhan Thakore			15,11,994	4.16
	Sub Total(A)(1)	50,000	100.00	2,32,07,635	63.88
2 Foreign					
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others(Specify)	-	-	-	-
	Sub Total(A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	50,000	100.00	2,32,07,635	63.88
(B) Public shareholding					
1 Institutions					
(a)	Mutual Funds/ UTI	-	-	2711	0.00

(b)	Financial Institutions / Banks	-	-	3061	0.01
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	19,38,286	5.33
(f)	Foreign Institutional Investors	-	-	1135	0.00
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	--	
	Sub-Total (B)(1)	-	-	19,45,193	5.35
B 2	Non-institutions				
(a)	Bodies Corporate (Including Foreign Bodies Corporates)	-	-	26,28,758	7.24
(b)	Individuals	-	-		
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	-	-	59,94,405	16.50
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	22,93,944	6.31
(c)	Any Other (specify)	-	-		
	NRIS			2,62,414	0.72
	Sub-Total (B)(2)	-	-	1,11,79,521	30.77
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	1,31,24,714	36.12
	TOTAL (A)+(B)	50,000	100.00	3,63,32,349	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	50,000	100.00	3,63,32,349	100.00

Shareholding of the Promoter/Promoter Group

Sr. No.	Name of the member	No. of shares	%
1	Ms. Urvi A. Piramal	49,566	0.14
2	Mr. Harshvardhan A. Piramal	16,522	0.05
3	Mr. Rajeev A. Piramal	16,522	0.05
4	Mr. Nandan A. Piramal	16,522	0.05
5	Mrs. Kalpana Singhania	5,419	0.01
6	Mr. Jaydev Mody	978	0.00
7	Morarjee Goculdas Spg. & Wvg. Co. Ltd. Senior	15,11,994	4.16

	Employee Option Scheme		
8	Ashok Piramal Group Textiles Trust	2,15,90,112	59.42
	Total	2,32,07,635	63.88

Statement of showing shareholding of the persons belonging to the category of public and holding more than 1% of the total number of issued Shares

Sr. No.	Name of the member	No. of shares	%
1	LIFE INSURANCE CORPORATION OF INDIA	1,644,972	4.53
2	Blossom Mercantiles Pvt.Ltd.	617,651	1.70
3	Finquest Securities Pvt.Ltd	1,060,327	2.92
		3,322,950	9.15

The list of top 10 shareholders (excluding promoters) and the number of Equity Shares held by them as on the date of filing the Information Memorandum:

Sr. No.	Name of the member	No. of shares	%
1	LIFE INSURANCE CORPORATION OF INDIA	1644972	4.53
2	FINQUEST SECURITIES PVT. LTD. - CLIENT MARGIN	1060327	2.92
3	BLOSSOM MERCANTILE PRIVATE LIMITED	617651	1.70
4	VIJAY AGGARWAL	300000	0.83
5	THE ORIENTAL INSURANCE COMPANY LIMITED	293314	0.81
6	SANTOSH MURARILAL GUPTA	208541	0.57
7	HITESH RAMJI JAVERI	200101	0.55
8	NILGIRI MARKETING PVT LTD	175000	0.48
9	KAILASH KUMARI AGGARWAL	175000	0.48
10	LAL TOLANI	158346	0.44

Notes:

- 1) The Company, its directors, its promoters have not entered into any buy-back, stand by or similar arrangements to purchase equity shares of the Company from any person.
- 2) There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- 3) The Company has approximately 18,997 members as on the date of filing this Information Memorandum.

STATEMENT OF TAX BENEFITS

1. INCOME TAX

A. To the Company:

1. The Company will be entitled to claim depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the Income Tax Act, 1961 (hereinafter is referred as "Act").

2. Income by way of dividend (as referred to in Sec 115-0 of the Act) received from other domestic companies will be exempt from tax under Section 10(34) of the Act.

3. In accordance with the provisions of section 10(38) of the Act, long term capital gains arising on the transfer of securities shall be exempted from tax if such transaction is entered into on at recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax. Under Section 111A of the Act, Short term capital gains accruing to Company from transfer of short term capital assets, being securities, in a transaction entered into on a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax shall be chargeable to tax @ 15% plus applicable surcharge and education cess.

4. Subject to the provisions of section 112 of the Act, Long term capital gains, other than those mentioned in 3above, will be chargeable to tax @ 20% (plus applicable surcharge and education cess) with indexation benefit and @10% (Plus applicable surcharge and education cess) if computed without indexation benefit in case of shares.

5. Income in respect of Units from a Mutual Fund u/s 10(23D) of the Act will be exempt in the hands of the Company u/s 10(35) of the Act.

6. In accordance with and subject to the conditions specified in section 54EC and section 54ED of the Act, the company would be entitled to exemption from tax on long-term capital gain [not covered by Section 10(36) and Section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in section 54EC and within a period of one year in case of new assets specified in section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

B. Benefits to the Members of the Company:

B. 1. Residents:

By virtue of Section 10(34) of the Act, dividend declared by the Company referred to in section 115-0 of the Act is exempt from tax.

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) being a transaction entered into in at recognized stock

exchange in India and which is chargeable to Securities Transaction Tax, shall be exempt from tax. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in the company, which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus applicable Education cess)

Subject to the Long term capital gains, other than those mentioned in (b) above, As per the provisions of Section 112(1) (a) and (b) read with proviso to Section 112(1) of the Act, long-term capital gains on transfer of the shares by an Individual, Hindu Undivided Family and Domestic Companies, computed without indexation of cost of acquisition, would be taxed at the concessional rate of 10% (plus applicable Education Cess) in accordance with the provisions of section 112 of the Act and @ 20% in case the same is computed subject to indexation benefit. In case of individuals and HUF's, where the total taxable income as reduced by long-term capital gain is below the basic exemption limit, the long-term capital gain will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to such tax in accordance with the provision to sub-Section (1) of Section 112 of the Act.

Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the individual or HUF does not own any other residential house.

B.2. Non Residents:

Dividend income received from domestic Company qualifies for exemption under section 10 (34) of the IT Act.

As per the provisions of section 10 (38) of the IT Act long term capital gains arising from the sale of the shares of the Company will be exempt from tax if the transaction is entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax.

As per the provision of Section 111 A, short term capital gains arising from the sale of Company's shares in a transaction entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax, will be chargeable to tax @ 15% plus applicable education cess.

As per the provisions of section 112 of the IT Act, the long term capital gains from the transfer of the shares of the Company, otherwise than as mentioned above, shall be charged to tax:

@ 20% plus applicable surcharge and education cess, if the gains are computed after considering the benefit of indexation;

@10% plus applicable surcharge and education cess, if the gains are computed without considering the benefit of indexation.

Non Resident Indian members of the Company can elect to be governed by special provisions as enunciated in section 115 C to 115 I of the Income tax act, according to which exemption from capital gains tax is available subject to those complying with conditions stated in those sections.

Under Section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (plus applicable and Education Cess) while income from long-term capital gains on transfer of shares the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (plus applicable Surcharge and Education Cess).

Under Section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gain arising to a Non-Resident Indian from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax to the extent the net consideration is invested within six months of the date transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of Section 10 of the A and the new asset is held for a period of at least three years.

Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under Sector 139(1) of the Act, if his total income consists only of investment income and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act.

Under Section 115H of the Act, where a Non-Resident Indian becomes assessable as resident in India in any subsequent year he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to the investment income (other than on shares in the Company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII- A of the Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.

Under Section 115I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A of the Act for any assessment year, his total income for that assessment year (including taxable income arising from investment in the Company) will be computed according to the other provisions of the Act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.

In accordance with, and subject to provisions of Section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains

accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefits will not be available in such a case.

In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets and are held for a period of 3 years.

In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the Individual or HUF does not own any other residential house.

C. Mutual Funds

In case of a shareholder being a mutual fund, as per the provisions of section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made hereunder, mutual funds set up by public sector banks or public financial institutions and mutual funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

2. WEALTH TAX

(A) Assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 do not include shares in companies and hence, these are not liable to wealth-tax.

3. GIFT TAX:

Gift tax is not leviable in respect of any gifts made on or after 31 October, 1998. Therefore, any gift of shares will not attract gift-tax.

4. TAX TREATY BENEFITS

A non-resident investor has the option to be governed by the provisions of the Act or the provisions of the Tax Treaty that India has entered into with the country of which the non-resident investor is a tax resident, whichever is more beneficial.

Notes:

All the above benefits are as per the current tax law as amended by the Finance Act, 2012.

The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as investment

(and not as stock in trade). The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

INDUSTRY OVERVIEW

Uncertainty is perhaps the biggest challenge facing the Apparel Industry in 2012. The economic situation in Europe & the US swings in commodity prices, labour shortages, raising costs will add-up to worrying year. However, the global apparel retail market struggles to maintain footfall, the world's sports & fitness clothing market is projected to reach USD 126 Billion by 2015. This is projected based on dramatic lifestyle changes increasing sports participation etc.

The success and failure of this industry is people. The entire system works on people, their skills or lack there off. We must have the right people designing the products, right people sourcing the material, right people must be working in the factories. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing life styles and favourable demographic patterns. Shopping in India has witnessed a revolution with the changing consumer buying behavior and the entire format of shopping is also being altered.

The Indian retail industry has come of age as can be seen from the fact that there are multi-stored malls, huge shopping centers and sprawling complexes where major floor area is being used for apparels. Rising disposable incomes of the middle class families, increase in brand conscious customers, availability of easy and inexpensive fiancés encouraging the investors to invest more in this industry.

The size of the Indian apparel market has increased from USD 17.8 billion from 2003 onwards to USD 32.4 billion in 2009 at a CAGR of 10.5%. During 2007-09 the industry registered a double digit growth rate. Menswear was the largest segment with a market share of 43.1% and value was USD 13.9 billion. Womens wear commands a market share of 37.5% followed by Kidswear 19.4%.

Today, the biggest concern is to keep the factory running at all costs, in hope of better business tomorrow or to work and ensure that the bottom lines are not affected. To be able to get and sustain business round the year at target profitability is a marketing challenge. Sustained focus on lower fixed costs is continuous challenge for manufacturing, which puts reverse pressure during peak months. The strategy is a mix then – to have a basket of customers which gives desired profitability business in the lean production months and also plan business, if required, at lower contributions / prices for sustained capacity utilization, so that fixed costs are taken care-off and overall profitability is less affected.

BUSINESS OVERVIEW

We are the manufactures, importer and exporter, wholesaler and retailer dealers of and in men's, women's and children's clothing and wearing apparel garments and dresses of every kind, nature and description for men, women and children including shirts, bush-shirts, pyjama suits, vests, underwears, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, panties, nighties, socks, stockings, sweaters, bags, perfumes, watches, pens, mobile phones, sports goods, home textiles products like bed sheets, pillow covers, duvets, curtains, table mats, carpets, laces and accessories

Business strategy –

The global textile and clothing trade has undergone a sea-change in recent times. The economic recession in major importing countries last year and the gradual revival of the business optimism in the first few months of the current year have paved the way for consolidation in major producing countries like China and India and relatively new entrants like Vietnam.

Raw material cost and labour wages hike combined together have affected the competitiveness of the industry.

But still we are trying to overcome the margin pressure by increasing the depth of the business with each customer. The challenge, of course is meeting the target prices of the customers.

To meet the customer prices without diluting the margins, we majorly focus on Cost Reduction, Increasing Productivity and Working Capital Improvement.

The company is now in a cautious ramping up of resources so as to leverage from the sharp market recovery expected in the next few months. The company has adequate internal control systems as part of the Management Information System in place.

Regular productivity audits are being conducted in all fronts to get better performance.

Intellectual Property Rights

Due to the Scheme, the following trademarks have been assigned to the Company:-

Sr. No.	Trade Mark	TM No.	Class
1.	Gorena	1699222	24
2.	Gorena	1699225	25
3.	Marcaoro	869971	25
4.	Argento	973165	24
5.	Marcaoro	869970	24
6.	Etech	973786	24

REGULATIONS AND POLICIES

The following paragraphs details key industrial legislations applicable to the textile, to which our Company is subject. The regulations set out below are not the only ones but are only intended to give general information to investors and are neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous such as the Trade and Merchandise Marks Act, 1958 and applicable shops and establishments statutes apply to us as they do to any other Indian company.

The Multi Fiber Arrangement (MFA) & the WTO Agreement on Textiles & Clothing (ATC)

The Multi Fiber Arrangement governed world trade in textiles and garments from 1974 through 1994, imposing quota restrictions on the textile exports from developing countries to developed countries. Though the MFA was signed in 1974, its roots stretched back to the 1930s. At that time, during a period of global economic distress, Japan emerged as the largest exporter of cotton textiles, and the U.S. and Europe moved to limit imports from Japan to preserve their domestic markets for their own textile industries. These restraints never really went away.

By the 1960s, they were extended to Hong Kong, Pakistan, and India. As the restraints on textile trade were globalized, multilateral negotiations ensued, leading to a series of agreements. Initially, the agreements covered only cotton, but they eventually expanded into “multi fiber” arrangements covering textiles and clothing made from all fibers. The MFA was hence introduced in 1974 as a short-term measure intended to allow developed countries to adjust to imports from the developing world.

On January 1, 1995, the MFA was replaced by the WTO Agreement on Textiles and Clothing, which set out a transitional process for the ultimate removal of the aforesaid quotas. The ATC was signed by the signatories to the General Agreement on Tariff and Trade (GATT) on the basis of securing the eventual integration of the textiles and clothing sector into the GATT on the basis of strengthened GATT rules and disciplines whereby quotas were phased out on the basis of an agreed timetable i.e. 16% of imports were made quota-free by January 11, 1995, a further 17% by January 1, 1998, a further 18% by January 1, 2002 and the remaining 49% by January 1, 2005. The ATC was a transitional instrument, built to ensure the progressive integration of textile and clothing products into the GATT 1994 rules and thereby ensure a liberalization process to progressive lyen large existing quotas (until they are removed) by increasing annual growth rates at each stage. The abolition on January 1, 2005 of the 42-year-old system of quotas for exports of textiles and clothing has led to the biggest buyer’s market in history. From a situation where normal market rules of ‘caveat emptor’ (let the buyer beware) applied, we have moved to ‘caveat vendor’, where unwary or unprepared suppliers will find themselves without clients. The elimination of quotas has changed the global clothing industry forever, raising the bar for suppliers.

National Textile Policy – 2000 (NTxP – 2000)

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a preeminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto \$50 billion by 2010 from the present \$ 11 billion. It also dereserved the garments sector from the SSI reservation list and lifted the foreign direct investment cap of 24 per cent. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004. This policy promotes joint ventures and strategic alliances with leading world manufacturers.

The objectives of the NTxP – 2000 were to:

- Facilitate the textile industry to attain and sustain a pre-eminent global standing in the and export of clothing;
- Equip the textile industry to withstand pressures of import penetration and maintain a presence in the domestic market;
- Liberalize controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- Enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage Foreign Direct Investment as well as research and development in the sector;
- Develop a strong multi-fibre base with thrust on product upgradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose to revitalize the institutional structure;
- Expand productive employment by enabling the growth of the textile industry, with effort directed to enhancing the benefits to the north east region;
- Make Information Technology (IT), an integral part of the entire value chain of textile production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing and;
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions,
- Entrepreneurs, Farmers and Non-Governmental Organisations in the fulfillment of these objectives

Further, the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfill its obligation to different sections of society.

Technology Upgradation Fund Scheme (TUFS)

Given the significance of the textile industry to the overall health of the Indian economy, its employment potential and the huge historical backlog of technology upgradation, particularly in the context of the liberalization of the national industrial and trade policy and globalization of textile trade, it has been emphasized that in order to sustain and improve its and overall long term viability, it is essential for the textile industry to have access to timely and adequate capital at internationally comparable rates of interest in order to upgrade its technology level.

In light of the foregoing, it has been felt necessary to make operational a focused and time-bound Technology Upgradation Fund Scheme (TUFS) which would provide a focal point for modernization efforts through technology upgradation in the textile industry. The main feature of the TUFS would be a five percent reimbursement on the interest actually charged by the identified financial institutions on the sanctioned projects.

The TUFS was launched from April 1, 1999 to March 31, 2007 in order to provide an for the modernization of the textile and jute industry and to further enhance its viability and in the domestic and the international markets. Technology upgradation under TUFS would mean induction of state-of-the-art or near-state-of-the-art technology. But in the widely varying mosaic of technology obtained in the Indian textile industry, at least a significant step up from the present technology level to a substantially higher one for such trailing segments would be essential. Accordingly, technology levels are bench-marked in terms of specified machinery for each sector of the textile industry. Machinery with technology levels lower than that specified will not be permitted for funding under the TUFS Scheme.

The Hon'ble Finance Minister, in his Budget Speech for the year 2007-08, had announced that the TUFS will be continued during the Eleventh Five Year Plan and has also made a provision of Rs. 9,110 million for TUFS during 2007-08. It will further help domestic textile industry to upgrade the technology of existing units, and also to setup new units with state-of-the-art technology for enhancing their viability and competitiveness in the domestic and international markets. According to the 2008-09 Budget, a provision of Rs.10,900 million has been made for TUFS which had been further extended till 2011-12

Scheme for Integrated Textiles Parks (SITP)

To provide the industry with world-class infrastructure facilities for setting up their textiles units, the Government launched the 'Scheme for Integrated Textile Parks (SITP)' on July 25, 2005, by merging the 'Apparel Parks for Exports Scheme (APES)' and 'Textiles Centre Infrastructure Development Scheme (TCIDS)'. Industry Associations/ Group of Entrepreneurs are the main promoters of the Integrated Textiles Parks (ITP). The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/support activities, depending on the needs of the ITP.

Textiles Committee Act, 1963

The Textiles Committee Act, 1963 came into force on August 22, 1964. The said Act calls for constitution of a Textiles Committee by the Central Government. The said Textiles Committee shall ensure a standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard types of textile machinery, assisting and encouraging scientific, technological and economic research in the textile industry and textile machinery. The Textiles Committee shall also promote export of textiles and textile and carry on propaganda for that purpose.

The said Act also imposes a duty of excise on textiles and textile machinery manufactured in India at such rate, not exceeding one per cent ad valorem as the Central Government may, by notification in the Official Gazette, fix provided that, no such cess shall be levied on textiles manufactured out of the handloom or Power loom industry. However, the Central Government may exempt any variety of textiles or textiles machinery if it is required to do so in the public interest. The Textiles Committee recognizes standard specifications for textiles and packing materials used in the packing of textiles or textile machinery, for the purposes of export and for internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials. By a notification dated January 17, 2007, the Central Government has exempted ready made garments, being a variety of textiles from the levy of whole of the cess, so as to rationalize the tax and cess burden on the readymade garments in the changed scenario of global competitiveness and thus improve the competitiveness of the Indian readymade garment sector in global markets. Further, by a press release dated May 24, 2007, the Union Cabinet gave its approval for exemption of all textiles and all textile machinery manufactured in India from Textiles Committee cess under the Textiles Committee Act, 1963.

Textile (Development and Regulation) Order, 2001

The Textile (Development and Regulation) Order, 2001 was brought into force by the Central Government under Section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the said Order every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, etc. and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner.

The said Order further prescribes filing of an Information Memorandum as per the requisite form with the Textile Commissioner, Mumbai in the event of:

installation of textile machinery for the manufacture of textiles within thirty days of the installation of such machinery; relocation, selling, transferring or otherwise disposing of any textile machinery referred to above, within thirty days from the date of such re-location, sale, transfer or disposal; and modernization of a textile unit.

The Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958 (43 of 1958), except under and limited to the extent of specific authorization by the holder of or applicant for such brand or trade name.

Scheme for Integrated Textiles Parks (SITP)

The Scheme for Integrated Textile Parks (SITP) was launched in August, 2005, by merging the Apparel Parks for Export Scheme (APE) and the Textile Centre Infrastructure Development Scheme (TCIDS). The primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up of textile units in clusters. Under the SITP, an amount of Rs. 6,250 million has been provided by the Government of India (GOI) for the development of these Parks. The Government of India's (GOI) support under the SITP by way of Grant or Equity will be limited to 40% of the project cost, subject to a ceiling of Rs. 400 million.

The SITP is being implemented through Special Purpose Vehicles (SPVs). Industry associations/Groups would be the main promoters of the Integrated Textile Parks (ITPs). The Infrastructure Leasing & Financial Services (ILF&S) has been appointed as the Project Management Consultant for implementing the SITP. The Project Management Consultant will be responsible for the speedy implementation of the Project in a transparent and professional manner, so as to achieve a high degree of quality at a low cost acceptable to the members of the SPV for which a fee will be paid to the Project Management Consultant. The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 provides for the levy and collection of an additional 10% of the total amount of excise duty chargeable on certain textiles and textile articles as specified in the schedule to the said Act.

HISTORY AND OTHER CORPORATE AFFAIRS

Our Company was incorporated as Five Star Mercantile Private Limited under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated 6th August 2007. Our Company became Public Limited by virtue of conversion of status on 3rd January 2012. The name of our Company was changed to Integra Garments And Textiles Limited vide fresh certificate of Incorporation dated 2nd August 2012.

Prior to de-merger, FSML was engaged in various trading and mercantile businesses. In accordance with the said Composite Scheme of Arrangement and Amalgamation between Morarjee Textiles Limited (“the Demerged Company”) and Five Star Mercantile Limited (“the Resulting/Transferee Company”) and Morarjee Holdings Private Limited (“the Transferor Company”) and their respective shareholders as sanctioned by Hon’ble Bombay High Court dated 26th June, 2012, the readymade garment business of MTL was transferred to FSML.

Main Objects:

The main object of FSML would be changed from trading and mercantile to garment manufacturing business, as set out in the Scheme:

- (1) To carry on the business of manufactures, imports and exports, wholesale and retail dealers of and in men's, women's and children's clothing and wearing apparel garments and dresses of every kind, nature and description for men, women and children including shirts, bush-shirts, pyjama suits, vests, underwears, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, panties, nighties, socks, stockings, sweaters, bags, perfumes, watches, pens, mobile phones, sports goods, home textiles products like bed sheets, pillow covers, duvets, curtains, table mats, carpets, laces and accessories so on.
- (2) To carry on the business of manufacturing, trading, dealing, import and export and selling of textiles and fabrics.
- (3) To carry on all the business of spinners, texturisers, weavers, knitters, cambers, manufacturers, traders, merchants, dealers, commission agents, exports and imports in India or elsewhere, in yarns, yarn and staple waste, piece goods, hosiery, of all descriptions, cotton, kapas, cotton waste, silk, polyester or man-made fibres and any other fibrous material.
- (4) To carry on the business of manufacturers and processors of man-made fibres, or in general, of any fibres, filaments, yarns and fabrics (whether textile, felted, looped or otherwise manufactured and/or processed from any base whether organic or inorganic or compounds or mixtures thereof, by physical, chemical or any other process or treatment now prevalent or as may be devised in future and of spinning, blending, combing, weaving, knitting, bleaching, processing, dyeing, printing, making or otherwise turning to account any other fabrics or finished articles thereof and of manufacturing the chemicals, dyestuffs, equipments, washing, bleaching and dyeing materials, raw materials, packing materials and all other requisites needs or all or any of the above purposes and of the byproducts which can be conveniently produced therefrom and to buy, sell, import, export, distribute, trade, stock, barter, exchange,

pledge, make advances upon, speculate, enter into forward transactions or otherwise deal in all or any of the foregoing (r).

Change in Memorandum of Association and Articles of Association of the Company since its inception

Since the incorporation of our Company, the following changes have been made to its Memorandum of Association and Articles of Association of the Company:

Date	Particulars
12th December, 2011	Increase in the Authorized Share Capital from Rs. 1 Lac to Rs. 5 Lacs (divided into 50,000 equity shares of Rs. 10/- each fully paid up)
30th December, 2011	Increase in Paid up Share Capital of the Company from 1 Lac to 5 Lacs. (divided into 50,000 equity shares of Rs. 10/- each fully paid up)
29th June, 2012	Alteration of Memorandum and Articles of Association due to change in the Name, Main object clause and Authorized share capital clause of the Company

Subsidiary Company:

The Company does not have any Subsidiary Company

OUR MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company shall not have less than three and unless otherwise determined by the Company in General Meeting not more than twelve directors.

The Board of Directors of the Company is as follows:

	Name	Category
1	Mr. Harshvardhan A. Piramal	Non- Executive Chairman
2	Mr. R K Rewari	Managing Director
3	Mr. Pramod Kumar Akhramka	Non- Executive Independent Director
4	Mr. Sridhar Rengan	Non- Executive Independent Director
5	Mr. Vijay Maheshwari	Non- Executive Independent Director

Details regarding Board of Directors of the Company are given below:

Name, Designation, Fathers name, Occupation	Age	DIN	Address	Other Directorship
Mr. Harshvardhan A Piramal	39 years	00044972	61- Piramal House, Pochkhanwala Road, Worli, Mumbai:400025	Ashok Piramal Management Corporation Limited Morarjee Textiles Limited Arrow Textiles Limited Bridgeview Real Estate Development Private Limited Camphor & Allied Products Limited Just Textiles Limited Morarjee Holdings Private Limited Peninsula Facility Management Services Limited

				<p>Peninsula Mega Properties Private Limited Pune Football Club Limited Peninsula Crossroads Private Limited (Formerly known as L & T-Cross Roads Private Limited) AGP Education and Academy Pvt. Ltd AGP Infra Pvt. Ltd APG Airports Infrastructure Pvt. Ltd APG Constructions and Infra Pvt. Ltd APG Educational Consultants Private Limited (formerly known as Oneup Mercantile Company Private Limited) APG Infra Projects Pvt. Ltd APG Infrastructure Pvt. Ltd APG Ports Infrastructure Pvt Ltd APG Renewable Energy Pvt. Ltd APG Road and Rail Transports Pvt. Ltd APG Roads Infrastructure Pvt. Ltd APG Transformers And Energy Pvt. Ltd. Ashok Piramal Enterprises Private Limited Anjoss Trading Private Limited Crossroads Shoppertainment Private Limited Goldlife Mercantile Company Private Limited Highpoint Agro Star Private Limited Lifestar Hospitality Private Limited Lifezone Mercantile Private Limited Miranda Few Tools Private Limited Miranda Ultra Tools Private Limited MorarjeeCastiglioni (India)</p>
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				Private Limited Onestar Trading Company Private Limited Piramal Airports Infrastructure Pvt. Ltd. Piramal Constructions and Infra Pvt. Ltd. Piramal Education and Academy Pvt. Ltd. Piramal Energy Pvt. Ltd Piramal Infrastructure Pvt. Ltd Piramal Renewable Energy Pvt. Ltd. Piramal Road and Rail Transports Pvt. Ltd Piramal Transportation Pvt. Ltd Peninsula SA Realty Private Limited Peninsula Townships Development Private Limited PMP Auto Components Private Limited Pune Sports Club Private Limited Rockfield Trading Private Limited Toptech Mercantile Company Private Limited
Mr. Rajendar Rewari	56 years	00619240	House No. 220, Sector - 2, Panchkula, 134112, Haryana.	Just Textiles Limited Morarjee Textiles Limited
Mr. Pramod Kumar Akramka	42 Years	00401538	B Block Flat No. 907, The Grand Geejgarh, Hawa Sadak, Near 22 Godam, Pulia, Jaipur, 302006, Rajasthan.	--
Mr. Vijay Maheshwari	49 Years	05349550	602-B, Poonam Heights, Pandey Layout, Khamla, Nagpur, Maharashtra	--
Mr. Sridhar	52 Years	03139082	Flat 1104, 11th	Goodhome Realty Limited

Rengan			Floor KritikaAnnexe, Chembur Mumbai - 400071	RR Mega City Builders Limited Truewin Realty Limited RA Realty Venture Private Limited Topvalue Real Estate Development Limited Peninsula Developers and Builders Private Limited Peninsula Land Development Private Limited
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Brief profile of Directors [other than promoter Directors]:

Mr. R K Rewari:

Executive Director of the Company is 56 years of age. Mr. Rewari is a B.Sc., LLB, PGDPM & MEP from Indian Institute of Management, Ahmedabad.

Mr. Rewari started his career as an Executive Trainee in Vardhman Textiles Limited and rose to the level of Chief Executive (Fabric Marketing) before he left on 30th January, 2010.

While having a vast experience of working in various leadership positions in Vardhman Textiles Limited, Mr. Rewari also remained President of BBN Industrial Association of Himachal Pradesh.

Mr. Rewari was also associated with Rotary Club for many years.

Mr. Pramod Kumar Akhramka:

Mr. Pramod Akramka is an associate member of ICAI, ICSI and ICWAI. He has also completed his executive management course from ISB, Hyderabad, Columbia Graduate School of Business, New York, USA, IIM-A and Dale Carnegie Training on High Impact Leadership, Mergers and Acquisitions and Corporate Communications.

Mr. Sridhar Rengan:

Mr. Sridhar Rengan is An Associate member of the ICWAI and an associate member of ICSI. He is an Independent Non- Executive Director of the Company.

Mr. Vijay Maheshwari:

Mr. Maheshwari is a Textile Graduate from TIT Bhiwani, 1986 batch. Associated with six leading Textile Companies in India and East Africa during last 25 years. Handling leadership positions in textile industry very successfully since last 17 years. Started career with Raymond. Made very fast progress and started managing a very large size textile plant within eight years of graduation. At the age of 35, he became the youngest head of Bombay Dyeing Spring Mills at Mumbai, one of the largest composite textile plant of the country that time, position which he handled very successfully for 4 and half years. Later, he was additionally involved in Quality Assurance of all the three textile Plants of Bombay Dyeing and in developing their restructuring plan. He also specializes in Project Planning and has been associated with various modernization plans and installations of new Projects during his career. He has travelled very widely across the world to attend large number of exhibitions, training programs and to evaluate more than 50 textile plants.

Remuneration of Directors:

Director	Designation	Remuneration
Mr. Harshvardhan A Piramal	Chairman and Non-Executive Director	--
Mr. R K Rewari	Managing Director	--
Mr. Pramod Kumar Akhramka	Independent Director	--
Mr. Sridhar Rengan	Independent Director	--
Mr. Vijay Maheshwari	Independent Director	--

Corporate Governance

The provisions of the Listing Agreement to be entered with the Stock Exchanges with respect to Corporate Governance will be applicable to the Company immediately upon the listing of its equity shares on the stock exchanges. The Company is compliant with the clause 49 of the Listing Agreement.

Director	Category	Member of Audit Committee	Member of shareholders/ Investors' Grievance Committee
Mr. Harshvardhan A Piramal	Chairman and Non-Executive Director	--	--
Mr. R K Rewari	Managing Director	--	Yes
Mr. Pramod Kumar Akhramka	Independent Director	Yes	Yes
Mr. Sridhar Rengan	Independent Director	Yes	Yes
Mr. Vijay Maheshwari	Independent Director	Yes	--

The role, power, scope of functions and duties of Audit Committee, Shareholders/ Investors' Grievance Committee and Remuneration Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement and the Company's Corporate Governance Code of Conduct.

Shareholding of Directors

In terms of the Articles of Association, the Directors are not required to hold any qualification shares. The list of Directors holding Equity Shares is set forth below:

Names of Directors	No of Shares held as on the date of the Information Memorandum
Mr. Harshvardhan A Piramal	16522
Mr. R K Rewari	Nil
Mr. Pramod Kumar Akhramka	Nil
Mr. Sridhar Rengan	Nil
Mr. Vijay Maheshwari	Nil

Payment/Interests or benefits to Directors/officers of our Company

None of the director has been paid remuneration as Managing Director as per the terms of his appointment. No payment of any other nature is made to the other directors.

Borrowing Powers of our Board

The Shareholders vide resolution dated 23rd July, 2012 empowered the Board to borrow monies up to Rs. 250 Crores over and above the paid-up capital and free reserves.


Change in our Board of Directors since the Company's inception

Name of Directors	Date of appointment	Date of Resignation	Status
Mr. S. C. Kashimpuria	06.08.2007	12.11.2007	First Director
Mr. HardikDhebar	06.08.2007	12.11.2007	First Director
Mr. Samir Chinai	02.11.2007	18.01.2008	-
Mr. Kamal Tibrewala	02.11.2007	18.01.2008	-
Mr. V. Hariharan	29.12.2007	15.10.2010	-
Mr. HardikDhebar	29.12.2007	28.05.2010	-
Mr. Shardul Doshi	28.05.2010	28.12.2011	-
Mr. Bharat Sanghavi	15.10.2010	28.12.2011	-
Ms. Urvi A Piramal	28.12.2011	20.01.2012	-
Mr. Harshvardhan A Piramal	28.12.2011	-	Non- Executive Chairman
Mr. Mahesh S. Gupta	28.12.2011	20.01.2012	-
Mr. S C Kashimpuria	20.01.2012	17.07.2012	-
Mr. R K Rewari	20.01.2012	-	Managing Director
Mr. Pramod Akhramka	17.07.2012	-	Non-Executive Director
Mr. Sridhar Rengan	17.07.2012	-	Non-Executive Director
Mr. Vijay Maheshwari	08.08.2012	-	Non-Executive Director

OUR PROMOTERS AND PROMOTER GROUP

Promoter

Ms. Urvi A Piramal:-

Ms. Urvi A. Piramal	
	Ms. Urvi A. Piramal, aged 60 is the Chairperson of the Ashok Piramal Group. PAN Number:- AAJJP 8861 F Passport:- Z 1581931

The Chairperson of Ashok Piramal Group, Ms. Urvi A. Piramal is 60 years of age, oversees a professionally managed business group in India with business interest in real estate, textiles, engineering, entertainment and sports. She is the guiding force behind the group's sustained and profile table growth; which is bringing the Group Companies closer to realizing her vision of touching the lives of one in five people around the globe.

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

She joined the Group's Textile division in 1984 and modernized the operations while focusing on higher levels of quality and productivity. Ms. Piramal plays a leading role in envisioning and formulating the Group's strategies in the businesses. The Group's real estate foray has been driven by her foresight and her sharp business acumen has played an immeasurable role in placing Peninsula Land Limited as one of the top real estate companies in India.

She has been a member of Technology and Quality Improvement Committee of the Indian Merchants' Chamber since its inception in 1994, and also the Chairperson of Supply Chain and Retail Business (Internal Trade) Committee (2004-2005).

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

She is a Trustee of the Piramal Education Trust, Ashok G. Piramal Trust and Urvi Ashok Piramal Foundation which has been set up for the underprivileged. Piramal Education Trust runs a childrens' school at Bagar in Rajasthan.

She is on the board of Population First, an NGO working on population and health issues within the framework of women's rights and social development.

Ms. Piramal is a keen wild lifer and spends her leisure time reading, listening to music and traveling extensively.

Promoter Group:

Mr. Harshvardhan Ashok Piramal
Mr. Rajeev Ashok Piramal
Mr. Nandan Ashok Piramal

Mr. Jaydev Mukund Mody

Mr. Kalpana Singhania

Ashok Piramal Group Textiles Trust through its trustee, Ms.Urvi A Piramal

Morarjee Goculdas Spinning & Weaving Co.Ltd. Senior Employes Stock Option Scheme
through its trustees Ms. Urvi A Piramal, Mr Mahesh S Gupta & Mr. Shobhan Thakore

FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of the listed group companies covered under the provisions of the Companies Act, 1956.

Morarjee Textiles Limited

BRIEF HISTORY:

Morarjee Textiles Limited is a part of one of India's oldest and most experienced textiles manufacturing houses, now renamed as Ashok Piramal Group. Morarjee Goculdas Spinning and Weaving Company Limited (subsequently known as Morarjee Realities Limited and now known as Peninsula Land Limited), incorporated on August 10, 1871, was one of the flagship Company of the erstwhile Morarjee Group. The Ashok Piramal Group is a diversified and growing conglomerate with business interest in textiles, real estate, engineering, entertainment and sports.

Morarjee Goculdas Spinning and Weaving Company Limited was incorporated as a public limited company and thereafter set up its first mill in Mumbai. In 1980, the company acquired a second composite textile unit at Lower Parel, Mumbai.

In 1995 Morarjee Goculdas Spinning and Weaving Company Limited set up Morarjee Brembana Private Limited as a 50:50 joint venture with Manifattura Di Valle Brembana Spa Italy, a leading Italian company to manufacture high quality cotton shirting fabrics, with its manufacturing facility at Butibori near Nagpur. Morarjee Brembana Private Limited was converted into a public company with effect from December 24, 1996.

In September 2003, the 50% shareholding held by Manifattura Di Valle Brembana Spa Italy was bought back by Morarjee Goculdas Spinning & Weaving Company Limited and the Morarjee Goculdas Spinning & Weaving Company Limited Senior Employees Stock Option Scheme. In October 2003, Morarjee Goculdas Spinning & Weaving Company Limited underwent a business re-organization whereby it transferred its entire textile business to Morarjee Brembana Limited and thus the textile operations shifted from Mumbai to Nagpur.

Finally, on January 4, 2005, Morarjee Brembana Limited changed its name to Morarjee Textiles Limited.

Financial Performance

(Rs. in lakhs except per share data)

FINANCIAL INFORMATION	FY 2013	FY 2012	FY 2011
Authorized Capital	5650.00	5650.00	7000.00
Equity Capital	2543.27	2543.27	3633.24
Preference Share Capital	2500.00	2500.00	2500.00
Reserves and Surplus	5679.64	4747.37	1644.13
Total Income	36411.59	29076.50	33027.27
Profit/(Loss) after Tax	2394.08	311.37	463.11
Earnings per share (Rs.)	5.99	0.27	0.98

(Face Value Rs.7) (Previous year Rs.10)			
Book Value per equity share (Rs.)	29.51	26.95	21.41

- **Peninsula Land Limited**

BRIEF HISTORY:

Peninsula Land Limited (“PLL”) is a real estate development company with a diversified portfolio that comprises commercial, residential and retail developments in western and southern India. Our primary business is the development of commercial, residential and retail properties. Our developments include our "Ashok" product line in the residential sector, "Peninsula" in the commercial sector and "Crossroads" in the retail sector. PLL focuses operations on identifying and acquiring land, planning, development and marketing of its projects, as well as maintenance and management of completed developments. PLL relies solely on third party contractors and does not perform construction services itself.

PLL’s commercial operations include the development, leasing and sale of high quality commercial office space, including office towers and information technology parks. Residential operations include the development of multi-unit residential apartment buildings with residences ranging from studio-style flats to high-end residences. PLL has also developed large-scale residential projects.

PLL is one of the first real estate development companies in Mumbai to transform private textile mill properties into modern commercial and residential real estate developments. PLL has been instrumental in the development of Lower Parel, Mumbai into a new business district, primarily through our development of Peninsula Corporate Park. In 1999, PLL opened in Tardeo, Central Mumbai, what we believe to be India's first international standard shopping mall, Crossroads.

Financial Performance

(Rs. in Crore except per share data)

FINANCIAL INFORMATION	FY 2013	FY 2012	FY 2011
Authorized Capital	75.00	75.00	75.00
Equity Capital	55.90	55.90	55.90
Preference Share Capital	0.001	0.001	0.001
Reserves and Surplus	1680.33	1555.41	1434.20
Total Income	850	644	611.05
Profit/(Loss) after Tax	197	156.89	245.78
Earnings per share (Rs.) (Face Value Rs.2)	7.05	5.62	8.80
Book Value per equity share (Rs.)	62.18	57.71	53.37

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements including those required for Expansion, New Projects and overall financial condition.

No dividend is declared by FSML since incorporation.

**SECTION - V
FINANCIAL INFORMATION**

**AUDITED FINANCIAL STATEMENT AS ON 31ST MARCH, 2013
BALANCE SHEET AS AT 31ST MARCH, 2013**

Particulars	Note No.	31-Mar-13	31-Mar-12
<u>EQUITY AND LIABILITIES</u>			
Shareholders Funds			
Share Capital	2	109,247,047	500,000
Reserve & Surplus	3	(133,095,837)	127,360
Non Current Liabilities			
Long Term Borrowings	4	24,739,099	-
Current Liabilities			
Short Term Borrowings	5	286,708,886	-
Trade payables	6	6,535,597	308,427
Other Current Liabilities	7	31,784,727	-
<u>TOTAL.....</u>		325,919,519	935,787
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets	8	292,216,830	-
Non-Current Investments (in Mens Club s.p.a.)	9	300,000	300,000
Long Term Loans and Advances	10	2,809,485	-
Other non current asset	11	4,339,542	-
Current assets			
Inventories	12	3,611,240	-
Trade Receivables	13	2,320,383	-
Cash & Cash Equivalents	14	3,529,747	375,787
Short-term Loans and Advances	15	15,985,629	260,000
Other Current assets	16	806,664	-
<u>TOTAL.....</u>			

325,919,519 935,787

Accounting Policies 1

Notes are an integral part of the financial statements

As per our report of even date

For M/s D.Dadheech & Co

Chartered Accountants

For Integra Garments & Textiles Limited

Devesh Dadheech

Proprietor

Director

Director

Place:

Date:

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

PARTICULARS	Note No.	31-Mar-13	31-Mar-12
INCOME:			
Revenue from operations (Gross)	16	138,529,140	
Less : Excise Duty		4,213,842	
Revenue from Operations (Net)		134,315,298	-
Other Income	17	235,525,691	-
Total Revenue		369,840,989	-
EXPENDITURES:			
Material Consumed		95,071,829	-
(Increase) / Decrease in WIP & Finished Goods		45,540,243	-
Employee benefit expenses		64,105,457	-
Finance Cost		25,208,327	-
Depreciation		44,668,982	-
Other Expenses		79,363,909	49,913

Forex Loss/(Gain)	198,754	-
Total Expenditure	354,157,502	49,913
	-	-
Profit/ (Loss) for the Year	15,683,487	(49,913)
Earning Per equity share (Refer Note No. 30)	0.43	(2.45)

Accounting Policies

1

Notes are an integral part of the financial statements

As per our report of even date

For M/s D.Dadheech & Co
Chartered Accountants

For Integra Garments & Textiles
Limited

Devesh Dadheech
Proprietor

Director

Director

Place:
Date:

Notes on Financial Statement for the year ended 31st March, 2013

Note 1 : Accounting Policies

1. Basis of preparation of financial statement

(a) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements.

2. Fixed Assets

All the fixed assets are stated at historical cost. In respect of Assets acquired under new project/ expansion/ restructuring, interest cost on borrowings and other related expenses

during trial runs and upto satisfactory commencement of commercial production have been capitalised to Plant & Machinery and any subsidy given for a specific assets is reduced from cost. The Accounting Standard prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 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 recognised 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.

7. Revenue Recognition

Revenue is recognised 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 recognised 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 recognised 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 recognised 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 recognised 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.

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 recognised 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 recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised 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 recognised representing the unrecognised 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 recognised 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 recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised 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 recognised 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.

Note No.	PARTICULARS	[Amount in Rs.]	
		As at 31-Mar-2013	As at 31-Mar-2012
2	Share Capital		
	Authorised		
	4,00,000,00 Equity Shares of Rs.3 Each (previous year 50000 equity shares of Rs. 10/-each)	120,000,000	500,000
	5,00,000 Redeemable Cumulative Non Convertible Preference Shares of Rupee 1 each (Refer Note no. 24)	500,000	-
		120,500,000	500,000
	Issued, Subscribed and Paid up		
	3,63,32,349 Equity shares of Rs.3 Each, Fully paid (previous year 50000 Equity Shares of Rs. 10/-each) (Refer Note No 24)	108,997,047	500,000
	1,00,000 5% Redeemable cumulative Non convertible preference shares of Rs. 1 Each (Refer Note No 24)	100,000	-
	1,50,000 9% Redeemable cumulative Non convertible preference shares of Rs. 1 Each (Refer Note No 24)	150,000	-
	Total	109,247,047	500,000
A	The Reconciliation of the number of shares outstanding if given below:	No of Shares	No of Shares
	a: Equity Shares		
	Equity Share Outstanding at the beginning of the Year	50,000	10,000
	Equity Shares issued during the year	36,332,349	40,000
	Equity Shares cancelled during the year	50,000	-
	Equity Shares outstanding at the end of the year	36,382,349	50,000
	b: Preference Shares		
	Preference Shares at the beginning of the year	-	-
	5% Preference Shares issued during the year	100,000	-
	5% Preference Shares outstanding at the end of the year	100,000	-
	Preference Shares at the beginning of the year		

		-	-
	9% Preference Shares issued during the year	150,000	-
	9% Preference Shares outstanding at the end of the year	150,000	
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	-
	% age of holding	59.42	-
	b) Preference Shareholder Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal		
	Nos of Shares	250,000	-
	% age of holding	100.00	-
	c) Terms / rights to Equity Shares The Company has only one class of shares referred as equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. In the event for 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			
--5% Redeemable Cumulative Non- Convertible Preference Shares of Rs.1/- each, Redeemable at anytime before the expiry of 20 years from the date of allotment (i.e. 16th August, 2012) of the said preference shares 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.			
--9% Redeemable Cumulative Non- Convertible Preference Shares of Rs.1/- each, Redeemable at anytime between 16th February, 2014 to 15th August, 2017 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.			
3	Reserves & Surplus General Reserve Reserves and Surplus		
	Add: on account of amalgamation (Refer Note No26)	15,124,962	-
	Profit & Loss Accounts		

	Balance as per Profit and Loss Account	127,360	177,273
	Add: Profit /(Loss) on account of amalgamation (Refer Note 24)	(164,031,645)	-
	Add : Profit /(Loss) of current year	15,683,487	(49,913)
	Balance as per Profit and Loss Account	(148,220,798)	127,360
	Total	(133,095,837)	127,360
4	Long Term Borrowings Secured Loans		
	Term Loan from banks	24,739,099	
	Term Loan Granted by Bank is secured by First paripasu charge on the present and the future movable and immovable fixed assets of the Company. Second charge on all the current assets of the Company.		
	Total	24,739,099	-
5	Short Term Borrowings Unsecured Loans		
	Bodies Corporate	286,548,886	
	Director(s)	160,000	
	Total	286,708,886	-
6	Trade Payables		
	Dues to Micro, Small & Medium Enterprises	-	-
	Others	6,535,597	308,427
	Total	6,535,597	308,427
7	Other Current Liabilities		
	Statutory Liability	130,247	
	Current maturities of Long term debt		

		17,625,000	
	Others	14,029,480	
	Total	31,784,727	-
8	Fixed Assets		
	A) Gross Block - Tangible Assets	37,275,521	
	Less : Depreciation	15,058,691	
	Net Block	22,216,830	-
	B) Gross Block - Intangible Assets	300,000,000	
	Less : Depreciation	30,000,000	
	Net Block	270,000,000	-
	Total	292,216,830	-

9	Non Current Investments Un Quoted:		
	10,20,000 Eq. Shares of Mens Club s.pa. Italy	300,000	300,000
	Total	300,000	300,000
10	Long Term loans & advances		
	Advance Tax	2,809,485	
	Total	2,809,485	-
11	Other non current asset		
	Mat Credit entitlement Receivable	4,339,542	
	Total	4,339,542	-

12	Inventories		
	A) Raw material	500,000	
	B) Finished Goods	3,111,240	
	Total	3,611,240	-
13	Trade Receivables		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	2,320,383	-
	Other Trade receivables Un Secured, considered good	-	-
	Total	2,320,383	-
14	Cash & Cash Equivalent		
	A) Cash in hand	686	
	B) Balances with Banks		
	i) Current Accounts	2,573,835	375,787
	ii) Fixed Deposits	955,226	
	Total	3,529,747	375,787
15	Short Term loans & Advances		
	A) Deposits	3,100,396	
	B) Others	12,885,233	260,000
	Total	15,985,629	260,000
16	Other Current Assets		
	Interest Receivable	806,664	
	Total	806,664	-

Note No.	PARTICULARS	For the year ended 31-Mar-2013	For the year ended 31-Mar-2012
17	Revenue from operations		
	A. Sale of products		
	Export Sales	84,427,258	-
	Local Sales	42,146,928	-
		126,574,186	-
	B. Other Operating Revenue		
	Job Work Income	5,007,668	-
	Duty Drawback	6,947,286	-
		11,954,954	-
	Total	138,529,140	-
18	Other Income		
	Profit / (Loss) On Sale of assets (net)	235,445,220	-
	Miscelleneuos Income	80,471	-

	Total	235,525,691	-
19	Material Consumed		
	A: Material Consumed - Fabric		
	Opening Stock	-	
	Add : Stock on amalgamation of garment business (Refer Note No.24)	39,308,826	
	Add: Purchase during the year	41,805,055	
	Add: Carriage Inward	1,251,098	
	Less: Closing Stock	500,000	
	Material Consumed - Fabric	81,864,979	-
	B: Material Consumed - Accessories		
	Purchase during the year	13,206,851	
	Material Consumed - Accessories	13,206,851	-
	Material Consumed (A+B) Total	95,071,829	-
20	Increase Decrease in WIP & FG		
	Opening Stock	-	
	Add : Stock on amalgamation of garment business (Refer Note No.24)		
	WIP	24,150,749	
	Finished Goods	26,901,561	
		51,052,310	
	Closing Stock		
	WIP	-	
	Finished Goods	3,111,240	
		3,111,240	

	(Increase) / Decrease in WIP & FG	47,941,070	-
	Increase / (Decrease) in Excise Duty	(2,400,827)	
	Net (Increase) / Decrease in WIP & FG	45,540,243	
21	Employee Benefit Expenses		
	Salaries and Wages	55,493,678	
	Contribution to PF and other Funds	8,174,829	
	Staff Welfare Exp	436,950	
	Total	64,105,457	-
22	Finance Cost		
	Interest Expenses		
	Interest on Term Loans	11,796,370	
	Interest on Others	121,108	-
	Interest on Working capital	12,508,517	
	Less: Interest Income	(116,977)	
		24,309,018	
	Bank Charges	899,309	
	Total	25,208,327	-
23	Other Expenses		
	Job Work Charges	4,921,923	
	Power & Fuel	2,485,724	
	Consumables	465,773	
	Lease Rent	42,716,371	

Telephone Exp	365,613	
Travelling & Conveyance	3,924,011	
Rates & Taxes (incl Filing Fee)	2,470,233	
Repairs & maintenance - Others	2,702,998	
Professional Charges	3,020,298	10,647
Clearing & Freight Charges	2,186,086	
Auditor's Remuneration	325,000	8,427
Insurance	37,857	
Commission & Discount Exp	7,607,324	
Security Expenses	1,966,961	
Misc Exp	4,167,737	30,839
Total	79,363,909	49,913

Note : 24

Composite Scheme of Arrangement and Amalgamation

1 The Composite Scheme of Arrangement and Amalgamation ('Scheme') under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 between Morarjee Textiles Limited ('MTL'), Five Star Mercantile Ltd (FSML / the Company) and Morarjee Holding Private Limited ('MHPL') and their respective shareholders, has been sanctioned by the Honorable High Court of Judicature at Bombay vide its Order dated 29th June 2012 and has been made effective on filing of the certified copies of the Order of the court on 17th July, 2012 ('Effective date'). The Scheme, inter alia, provides for the demerger of Integra Division of the Company pertaining to garment manufacturing business along with its investments in MHPL into the Company with Appointed Date as April 01, 2011. Under the same composite scheme, MHPL would be merged with the Company with Appointed Date as January 01, 2012.

2 Pursuant to demerger:

- a. Integra Division pertaining to Garment Manufacturing Undertaking of MTL has been transferred to the Company on a going concern basis.
- b. As a consideration:
 - One fully paid Equity Share of Rs.3 each of the Company shall be issued and allotted for every one fully paid Equity Share of Rs. 10 each held in MTL;
 - One fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1 each of the Company shall be issued and allotted for every 10 fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each held in MTL; and
 - One fully paid 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1 each of the Company shall be issued and allotted for every 10 fully paid 9% Redeemable Cumulative

Non-Convertible Preference Shares of Rs. 100 each held in MTL.

- c. The existing equity shares of the Company held by MTL shall without any application or deed, stand cancelled without any payment.
 - d. The difference between excess of the book value of assets over the book value of liabilities transferred of the Integra Division transferred from MTL and the amount credited as share capital after adjusting the reduction in the capital shall be debited/credited to Business Reconstruction account of FSML.
- 3 Since the treatment of the aforesaid scheme is given effect in the current year, the figures for the current year to that extent are not comparable with those of the previous year.
- 4 Pursuant to merger:
The Company has carried out the accounting treatment prescribed in the Scheme as approved by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard 14 have been provided. Hence, in accordance with the Scheme:
- a. All the assets and liabilities in the books of MHPL shall stand transferred and vested in the Company and shall be recorded by the Company at their respective fair values.
 - b. The investments in the equity share capital of the MHPL as appearing in the books of accounts of the Company, as on the appointed date of merger, shall stand cancelled
 - c. The difference, between the fair value of assets and the fair value of liabilities transferred to the Company after adjusting for the inter-company investments and balances, if any and after adjusting the balance in Business Reconstruction Account created pursuant to demerger be credited to General Reserve Account.
- 5 Pursuant to the Composite Scheme, the name i.e. FSML stands changed to Integra Garments and Textiles Ltd w.e.f. 10th August, 2012

Note -25

Rs in lacs

a Consumption of Raw Materials

Fabric

Accessories

Year Ended 31-03-2013	Year Ended 31-03-2012
Value (Rs Lacs)	Value (Rs Lacs)
818.64	-
132.07	-
950.71	-

Value of Imported and Indigenous Raw Materials, Stores spares Parts &

b Components Consumed

Raw Material

Imported

Indigenous

Year Ended 03-2013	31-	Year Ended 2012	31-03-
Rs Lacs	%	Rs Lacs	%
77.28	8.13%	-	
873.43	91.87%	-	
950.71	100.00%	-	

c CIF Value of Import & Expenses in Foreign Currency and Earning in Foreign Currency

Rs in lacs

Rs. In Lacs	Year Ended 31-03- 2013	Year Ended 31-03-2012
Raw Material		
a) CIF Value of Import		
i) Raw Material	77.28	-
b) Earning in Foreign Currency	829.76	-

Rs in lacs

d Particulars	Year Ended 31-03- 2013	Year Ended 31-03-2012
	Value Rs Lacs	Value Rs Lacs
Turnover-Readymade Garments	1265.74	
Finished Goods	31.11	
		-

Rs in lacs

Auditors Remuneration	Year Ended 31-03- 2013	Year Ended 31-03-2012
e		
Audit Fees	2.50	0.08
Tax Audit Fees		-

0.75	
3.25	0.08

26 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

27 The Company is engaged in Manufacturing of textiles Products which is Considered as the only reportable business segment.

28 List of related Parties with whom transaction have taken place during the year

		Rs in lacs	
Details of Transactions are as follows:		Year ended 31-Mar-2013	Year ended 31-Mar-2012
a	Land sold to related party Morarjee Textiles Ltd	4,051.00	-
b	Loan repaid to Related party Morarjee Textiles Ltd	3,749.51	-

29 Lease Rent includes rent, compensation paid to landlord and service tax amount with interest.

30 Earnings Per Share (Basic & Diluted)	Current Year	Previous Year
a. Profit / (Loss) after Tax	15,683,487	(49,913)
Less: Preference Share dividend	11,556	-
	15,671,931	(49,913)
b. Number of Shares (Weighted Average)	36,332,349	20,383
c. Earnings Per Share (Rs)	0.43	(2.45)

As per our report of even date

**For D.Dadheech & Co
Chartered Accountants
FRN No.101981W**

Director

**Devesh H Dadheech
Proprietor
M.No.33909**

Director

Place : Mumbai

AUDITOR'S REPORT TO THE MEMBERS OF INTEGRA GARMENTS AND TEXTILES LIMITED

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

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

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 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 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 internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

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 March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and 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 Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For D. Dadheech & Co.
Chartered Accountants
FRN: 101981W

Devesh H. Dadheech
(Proprietor)
Membership No. : 033909

Place: Mumbai
Date: 15/06/2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Integra Garments and Textiles Limited on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1. a) The Company is in the process of compiling records showing full particulars including quantitative details and situation of Fixed Assets..
 - b) Fixed Assets were physically verified by the management at the end of the year but discrepancies, if any will be evident only after the records are compiled.
 - c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
2. a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification

between the physical stocks and book records were not material and have been properly dealt with in the books of account.

3. a] The Company has not granted any loans to any company covered in the register maintained under section 301 of the Companies Act, 1956.

In view of clause 4(iii) (c) of the companies (Auditor's Report) Order 2003, Clause 4 (iii) (b, c & d) are not applicable to the company.

- b] The Company has not accepted loans from the Parties covered in the register maintained under section 301 of the Companies Act, 1956.

In view of clause 4(iii) (c) of the companies (Auditor's Report) Order 2003, Clause 4 (iii) (b, c & d) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods and services. There is no major weaknesses in the aforesaid internal control procedures.

5. a] There are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 and accordingly clause 4 (v) are not applicable to the Company.

In view of clause 4(v) (a) of the companies (Auditor's Report) Order 2003, Clause 4 (v) (b) is not applicable to the company.

6. The Company has not accepted any deposits from public and hence provisions of clause 4 (vi) are not applicable to the company.

7. In our opinion, the Company has an adequate internal audit system, commensurate with its size and nature of business.

8. We are informed that the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the Company's business.

9. a] The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.

- 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, Excise Duty, dues which have not been deposited with respective authorities:

Nature of Statute	Nature of Dues	Financial Year	Amount Rs
Customs Tariff Act 1975	Customs Duty	Upto 2005-06	88,10,910

10. The Company has not incurred any cash loss in the current year.
11. The Company has not defaulted during the year in repayment of due to any financial institutions, banks.
12. The Company has not granted loans or 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 or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing in or trading in shares, securities, debenture and other investments, Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order,2003 are not applicable to the Company.
15. The Company has not given any guarantee during the year.
16. The term loans taken during the year are utilized for the purpose for which it was taken.
17. According to the information and explanations received, the company has not applied short term borrowings for long term use.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares of parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year
21. As per the information and explanations given to us no material fraud on or by the Company has been noticed or reported during the year.

For D. Dadheech & Co.
Chartered Accountants
FRN: 101981W

Devesh H. Dadheech
(Proprietor)
Membership No. : 033909

Place: Mumbai
Date: 15/06/2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March , 2013

Rs in lacs

Cash Flow Statement	31st March, 2013	
	Amount	Amount
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit :		156.83
Depreciation	446.69	
Interest Expenses	252.08	
Adjustment on amalgamation	(1433.58)	
Profit on Sale of Assets (net)	(2354.45)	
		(3089.26)
Operating Profit Before Working Capital Changes		(2932.42)
Adjustments for Changes in Working Capital		
(Increase)/ Decrease in Trade and Other Receivables	1357.20	
(Increase) /Decrease in Inventories	707.94	
Increase/(Decrease) in Trade Payables	(1369.85)	
		695.29
Cash From Operating Activities		(2237.13)
Less: Income Tax Paid (MAT)		0.00
Net Cash From Operating Activities	(A)	(2237.13)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(0.61)	
Sale of Fixed Assets	4552.33	
Net Cash Used in Investing Activities	(B)	4551.72
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	(1093.91)	
Increase/ (Decrease) in Short term Borrowings	(1053.38)	
Interest Paid	(252.08)	
Net Cash Used in Financing Activities	(C)	(2399.37)
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)		(84.79)
Cash and Cash Equivalents at the beginning of the year		3.76
Cash and Cash Equivalents as per scheme of merger		116.33
Cash and Cash Equivalents at the end of the year		35.30

**For & on Behalf of
D.Dadheech & Co
Chartered Accountants
FRN No.101981W**

Director

**Devesh H Dadheech
Proprietor
M.No.33909**

Director

**Place : Mumbai
Date : 15/06/2013**

AUDITOR'S REPORT

TO THE MEMBERS OF THE FIVESTAR MERCANTILE PVT. LTD.

1. We have audited the attached Balance Sheet of **Fivestar Mercantile Private Limited** as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis of our opinion.
3. Further, to our comments in Annexure referred to above, 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 purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Company's Act, 1956.
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give information required by the Company's Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India;

- i) in the case of Balance Sheet, of the state of affairs of the Company as on at 31st March, 2010; and
- ii) in the case of Profit and Loss Account of the loss of the Company for the year ended on that date.

For **AMIT DESAI & CO**
Firm's Registration
No: 130710W
Chartered Accountants

Mumbai :

(AMIT DESAI)
Proprietor

FIVESTAR MERCANTILE PVT. LTD.
BALANCE SHEET AS AT 31 ST MARCH , 2010

	<u>Sch.</u>	<u>AS AT</u> 31-Mar-10 <u>Rs.</u>	<u>AS AT</u> 31-Mar-09 <u>Rs.</u>
<u>SOURCES OF FUNDS:</u>			
Share Capital	" A "	100,000	100,000
Reserves & Surplus		280,187	588,532
Unsecured Loans	"B"	<u>2,777,350</u>	<u>1,795,942</u>
Total		<u><u>3,157,537</u></u>	<u><u>2,484,474</u></u>

APPLICATION OF FUNDS:

Current Assets , Loans and Advances:

Current Assets	"C"	3,427,223	3,421,387
Current Liabilities and			
<u>Less:</u> Provisions	"D"	<u>274,404</u>	<u>942,305</u>
Net Current Assets		3,152,819	2,479,082

Miscellaneous Expenditure:
(To the extent not written off or adjusted)

Preliminary Expenditure	"E"	4,718	5,392
Total		<u><u>3,157,537</u></u>	<u><u>2,484,474</u></u>

Notes to Accounts "F"

As per our report of even date

For Amit Desai & Co
Chartered Accountants

For Fivestar Mercantile Pvt
.Ltd.

(Amit Desai)
Proprietor
Mumbai:

Director Director

FIVESTAR MERCANTILE PVT. LTD.
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH ,2010

	<u>AS AT</u> <u>31-Mar-10</u> <u>Rs.</u>	<u>AS AT</u> <u>31-Mar-09</u> <u>Rs.</u>
<u>INCOME:</u>		
Interest (TDS Rs.2760982/-)(PY Rs. 6,58,009/-)		60,119,161
Total	-	60,119,161
<u>EXPENSES:</u>		
Audit Fees	8,272	8,272
Filing Fees	600	3,600
Other Expenses	291	180
Interest Expenses	296,508	59,263,729
Professional Fees	2,000	-
Preliminary Expenses Written Off	674	674
Total	308,345	59,276,455
Profit / Loss Before Taxes	(308,345)	842,706
Provision for Tax	-	260,187
Profit/(Loss) After Tax	(308,345)	582,519
Balances brought forward	588,532	6,013
Profit/ (Loss) for the year c/f to Balance Sheet	280,187	588,532
Earning Per Share-Basic and Diluted	(30.83)	58.25

Notes to Accounts

"F"

As per our report of even date
For Amit Desai & Co
Chartered Accountants

For Fivestar Mercantile Pvt .Ltd.

(Amit Desai)
Proprietor
Mumbai:

Director

Director

FIVESTAR MERCANTILE PVT. LTD.
SCHEDULES FORMING THE PART OF THE BALANCE SHEET
AS AT 31 ST MARCH, 2010

Sch

	<u>AS AT</u> <u>31-Mar-</u> <u>10</u> <u>Rs.</u>	<u>AS AT</u> <u>31-Mar-09</u> <u>Rs.</u>
<u>SHARE CAPITAL:</u>	"A"	
<u>Authorised Capital:</u>		
10,000 Equity Shares of Rs. 10/-each	<u>100,000</u>	<u>100,000</u>
 <u>Issued ,Subscribed & Paid Up:</u>		
10,000 Equity Shares of Rs.10/- each fully paid	<u>100,000</u>	<u>100,000</u>
 <u>UNSECURED LOAN:</u>	"B"	
Loan from a Company	<u>2,777,350</u>	<u>1,795,942</u>
 <u>CURRENT ASSETS, LOANS & ADVANCES:</u>	"C"	
Balance with Scheduled Bank in Current Account	8,229	2,393
TDS on Interest A Y 08-09	658,009	658,009
TDS on Interest A Y 09-10	<u>2,760,985</u>	<u>2,760,985</u>
	<u>3,427,223</u>	<u>3,421,387</u>
 <u>CURRENT LIABILITIES & PROVISIONS:</u>	"D"	
<u>Current Liabilities:</u>		
TDS on Interest	3,558	671,458
Audit Fees Payable	<u>8,271</u>	<u>8,272</u>
	11,829	679,730
 Provision for Tax	<u>262,575</u>	<u>262,575</u>
	<u>274,404</u>	<u>942,305</u>
 <u>MISCELLENOUS EXPENDITURE</u>	"E"	
(To the extent not written off or adjusted)		
Preliminary expenses	5,392	6,066
Less:Written Off During The Year	<u>674</u>	<u>674</u>
	<u>4,718</u>	<u>5,392</u>

FIVESTAR MERCANTILE PVT. LTD.

Schedule "F"

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2010**

1 Statement of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

(b) Revenue Recognition:

The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

(c) Fixed Assets:

There are no Fixed Assets owned by the Company.

(d) Depreciation:

No Depreciation is provided as there are no Fixed Assets.

(e) Foreign Currency Transactions:

The Company has not received or paid any Foreign Exchange.

(f) Investments:

There are no investments in the Company.

(g) Inventories:

There are no inventories held by the Company.

(h) Retirement Benefits:

Not Applicable, as there are no employees in the Company.

(i) Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of asset till such time as the asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(j) Taxation:

Provision for current tax is made, at the current rate of tax, based on assessable income computed on the basis of relevant tax rates and tax laws.

Deferred Taxes

The company has been advised that as there is no tax effect of timing difference based on the estimated computation for a reasonable period, there is no provision for deferred tax in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

(k) The Miscellaneous Expenses are written off in the year in which it is incurred.

2. Notes to Accounts

- (a) In the opinion of the Directors there are no contingent liabilities as at the Balance Sheet date.
- (b) During the year, the Company has changed it's policy to write off the Miscellaneous Expenses in the year in which it is incurred to be in line with Accounting Standard 26 issued by The Institute of Chartered Accountants of India. Had this change not taken place the loss would have been lower by Rs. 4,718/-
- (c) In the opinion of the directors, current assets have the value at which they are stated in the balance sheet, if realized in the ordinary course of business.
- (d) **Related Party Disclosures**
There are no transactions carried out with the related parties.
- (e) **Basic Earning Per Share**

	Current Year	Previous Year
Net Profit/(Loss) for the Year	(3,25,584)	5,82,519
Nos. of Equity Shares	10,000	10,000
Earning Per Share(Aveage and weighted)	(32.56)	58.25

3. The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date
For Amit Desai & Co
Chartered Accountants

For Fivestar Mercantile Pvt.Ltd.

(Amit Desai)
Proprietor
Mumbai:

Director

Director

AUDITOR'S REPORT

TO THE MEMBERS OF THE FIVESTAR MERCANTILE PVT. LTD.

1. We have audited the attached Balance Sheet of **Fivestar Mercantile Private Limited** as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis of our opinion.
3. Further, to our comments in Annexure referred to above, we report that :
 - g) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - h) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - i) the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - j) in our opinion, the Balance Sheet, Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - k) on the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Company's Act, 1956.
 - l) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give information required by the Company's Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India;

- iii) in the case of Balance Sheet, of the state of affairs of the Company as on at 31st March, 2011; and
- iv) in the case of Profit and Loss Account of the loss of the Company for the year ended on that date.

For **AMIT DESAI & CO**
Firm's Registration
No: 130710W
Chartered Accountants

(AMIT DESAI)

Proprietor

Mumbai :

FIVESTAR MERCANTILE PVT. LTD.
BALANCE SHEET AS AT 31 ST MARCH , 2011

<u>SOURCES OF FUNDS:</u>	<u>Sch.</u>	<u>AS AT</u> <u>31-Mar-11</u> <u>Rs.</u>	<u>AS AT</u> <u>31-Mar-10</u> <u>Rs.</u>
Share Capital	" A "	100,000	100,000
Reserves & Surplus		177,273	262,948
Unsecured Loans	"B"	-	2,777,350
Total		<u>277,273</u>	<u>3,140,298</u>

APPLICATION OF FUNDS:

Current Assets , Loans and Advances:

Current Assets	"C"	392,042	3,427,223
<u>Less:</u> Current Liabilities and Provisions	"D"	114,769	286,925
Net Current Assets		277,273	3,140,298

Miscellaneous Expenditure:

(To the extent not written off or adjusted)

Preliminary Expenditure	"E"	-	-
Total		<u>277,273</u>	<u>3,140,298</u>

Notes to Accounts

As per our report of even date
For Amit Desai & Co
Chartered Accountants
Firm's Reg.No.130710W

For Fivestar Mercantile Pvt .Ltd.

(Amit Desai)
Proprietor

Director

Director

Mumbai:

FIVESTAR MERCANTILE PVT. LTD.
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST
MARCH ,2011

	<u>AS AT</u> <u>31-Mar-11</u> <u>Rs.</u>	<u>AS AT</u> <u>31-Mar-10</u> <u>Rs.</u>
<u>INCOME:</u>		
Interest on FD	20,087	-
Interest on IT Refund	324,565	-
Total	344,652	-
<u>EXPENSES:</u>		
Audit Fees	8,272	8,272
Filing Fees	600	600
Other Expenses	-	291
Interest Expenses	314,958	296,508
Professional Fees	-	2,000
Preliminary Expenses Written Off	-	5,392
Total	323,830	313,063
Profit / Loss Before Taxes	20,822	(313,063)
Prior Period Item (Short Prov.AY 08-09)	-	(12,521)
Provision for Tax	106,497	-
Profit/(Loss) After Tax	(85,675)	(325,584)
Balances brought forward	262,948	588,532
Profit/ (Loss) for the year c/f to Balance Sheet	177,273	262,948
Earning Per Share-Basic and Diluted	(8.57)	(32.56)

Notes to Accounts

"F"

As per our report of even date
For Amit Desai & Co
Chartered Accountants
Firm's Reg.No.130710W

For Five Star
Mercantile
Pvt Ltd

(Amit Desai)
Proprietor

Director Director

Mumbai:

FIVESTAR MERCANTILE PVT. LTD.
SCHEDULES FORMING THE PART OF THE BALANCE SHEET
AS AT 31 ST MARCH , 2011

Sch

	<u>AS AT</u> <u>31-Mar-11</u> <u>Rs.</u>	<u>AS AT</u> <u>31-Mar-10</u> <u>Rs.</u>
<u>SHARE CAPITAL:</u>	"A"	
<u>Authorised Capital:</u>		
10,000 Equity Shares of Rs. 10/-each	100,000	100,000
<u>Issued ,Subscribed & Paid Up:</u>		
10,000 Equity Shares of Rs.10/- each fully paid	100,000	100,000
<u>UNSECURED LOAN:</u>	"B"	
Loan from a Company	-	2,777,350
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>	"C"	
Balance with Scheduled Bank in Current Account	47,744	8,229
Loans & Advneces	245,000	-
Advance Tax AY 2011-12	97,289	-
TDS on interest AY 2011-12	2,009	-
TDS on Interest A Y 08-09	-	658,009
TDS on Interest A Y 09-10	-	2,760,985
	392,042	3,427,223
<u>CURRENT LIABILITIES & PROVISIONS:</u>	"D"	
<u>Current Liabilities:</u>		
TDS on Interest	-	3,558
Audit Fees Payable	8,272	8,271
	8,272	11,829

Provision for Tax	106,497	275,096
	<u>114,769</u>	<u>286,925</u>
<u>MISCELLENOUS EXPENDITURE</u> (To the extent not written off or adjusted)	"E"	
Preliminary Expenses	-	5,392
Less: Written Off During The Year	-	<u>5,392</u>
	<u>-</u>	<u>-</u>

FIVESTAR MERCANTILE PVT. LTD.

Schedule "F"

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2011**

2 Statement of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

(b) Revenue Recognition:

The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

(c) Fixed Assets:

There are no Fixed Assets owned by the Company.

(d) Depreciation:

No Depreciation is provided as there are no Fixed Assets.

(e) Foreign Currency Transactions:

The Company has not received or paid any Foreign Exchange.

(f) Investments:

There are no investments in the Company.

(g) Inventories:

There are no inventories held by the Company.

(h) Retirement Benefits:

Not Applicable, as there are no employees in the Company.

(i) Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of asset till such time as the asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(j) Taxation:

Provision for current tax is made, at the current rate of tax, based on assessable income computed on the basis of relevant tax rates and tax laws.

Deferred Taxes

The company has been advised that as there is no tax effect of timing difference based on the estimated computation for a reasonable period, there is no provision for deferred tax in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

2. Notes to Accounts

(d) In the opinion of the Directors there are no contingent liabilities as at the Balance Sheet date.

(e) In the opinion of the directors, current assets have the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

(c) **Related Party Disclosures**

There are no transactions carried out with the related parties.

(d) **Basic Earning Per Share**

	Current Year	Previous Year
Net Profit/(Loss) for the Year	(85,675)	(3,25,584)
Nos. of Equity Shares	10,000	10,000
Earning Per Share(Aveage and weighted)	(8.57)	(32.56)

(e) SME parties are not identified

4. The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date
For Amit Desai & Co
Chartered Accountants
Firm's Reg.No.130710W

For Fivestar Mercantile Pvt.Ltd.

(Amit Desai)
Proprietor
Mumbai:

Director

Director

AUDITOR'S REPORT

TO THE MEMBERS OF THE FIVESTAR MERCANTILE PVT. LTD.

We have audited the attached Balance Sheet of Fivestar Mercantile Limited ('the Company') as at March 31, 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. The balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, 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 March 31, 2012;
 - b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and

3. the Company being a Private Limited Company with a paid up Capital and reserves not more than Rs. Fifty Lakh and does not have loan outstanding exceeding Rupees Twenty Five Lakh from any bank or financial institution and does not have a turnover exceeding Rupees Five Crore at any point of time during the financial year under audit, the provision of Companies (Auditor's Report) Order, 2003 and not applicable for the period under review.

For M/s D.Dadheech & Co

Chartered Accountants

F R No. 101981W

Devesh Dadheech

Proprietor

M No.33909

FIVESTAR MERCANTILE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Amt. in Rs.

Particulars	Note No.	31-Mar-12	31-Mar-11
<u>EQUITY AND LIABILITIES</u>			
Shareholders Funds			
Share Capital	2	500,000	100,000
Reserve & Surplus	3	127,360	177,273
Current Liabilities			
Trade payables	4	308,427	8,272
Short - Term provisions	5	-	106,497
TOTAL.....		935,787	392,042
<u>ASSETS</u>			
Non-Current Assets			
Non-Current Investments	6	300,000	-
Current assets			
Cash & Cash Equivalents	7	375,787	47,744
Other Current assets	-	-	-
Short-term Loans and Advances	8	260,000	344,298
TOTAL.....		935,787	392,042

SIGNIFICANT ACCOUNTING POLICIES

1

As per our report of even date

For M/s D.Dadheech & Co

Chartered Accountants

Devesh Dadheech

Proprietor

Mumbai:

For Fivestar Mercantile Ltd

Director

Director

FIVESTAR MERCANTILE LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amt. in Rs.

PARTICULARS	Note No.	31-Mar-12	31-Mar-11
INCOME:			
Revenue from operations		-	-
<u>Other Income</u>			
Interest in IT Refund			324,565
Interest on Fixed Deposit		-	20,087
Total Revenue		-	344,652
EXPENSES:			
Auditor's Remuneration		8,427	8,272
Filing Fees		21,400	600
Professional Fees		10,647	-
Miscellaneous Expenses		9,439	-
Total Expenses before finance cost		49,913	8,872
Finance cost		-	314,958
Total expenses including finance cost		49,913	323,830
Profit before tax		(49,913)	20,822
Tax expense:			
Current Year		-	106,497
Profit/ (Loss) after tax		(49,913)	(85,675)
Profit / (Loss) carried to the balance sheet		(49,913)	(85,675)

Earning Per equity share:			
Basic & Diluted		(1.00)	(8.57)
SIGNIFICANT ACCOUNTING POLICIES	1		

As per our report of even date

For M/s D.Dadheech & Co
Chartered Accountants

Devesh Dadheech
Proprietor
Mumbai:

For Fivestar
Mercantile Ltd

Director

Director

NOTES TO BALANCE SHEET

NOTE : 2 **SHARE CAPITAL** Amt. in Rs.

Particulars	31-Mar-12	31-Mar-11
Authorised		
(5,000) Eq,Shares of Rs.10/- each)	50,000	100,000
	50,000	100,000
Issued, Subscribed and Paid up		
(50,000) Eq,Shares of Rs.10/- each)	500,000	100,000
	500,000	100,000

Disclosure pursuant to Point no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31st March 2012		As at 31 March 2011	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the Period	10,000	100,000	10,000	100,000
Shares Issued during the Period	40,000	400,000	-	-
Shares Cancelled as per the scheme	-	-	-	-
Shares outstanding at the end of the Period	50,000	500,000	10,000	100,000

Disclosure pursuant to Point no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31st March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Morarjee Textiles Ltd	49,994	99.988	4,999	49.99
Urvi A Piramal Jointly with Morarjee Textiles Ltd.	1	0.002	-	0
Harsh A Piramal Jointly with Morarjee Textiles Ltd.	1	0.002	1,667	16.67
Rajeev A Piramal with Morarjee Textiles Ltd	1	0.002	1,667	16.67

Nandan A Piramal Jointly with Morarjee Textiles Ltd	1	0.002	1,667	16.67
Mahesh S Gupta Jointly with Morarjee Textiles Ltd	1	0.002	-	0
S.C.Kashimpuria Jointly with Morarjee Textiles Ltd	1	0.002	-	0

NOTE : 3 RESERVES AND SURPLUS

Particulars	31-Mar-12	31-Mar-11
Profit & Loss Accounts		
Balance as per Profit and Loss Account	177,273	262,948
Add : Profit /(Loss) of current year	(49,913)	(85,675)
Balance as per Profit and Loss Account	127,360	177,273
Closing Balance of Reserve and surplus	127,360	177,273

NOTE : 4 TRADE PAYABLES

Particulars	31-Mar-12	31-Mar-11
Other Payables	308,427	8,272
	308,427	8,272

NOTE : 5 SHORT TERM PROVISIONS

Particulars	31-Mar-12	31-Mar-11
Provision for tax AY 2011-12	-	106,497
	-	-
	-	106,497

NOTE : 6 OTHER NON CURRENT INVESTMENT

Particulars	31-Mar-12	31-Mar-11
Investments (At Cost)		
<u>Un Quoted</u>		
10,20,000 Eq.Shares of Mens Club s.p.a.Italy	300,000	-

	-	-
	300,000	

NOTE : 7 CASH AND CASH EQUIVALENTS

Particulars	31-Mar-12	31-Mar-11
Balance with banks in current Accounts	375,787	47,744
	375,787	47,744

NOTE : 8 SHORT TERM LOANS AND ADVANCES

Particulars	31-Mar-12	31-Mar-11
<u>Unsecured, Considered Good</u>		
Advance Tax AY 2011-12	-	97,289
TDS AY 2011-12	-	2,009
Loan to Lifestar Hospitality Pvt. Ltd.	260,000	245,000
	260,000	344,298

FIVESTAR MERCANTILE LIMITED

Note 1

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

3 Statement of Significant Accounting Policies

(a) **Basis of Preparation**

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

(b) **Revenue Recognition:**

The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

(c) **Fixed Assets:**

There are no Fixed Assets owned by the Company.

(d) **Depreciation:**

No Depreciation is provided as there are no Fixed Assets.

(e) **Foreign Currency Transactions:**

The Company has not received or paid any Foreign Exchange.

(f) **Investments:**

Investments are stated at cost. The Investments are physically verified as on the date of the Balance Sheet (where the same is in physical mode) by the management and on which the auditors have kept reliance.

(g) **Inventories:**

There are no inventories held by the Company.

(h) **Retirement Benefits:**

Not Applicable, as there are no employees in the Company.

(i) **Borrowing Cost:**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of asset till such time as the asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(j) **Taxation:**

Provision for current tax is made, at the current rate of tax, based on assessable income computed on the basis of relevant tax rates and tax laws.

Deferred Taxes

The company has been advised that as there is no tax effect of timing difference based on the estimated computation for a reasonable period, there is no provision for deferred tax in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

2. **Notes to Accounts**

(f) Company had filed the petition in the High Court on 20th March 2012 in the matter of composite scheme of Arrangement and Amalgamation between Morarjee Textiles Ltd and Fivestar Mercantile Ltd and Morarjee Holdings Pvt.Ltd. As on the date of Balance sheet Company is awaiting the Order from Hon'ble Bombay High Court.

(g) In the opinion of the directors, current assets have the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

(c) **Related Party Disclosures**

There are no transactions carried out with the related parties.

(d) **Basic Earning Per Share**

	Current Year	Previous Year
Net Profit/(Loss) for the Year	(49,913)	(85,675)
Nos. of Equity Shares	50,000	10,000
Earning Per Share(Aveage and weighted)	(1.00)	(8.57)

5. The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date
For D.Dadheech & Co
Chartered Accountants

For Fivestar Mercantile Ltd.

(Devesh Dadheech)

Proprietor
Mumbai:

Director

Director

MANAGEMENT DISCUSSION AND ANALYSIS

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our restated financial statements included in this Information Memorandum, along with the section titled "Financial Information" beginning on page no. 88 of this Information Memorandum. You should also read the section titled "Risk Factors" beginning on page no. 9 of this Information Memorandum, which discusses a number of factors and contingencies that could impact our Company's financial condition, results of operations and cash flows.

The following discussion relates to our Company and is based on our Company's restated financial statements, which have been prepared in accordance with Indian accounting standards referred to in Section 211(3C) of the Companies Act and the other applicable provisions of the Companies Act. Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section entitled "Definitions and Abbreviations" beginning on page 3 of this Information Memorandum.

SECTION – VI
LEGAL & OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

M/s. Gopala Krishna Fabrics has filed a suit for recovery of Rs. 24,96,295 against erstwhile Integra Apparels & Textiles Limited. The case is still pending.

SECTION – VII

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for Listing

The Hon'ble High Court of Bombay, vide its Order dated 29th June, 2012 has approved the Scheme of Demerger between MTL, FSML and Morarjee Holdings Private Limited and their respective members & creditors (the "Scheme"). In accordance with the said Scheme, the Equity Shares allotted to the shareholders of FMSL Shall, subject to applicable regulations, be listed and admitted to trading on Bombay Stock Exchange Ltd., Mumbai ("BSE") and National Stock Exchange of India Limited. ("NSE").

Eligibility Criteria

Application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated Bombay Stock Exchange as the Designated Stock Exchange for the aforesaid listing of shares. The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

Prohibition by SEBI

The Company, its Directors, its promoters, other companies promoted by the promoters and companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Disclaimer Statement by the Company

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 03, 2009 or any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his own risk.

Disclaimer Clause of BSE

As required, a copy of this Information Memorandum has been submitted to BSE. BSE has vide its letter dated 4th December 2013 approved the scheme under clause 24(f) of the Listing Agreement and by virtue of this approval the name of BSE has been included as one of the stock exchanges in which Company's securities are proposed to be listed.

Disclaimer Clause of NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated 10th December, 2013 approved the scheme under clause 24(f) of the Listing Agreement and by virtue of this approval the name of NSE has been included as one of the stock exchanges in which Company's securities are proposed to be listed.

Filing

Copies of this Information Memorandum was filed with BSE, NSE in compliance with the directive issued by SEBI vide its letter bearing Reference No. CFD / DIL / PB / MS / 160750 / 2009 dated April20,2009.

Listing

Applications will be made to BSE and NSE, for permission to deal in and for an official quotation of the Equity Shares of the Company. Our Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares.

Our Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

SECTION –VIII
OTHER INFORMATION

DOCUMENTS FOR INSPECTION

Documents for Inspection:

1. Memorandum and Articles of Association, as amended till date.
2. Certification of incorporation & other certificates.
3. Scheme of Arrangement sanctioned by the Hon.ble High Court of Judicature at Bombay vide its order dated June26, 2012.
4. ROC filing of the Scheme as on July17, 2012
5. Letters of approval from BSE and NSE dated 3rd February, 2012, conveying there. No Objection. to the Scheme under Clause 24(f) of the Listing Agreement.
6. Tripartite Agreement between the Company, the RTA and NSDL dated 4th May, 2012.
7. Tripartite Agreement between the Company, the RTA and CDSL dated 25th April, 2012.

MAIN PROVISIONS OF THE ARTICLE OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of Integra Garments and Textiles Limited are detailed below:

INTERPRETATION

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 INTEGRA GARMENTS AND 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.

SHARE CAPITAL AND VARIATION OF RIGHTS

2. (1) The Authorised Share Capital of the Company is as mentioned in Capital Clause V in the Memorandum of Association of the Company with power from time to time to issue any shares of the Capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit, and upon the sub division of shares apportion the right to participate in profits in any manner as between the shares resulting from sub division.

- (2) The Company in general meeting may from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, shares of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as Directors shall determine, and in particular, such shares may be issued with a preferential or qualified rights to dividends and in distribution of assets of the Company and with a right of voting at general meeting in conformity with Sections 87 of the Act. Whenever capital of the Company has been increased under the provisions of the Article, the Directors shall comply with the provisions of Section 97 of the Act. The Company shall be entitled to dematerialize its shares, rematerialize its shares held in depositories and/or to offer its shares in dematerialize from pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

- (3) Subject to the provisions of section 80, the Company shall have the power to issue preference shares, which are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the resolution authorising such issue shall prescribe.

- (4) Subject to and in accordance with the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from

time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

3. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (2) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.
4. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
5. (1) The company may exercise the powers of paying commissions conferred by section 76 of the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.
- (2) The rate of the commission shall not exceed the rate prescribed by section 76 of the Act.
- (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- (4) The company may also, on any issue of shares, pay such brokerage as may be lawful.

6. Except as required by Law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

7. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive one certificate for all his shares or several certificates in denomination corresponding to market unit of trading on the Stock Exchange on which the Company's shares may be listed, without payment. The share certificate (s) shall be issued by the company within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Provided that no share certificate(s) shall be required to be issued for shares held in dematerialised form.
 - (2) Every certificate shall be under the Seal and shall specify the shares to which it relates and the amount paid up thereon.
 - (3) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
 - (4) The provisions of these Articles shall mutatis mutandis apply to the Debenture(s) of the Company.

8. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding the amount prescribed by the Act or by the Stock Exchange on which the Company's shares may be listed, and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the company in investigating evidence, as the directors think fit. Provided that the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange(s) on which the shares of the Company are listed or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to of the company.

LIEN

9. (1) The company shall have a first and paramount lien on every share (not being a fully-paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time, but not paid in respect of that share
- (2) 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.
- (3) The company's lien, if any, on a share shall extend to all dividends payable thereon.
- (4) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.
- (5) The provisions of these Articles shall mutatis mutandis apply to the Debentures of the Company.
10. The company may sell in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made-
- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall any irregularity or invalidity in the proceedings in reference to the sale affect his title to the shares.

12. (1) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

13. (1) The Board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
 - (3) A call may be revoked or postponed at the discretion of the Board.
14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
 15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate, if any, as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and

payable on the date on which by the terms of issue such sum becomes payable.

- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board-

- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate, if any, as may be agreed upon between the Board and the member paying such sum in advance. Provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (c) The members shall not be entitled to any voting rights in respect of the moneys so paid in advance of calls until the same would but for such payment, become presently payable.
- (d) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

TRANSFER OF SHARES

19. (1) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- (3) The provisions of these Articles shall mutatis mutandis apply to the Debenture(s) of the Company. executed by or on behalf of both the transferor and transferee.
20. Subject to the provisions of section 108, the shares in the Company shall be transferred in such form as may be prescribed by the Act.

Provided that nothing in this Article shall apply to transfer of shares effected by the transferor and the transferee, both or whom are entered as beneficial owners in the records of a Depository.

21. The Board may, subject to the provisions of section 111 of the Act and the applicable clauses of the Listing Agreement of the Stock Exchanges on which the Company's shares maybe listed, decline to register the transfer of shares (whether fully-paid or not) to any person (whether a member or not). But in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer.

Provided that registration of transfer shall not be refused only on the ground that the transferor, either alone or with another, is indebted to the Company on any account whatsoever.

22. The Board may also decline to recognise any instrument of transfer unless the instrument of transfer is duly stamped and completed and is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

Provided that in case of transfer of shares where the Company has not issued any certificates and/or where such shares are being held in electronic and fungible form, the provisions of the Depositories Act shall apply.

23. Subject to the provisions of section 154 and the applicable clauses of the Listing Agreement of the Stock Exchanges on which the Company's shares may be listed, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
24. No fee shall be charged for registration transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

TRANSMISSION OF SHARES

25. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (2) Nothing in clause (1) shall release the estate of a deceased joint

holder from any liability in respect of any share which had been jointly held by him with other persons.

26. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -
- (a) to be registered himself as holder of the share;
 - or
 - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
27. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
28. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or

other moneys payable in respect of the share, until the requirements of the notice have been complied with.

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

FORFEITURE OF SHARES

30. If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
31. The notice aforesaid shall -
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
33. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
34. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all moneys which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
- (2) The liability of such person shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.

35. (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- (2) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
36. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

37. The company may, by ordinary resolution, -
- (a) convert any paid-up shares into stock; and
- (b) reconvert any stock into paid-up shares of any denomination.
38. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
39. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards

dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

40. Such of the Articles of the company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those Articles shall include "stock" and "stockholder" respectively.

SHARE WARRANTS

41. The company may issue share warrants subject to, and in accordance with, the provisions of sections 114 and 115 of the Act; and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
42. (1) The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The company shall, on two days' written notice, return the deposited share warrant to the depositor.
43. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of a member at a meeting of the company, or be entitled to receive any notices from the company.

(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the company.

44. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

ALTERATION OF CAPITAL

45. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

46. 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.

47. The company may, by ordinary resolution, -

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section(1) of section 94;

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

48. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required, by law -

(a) its share capital;

(b) any capital redemption reserve account; or]

(c) any share premium account.

ISSUE OF DEBENTURES, ETC.

49. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting.
50. 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.

GENERAL MEETINGS

51. All general meetings other than annual general meetings shall be called extraordinary general meetings.
52. (1) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (2) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the company may call an extraordinary general meeting, in the same manner as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

53. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) Save as herein otherwise provided, five members present in person shall be a quorum.
54. The chairman, if any, of the Board shall preside as chairman at every

general meeting of the company.

55. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the directors present shall elect one of their member to be chairman of the meeting.
56. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their member to be chairman of the meeting.
57. (1) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
58. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
59. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

60. Subject to any rights or restrictions for the time being attached to any class or classes of shares, -
- (a) on a show of hands, every member present in person shall have one vote, and (b) on a poll, the voting rights of members shall be as laid down in section 87.

61. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
63. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
64. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(2) Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
65. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
66. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit.
67. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

68. The number of the directors shall not be less than three (3) and not more than twelve (12).
69. In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-
- (a) in attending and returning from meetings of the Board of directors or any committee thereof or general meetings of the company; or
 - (b) in connection with the business of the company.
70. The Directors of the Company shall not be required to hold any the qualification share in the company.
71. The Board may pay all expenses incurred in getting up and registering the company.
72. The company may exercise the powers conferred by section 50 with regard to having an official seal for use abroad, and such powers shall be vested in the Board.
73. The company may exercise the powers conferred on it by sections 157 and 158 of the Act with regard to the keeping of a foreign registers and the Board may (subject to the provisions of those sections) make and vary such Articles as it may think fit respecting the keeping of any such register.
74. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
75. Every director present at any meeting of the Board or of a committee thereof shall record his attendance.
76. (1) (a) The Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (b) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting

subject to the provisions of the Act.

- (2) The board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Articles shall not hold office for a period longer than that permissible to the Original Director in whose places he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of a retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
- (3) Subject to the provisions of Sections 262 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

PROCEEDINGS OF BOARD

77. (1) The Board of directors may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit.
(2) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
78. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
(2) In case of an equality of votes, the chairman of the Board, if any, shall have a second or casting vote.
79. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
80. (1) The Board may elect a chairman of its meetings and determine the period for which he is to hold office.

- (2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.
81. (1) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (2) Any committee so formed shall, in the exercise of the powers so delegated, conform to any Articles that may be imposed on it by the Board.
82. The Chairman of the Committee shall be such person as maybe appointed by the Board, failing which appointment, the committee may elect a chairman of its meetings.
83. (1) A committee may meet and adjourn as it thinks proper.
- (2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the chairman shall have a second or casting vote.
84. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
85. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

MANAGER OR SECRETARY

86. Subject to the provisions of the Act, -
- (1) a manager or secretary may be appointed by the Board for such

term, at such remuneration and upon such conditions as it may think fit; and any manager or secretary so appointed may be removed by the Board.

(2) a director may be appointed as manager or secretary.

87. A provision of the Act or these Articles requiring or authorizing a thing to be done by or to a director and the manager or secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the manager or secretary.

THE SEAL

88. (1) The Board shall provide for the safe custody of the seal.

(2) Every deed or other instrument to which the Seal is required to be affixed shall, unless the same is affixed and executed by a duly constituted attorney, be affixed and signed in the presence of at least one Director or the Secretary or such other person as the Board/Committee of the Board may appoint for this purpose. Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or such other statutory modifications or amendments thereof for the time being in force.

DIVIDENDS AND RESERVE

89. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

90. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

91. (1) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

- (2) The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as a reserve.
92. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
93. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
94. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
95. (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
96. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.
97. Notice of any dividend that may have been declared shall be given to the persons entitled to the shares therein in the manner mentioned in

the Act.

98. No dividend shall bear interest against the company.
99. The Company shall comply with the applicable provisions of Section 205A and 205C of the Act concerning transfer of unpaid/ unclaimed dividend to the Unpaid Dividend Account and the Investors Education & Protection Fund as the case may be.

ACCOUNTS

100. (1) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions the accounts and books of the company or any of them shall be open to the inspection of members not being directors.
- (2) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.

CAPITALISATION OF PROFITS

101. (1) The company in general meeting may, upon there commendation of the Board, resolve -
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards -
- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively,
- (ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid, or
- (iii) partly in the way specified in sub-clause (i) and partly in

that specified in sub-clause (ii).

(3) A share premium account and capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

102. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall -

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotment and issues of fully paid shares, if any, and

(b) generally do all acts and things required to give effect thereto.

(2) The Board shall have full power -

(a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fraction; and also

(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with "the company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application, thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

103. (1) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

- (2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

104. Every officer or agent for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 633 in which relief is granted to him by the court.

GENERAL AUTHORITY

105. 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.

DECLARATION

No statement made in this Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this issue have been duly complied with.

All the information contained in this Information Memorandum is true and correct.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS
OF INTEGRA GARMENTS AND TEXTILES LIMITED**

Sd/-

**R K Rewari
Managing Director**

**Place: Mumbai
Date: 12.08.2013**