

# **Integra Garments and Textiles Limited**

**6<sup>th</sup> ANNUAL REPORT**

**2012 - 2013**

## CORPORATE INFORMATION

### Board of Directors

Mr. Harshvardhan A. Piramal  
(Non- Executive Chairman)

Mr. R K Rewari  
(Managing Director)

### Independent Directors

Mr. Pramodkumar Akhramka  
Mr. Sridhar Rengan  
Mr. Vijay Maheshwari

### Company Secretary

Ms. Vrushali Nar

### Auditors:

M/s. D. Dadheech & Co.  
Chartered Accountants

### Bankers

Corporation Bank

### Registered Office

Plot No. G2- M.I.D.C. Industrial Estate,  
Post: Salai Dhaba, Butibori, Nagpur - 441108

### Share Transfer Agent

Freedom Registry Limited

### Registered Office

Plot No. 101/102, 19th Street, MIDC Area,  
Satpur, Nasik - 422 007.  
Email :support@freedomregistry.in

### Mumbai Liaisoning Office

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

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**6<sup>th</sup> Annual General Meeting** of the Company will be held on **Friday, 22<sup>nd</sup> November 2013**, at 9.30 a.m. at Plot No. G2- M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108

# NOTICE

NOTICE is hereby given that the 6<sup>th</sup> Annual General Meeting of the **Integra Garments and Textiles Limited** (formerly Known as Five Star Mercantile Limited) will be held at 9.30 a.m. on Friday, 22<sup>nd</sup> November 2013, at Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108, to transact the following business as:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2013 and Statement of Profit and Loss for the year ended on that date together with the Auditor's Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. Harshvardhan A Piramal, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. Sridhar Rengan, who was appointed as an Additional Director of the Company on 17<sup>th</sup> July, 2012 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** Mr. Vijay Maheshwari, who was appointed as an Additional Director of the Company on 7<sup>th</sup> August, 2012 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** Mr. Pramodkumar Akhramka, who was appointed as an Additional Director of the Company on 24<sup>th</sup> May, 2013 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

## NOTES:

1. The relative explanatory statements for the business set out under Item Nos.4, 5 and 6 of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> November to 22<sup>nd</sup> November 2013 (Both Days Inclusive).
4. Members holding shares in physical form are requested to notify immediately change of address, transfer, demat request, E-mail id, if any, to the Registrars and Transfer Agents of the Company quoting their Folio Number and those holding shares in demat mode are requested to notify any change in address, Bank Details, E-mail id to their respective depository participants and make sure that such changes are recorded by them.
5. Members/proxies are requested to bring their copies of Annual Report & duly filled admission/attendance slips sent herewith along with the copies of annual report at the meeting and produce the same at the entrance where the Annual General Meeting is held.
6. Corporate Members are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to the Registered Office well in advance so that the same may reach the office at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
8. Members who hold shares in electronic form are requested to write their DP Id and client Id numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting.
9. The details of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed hereto.
10. The Ministry of Corporate Affairs ("MCA") has, taken a Green initiative in Corporate Governance by allowing Paperless Compliances by the Companies for legal validity of compliances under the Companies Act, 1956 through Electronic Mode.

Henceforth, service of documents through electronic mode would be deemed to be an accepted mode of service in accordance with Section 53 of the Companies Act, 1956, provided the Company has obtained the email address of its members for sending the notice/ documents, etc. through e-mode.

The Company therefore requests its shareholders to register their e-mail address and changes therein from time to time with its Share Transfer Agent / Depository Participant, so as to carry out this Green Drive of MCA.

11. The Annual Report of your Company for the Financial Year 2012-13 is displayed on the website of the Company i.e. [www.integragarments.com](http://www.integragarments.com).
12. Members are requested to register their E-mail address with the Company / Registrar & Share Transfer Agent (i.e. Freedom Registry Limited), so as to receive Annual Report and other communication electronically.

**Registered Office:**

Plot No. G2-M.I.D.C. Industrial Estate,  
Post: Salai Dhaba, Butibori,  
Nagpur - 441108

**For and on Behalf of the Board**

Vrushali Nar  
Company Secretary

Date: 21<sup>st</sup> August, 2013

Place: Mumbai

## **EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 OF THE COMPANIES ACTS, 1956**

### **Item No. 4.**

Mr. Sridhar Rengan was appointed as an Additional Director of the Company with effect from 17<sup>th</sup> July, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs.500/- proposing the candidature of Mr. Sridhar Rengan for the office of Directorship pursuant to Section 257 of the Companies Act, 1956.

The brief resume covering the details of his qualification and experience, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Sridhar Rengan as Director of the Company liable to retire by rotation.

None of the Directors, except Mr. Sridhar Rengan, is interested and / or concerned in passing of the resolution set forth under Item no. 4.

### **Item No. 5.**

Mr. Vijay Maheshwari was appointed as an Additional Director of the Company with effect from 7<sup>th</sup> August, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs. 500/- proposing the candidature of Mr. Vijay Maheshwari for the office of Directorship pursuant to Section 257 of the Companies Act, 1956.

The brief resume covering the details of his qualification and experience, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Vijay Maheshwari as Director of the Company liable to retire by rotation.

None of the Directors, except Mr. Vijay Maheshwari, is interested and / or concerned in passing of the resolution set forth under Item no. 5.

### **Item No. 6.**

Mr. Pramodkumar Akhramka was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> May, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs.500/- proposing the candidature of Mr. Pramodkumar Akhramka for the office of Directorship pursuant to Section 257 of the Companies Act, 1956.

The brief resume covering the details of his qualification and experience, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Pramodkumar Akhramka as Director of the Company liable to retire by rotation.

None of the Directors, except Mr. Pramodkumar Akhramka, is interested and / or concerned in passing of the resolution set forth under Item no. 6.

### **Registered Office:**

Plot No. G2-M.I.D.C. Industrial Estate,  
Post: Salai Dhaba, Butibori,  
Nagpur - 441108

### **For and on Behalf of the Board**

Vrushali Nar  
Company Secretary

Date: 21<sup>st</sup> August, 2013  
Place: Mumbai

**Particulars of Directors seeking Appointment / Reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:**

Name of Director	Mr. Sridhar Rengan	Mr. Vijay Maheshwari	Mr. Pramodkumar Akhramka
Type	Independent Director	Independent Director	Independent Director
Date of Birth	02/04/1960	28/09/1963	01/01/1970
Date of Appointment	17/07/2012	07/08/2012	24/05/2013
Qualification and Expertise	Associate member of the ICWAI and an associate member of ICSI.	Mr. Maheshwari is a Textile Graduate from TIT Bhiwani. He has been Associated with six leading Textile Companies in India and East Africa during last 25 years. He has Handled a leadership positions in textile industry very successfully since last 17 years. He started career with Raymond and 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.	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. He has over 22 years of Work Experience.
No. of Equity Shares held	NIL	NIL	NIL
Directorships held in other Companies	<ul style="list-style-type: none"> <li>• Topvalue Real Estate Development Limited</li> <li>• RR Mega City Builders Limited</li> <li>• Truewin Realty Limited</li> <li>• RA Realty Ventures Private Limited</li> <li>• Peninsula Developers And Builders Private Limited</li> <li>• Peninsula Land Development Private Limited</li> <li>• Goodhome Realty Limited</li> </ul>	NIL	<ul style="list-style-type: none"> <li>• Shobla Hydro Power Private Limited</li> <li>• Valecha LM Toll Private Limited</li> <li>• SEW Engineering(I) Private Limited</li> <li>• Archana Hitech Consultants Limited</li> <li>• Vandana Hitech Systems Limited</li> </ul>
Particulars of Committee Chairmanship / Membership held in other Companies	NIL	NIL	NIL
Relationship with other Directors inter-se	None	None	None

**Note:**

- Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders Grievance / Transfer Committee have been considered.

# Directors' Report

Dear Shareholders

1. The Directors present their 6<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

## 2. Financial Results

[Amount in ₹]

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Total Income	36,98,40,989	--
PBIDTA	8,55,60,797	(49,913)
Interest and Finance Expenses	2,52,08,327	--
Depreciation	4,46,68,982	--
Profit before tax	1,56,83,487	(49,913)
Provision for Tax	--	--
Profit after Tax	1,56,83,487	(49,913)

## 3. Dividend

Directors do not recommend any dividend on the Shares of the Company.

## 4. Update on the Composite Scheme of Amalgamation and Arrangement between Morarjee Textiles Limited, Integra Garments & Textiles Limited (formerly known as Five Star Mercantile Limited) and Morarjee Holdings Private Limited

During the year, the Company received the approval from the Hon'ble High Court of Judicature at Bombay sanctioning the Scheme of Amalgamation and Arrangement between the Morarjee Textiles Limited ("MTL"), the Company and Morarjee Holdings Private Limited (MHPL). The said Scheme became effective on 17<sup>th</sup> July, 2012. Salient features of the Said Scheme are as follows:

A. The Composite Scheme of Arrangement and Amalgamation ('Scheme') is as per Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956.

B. In accordance with the scheme:

a) Integra Division pertaining to Garment Manufacturing Undertaking has been transferred by MTL to the Company on a going concern basis.

b) As a consideration:

- One fully paid Equity Share of Rs. 3/- each of the Company 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 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 be issued and allotted for every 10 fully paid 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each held in MTL.

c) Further, pursuant to the scheme, the face value and the paid up value per equity share of MTL shall,



without any application or deed, stand reduced by Rs.3/- each per share.

- d) Pursuant to the said Scheme, the Company had applied for indirect listing of the equity shares of the company and the Circular permitting Trading of Shares of the Company was issued on 16<sup>th</sup> August, 2013, Trading effective from 20<sup>th</sup> August, 2013.

## 5. Details of Subsidiary Company is as under

Men's Club s.p.a.

The company is under voluntary liquidation due to continuous losses. Consequently, Board of Directors of Men's Club s.p.a. has ceased to exist and a liquidator has been appointed to oversee the affairs.

## 6. Extension of Annual General Meeting

As per the provisions of the Companies Act, the 6th Annual General Meeting of the Company was required to be convened on or before 3<sup>rd</sup> September, 2013. In view of the indirect listing of the Company, the Company had sought extension of time for holding the Annual General Meeting for adoption of the accounts for the year ended 31<sup>st</sup> March, 2013. The Registrar of Companies, Maharashtra, Mumbai has granted the extension of time of three months (i.e. upto 3<sup>rd</sup> December, 2013) for holding the Annual General Meeting

## 7. Management Discussion and Analysis Report

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended to this report.

## 8. Corporate Governance

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended together with a Certificate on Corporate Governance from M/s. Dhruvil M Shah & Co., Practising Company Secretaries, and confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49.

## 9. Directors

During the year, Mr. S C Kashimpuria ceased to be the Director of the Company with effect from 17<sup>th</sup> July, 2012. The Board wishes to place on record its sincere appreciation and gratitude for the invaluable contribution made by him during his tenure with the Company.

The Board of Directors on 17<sup>th</sup> July, 2012 appointed Mr. Sridhar Rengan as Additional Director of the Company. On the 7<sup>th</sup> August, 2012 Mr. Vijay Maheshwari was also inducted on the Board of the Company. Mr. Pramodkumar Akhramaka was appointed as Additional Director of the Company w.e. f. 24<sup>th</sup> May, 2013. The above Directors hold office up to the date of ensuing Annual General Meeting. The Company has received notices in writing from member(s) proposing the candidature of Mr. Pramodkumar Akhramaka, Mr. Sridhar Rengan and Mr. Vijay Maheshwari for the office of Director, liable to retire by rotation, subject to shareholders' approval.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Harshvardhan A. Piramal, Director of the Company retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment which the Board recommends.

Your directors recommend all of the above for your approval in the ensuing Annual General Meeting.

## 10. Auditors

The Auditors, M/s. D Dadheech & Co., retire at the ensuing Annual General Meeting and are eligible for



re-appointment. The Board recommends their re-appointment as the Auditors to audit the accounts of the Company for the financial year 2013-2014.

The Company has received a confirmation from M/s. D Dadheech & Co. to the effect that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified within the meaning of Section 226 of the said Act.

#### **11. Particulars of Employees**

There was no employee in receipt of remuneration prescribed under Section 217 (2A) of the Companies Act, 1956.

#### **12. Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act"), we hereby state that :

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- b. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and its profit for that year;
- c. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. your Directors have prepared the Annual Accounts for the year ended 31<sup>st</sup> March, 2013 on a going concern basis.

#### **13. Conservation of energy and technology absorption**

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

#### **14. Foreign Exchange earnings and outgo**

During the year under review, foreign exchange earnings were Rs.829.76 lacs and outgoings were Rs.77.28 lacs making the company a net foreign exchange earner with net inflow of Rs.752.48 lacs .

#### **15. Fixed Deposits**

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

#### **16. Acknowledgments**

We owe all our employees, customers, bankers and vendors our gratitude for their co-operation and continued support.

By Order of the Board

Mr. R K Rewari  
Managing Director

Mr. Sridhar Rengan  
Director

Date: 21<sup>st</sup> August, 2013

## Annexure 'A'

### FORM - "A"

Form of disclosure of particulars with respect to conservation of energy

	Units	31st March, 2013	31st March, 2012
<b>A) Power &amp; Fuel Consumption</b>			
1 Electricity			
a) Purchased Units	Lacs Kwhs	2.63	N.A.
Total Cost	Rs. Lacs	20.86	N.A.
Rate / Unit	Rupees	7.93	N.A.
b) Own Generation			
Through Diesel Generator Units	Lacs Kwhs	-	N.A.
Unit per litre of Diesel Oil	Kwhs	-	N.A.
Cost / Unit (Diesel Oil Only)	Rupees	-	N.A.
Total Cost of Diesel	Rs. Lacs	-	N.A.
2 Coal (slack coal for Boiler)			
Quantity	M. T.	-	N.A.
Total Cost	Rs. Lacs	-	N.A.
Average rate per M. T.	Rupees	-	N.A.
3 Furnace Oil			
Quantity	K. Ltrs	-	N.A.
Total Amount	Rs. Lacs	-	N.A.
Average rate per K. Ltr	Rupees	-	N.A.

### B) Consumption per unit of Production.

The Company manufactures different types of garments like shirts and other wear etc. and power and fuel consumption cannot be appropriated separately.

### FORM - "B"

#### RESEARCH AND DEVELOPMENT (R&D)

Specific expenditure of recurring or capital nature is not involved.

#### TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

NIL

# Management Discussion and Analysis

## CAVEAT

This section of the Annual Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. Shareholders and Readers are cautioned that in the case of data and information external to the Company, though the same are based on sources believed to be reliable, no representation is made on its accuracy or comprehensiveness. Further, utmost care has been taken to ensure that the opinion expressed therein contain its perceptions on most of the important trends having a material impact on the Company's operations.

The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risk and uncertainties. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this report, consequent to new information, future events, or otherwise. Estimation and expectation made in the Report may differ from actual performance due to various Economic conditions, Government Policies and other related factors.

## INDUSTRY OVERVIEW

Uncertainty is perhaps the biggest challenge the Apparel Industry is facing 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. Womenswear 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 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 .

## 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 very cautious in 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.

## 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

## FINANCIAL REVIEW

### 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 - As the Quota system was abolished, global trade of textiles is now 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.

# Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

## I. Company's Philosophy

Continuous maintenance and enhancement of Stakeholders' value has always been at the helm of Company's objective. The vision of the Company is to strive continuously to give optimum returns to Stakeholders.

The Company endeavors and follows the best ethical and good corporate governance policy and thereby ensures the compliance with all applicable statutory and regulatory provisions of laws. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders.

## II. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Board of Directors of your Company consists of 5 (Five) Directors, out of these 3 (Three) are Independent Directors.

- i) Details of Composition and Category of Board members, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies as at March 31, 2013:

Sr. No.	Name of the Director	Category	No. of Board Meetings during the tenure of Directors in FY 2012-13		Attendance at the last AGM held on 04.06.2012	Directorship in other public companies & its subsidiaries <sup>1</sup>	Committee position held in other public companies <sup>2</sup>	
			Held	Attended			Chairman	Member
1	Mr. Harshvardhan A Piramal	Non-Executive, Non-Independent Chairman	7	7	Yes	12	3	-
2	Mr. R K Rewari Managing Director#	Executive Director	7	7	Yes	2	-	-
3	Mr. Pramodkumar Akhramka	Independent	7	5	No	2	-	-
4	Mr. Sridhar Rengan***	Independent	7	5	No	7	-	-
5	Mr Vijay Maheshwari*	Independent	7	4	No	-	-	-
6	Mr. S C Kashimpuria**	Non-Executive	7	3	No	NA	NA	NA

1 Directorship held in Private Companies, Section 25 Companies and Foreign Companies is not included.

2 Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of Listing Agreement. None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a director.

# Re-designated as Managing Director w.e.f. June 27, 2012

\*Appointed as Additional Director w.e.f. August 7, 2013.

\*\*Resigned from the Board w.e.f. July, 17, 2013.

\*\*\*Appointed as Additional Director w.e.f. July 17, 2012

- ii) None of the Independent Directors of the Company have any pecuniary relationship and / or transaction with the Company. The disclosure of fees / compensation, if any, paid to the Non-Executive Directors is made at appropriate place later in this Report.
- iii) During the year 2012-13, the Board of Directors of your Company met 7 times on 4th May, 2012, 27<sup>th</sup> June, 2012, 17<sup>th</sup> July, 2012, 7<sup>th</sup> August, 2012, 16<sup>th</sup> August, 2012, 7<sup>th</sup> November, 2012 and 5<sup>th</sup> March, 2013.

The intervening period between any two meetings did not exceed more than 4 months as prescribed under Clause 49 of the Listing Agreement.

- iv) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is placed at the table during the Board Meeting. The information as specified in Annexure A of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.
- v) The Board has adopted “Code of Conduct for Board Members and Senior Management of the Company”. All the Board Members and Senior Management have affirmed the compliance with the said Code of Conduct during the year 2012-13. A declaration to this effect signed by Managing Director is appended to this Report of Corporate Governance. The Code of Conduct is available on the website of the Company i.e., [www.integragarments.com](http://www.integragarments.com)

### III. Audit Committee

- i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2012-13:

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Audit Committee of the Board comprises of following members:

Name	Position Held	Category
Mr. Vijay Maheshwari	Chairman	Independent Director
Mr. Sridhar Rengan	Member	Independent Director
Mr. Pramodkumar Akhramka	Member	Independent Director

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director.

Ms. Vrushali Nar, Company Secretary acts as the Secretary to the Committee.



During the year 2012-13, one meeting of the Audit Committee was held and attended by the members as per the details given below;

Sr. No.	Name of Member	Meeting / Attendance 04.10.2012
1	Mr. Vijay Maheshwari	Present
2	Mr. Sridhar Rengan	Present
3	Mr. Pramodkumar Akhramka	Present

#### Terms of reference

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement, as well as in Section 292A of the Companies Act, 1956.

#### IV. Details of Sitting Fees

During the year under review company did not pay any sitting fees to its Independent Directors.

#### V. Shareholders/Investors' Grievance cum Share Transfer Committee

The Shareholders / Investors' Grievance cum Share Transfer Committee of the Board has been constituted in line with the requirements of Clause 49 of the Listing Agreement.

i) The Committee as of March 31, 2013 comprises of following members:

Name	Position Held	Category
Mr. Sridhar Rengan	Chairman	Independent Director
Mr. Pramodkumar Akhramka	Member	Independent Director
Mr. R K Rewari	Member	Managing Director

The Company Secretary acts as the Secretary to the Committee.

ii) Name, Designation and Address of Compliance Officer:

Ms. Vrushali Nar (appointed w.e.f 27<sup>th</sup> June 2012)  
Company Secretary  
Peninsula Spenta, Mathuradas Mills Compound  
Senapati Bapat Marg, Lower Parel - 400 013

iii) Procedure for approval and details of meetings and attendance during the year 2012-13:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated to Freedom Registry Limited, Registrar & Transfer Agents. The request for share transfer/transmission, dematerialization /rematerialisation and issue of new share certificates in lieu of old/worn-out/lost/defaced/split/consolidation, etc., is processed and attended atleast once in a week in co-ordination with Freedom Registry Limited, Registrar & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record during quarterly meetings of Shareholders / Investors' Grievance cum Share Transfer Committee.

iv) Terms of reference:

- a) To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;
- b) To approve and register share transfer and transmission;
- c) To expedite the process of dematerialization and / or rematerialisation of shares;
- d) To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practising Company Secretary;
- e) To take on record the Reconciliation of Share Capital Audit Report submitted by Practising Company Secretary every quarter.

## VI. General Body Meetings

i) Details of last three Annual General Meetings (AGM):

Financial Year	AGM No.	Day & Date	Venue	Time
2011-12	5 <sup>th</sup>	Monday, 4 <sup>th</sup> June, 2012	Peninsula Spenta, Mathuradas Mills Compound, Senapati BapatMarg, Lower Parel, Mumbai - 400 013	12:30 p.m.
2010-11	4 <sup>th</sup>	Friday, 2 <sup>nd</sup> September, 2011	Peninsula Spenta, Mathuradas Mills Compound, Senapati BapatMarg, Lower Parel, Mumbai - 400 013	12:30 p.m.
2009-10	3 <sup>rd</sup>	Tuesday, 28 <sup>th</sup> September, 2010	Peninsula Spenta, Mathuradas Mills Compound, Senapati BapatMarg, Lower Parel, Mumbai - 400 013	2:30 p.m.

ii) Details of Special resolutions passed in last three Annual General Meetings (AGM):

AGM No.	No. of Special resolutions passed	Particulars of Special resolutions
3 <sup>rd</sup>	NIL	NA
4 <sup>th</sup>	NIL	NA
5 <sup>th</sup>	NIL	NA

iii) Details of resolutions passed through Postal Ballot:

During the year 2012-13, none of the resolutions were passed through Postal Ballot. As on date of this Report, none of the resolutions are proposed to be passed through Postal Ballot. As and when required, the Postal Ballot shall be conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 and The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001.

## VII. Disclosures

i) Related party transactions:

Related party transactions have been disclosed under Notes of Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

No material transactions are entered with related parties in conflict with the interest of the Company's business. All the transactions with related parties are entered at arm's length price. The Disclosure of interest in any of transaction is made to the Board every year by the Directors and as and when they become interested. Further, interested Directors neither participate nor vote on any item involving any transaction wherein they have interest.

**ii) Disclosure of Accounting treatment:**

The financial statements of the Company for the year ended March 31, 2013 are prepared in conformity with the Accounting Standards.

**iii) Risk Assessment:**

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the procedure of Risk Assessment and Management and thereby frame a properly defined network with help of which executive management can control risks.

**iv) Proceeds from public issues, rights issues, preferential issues, etc.:**

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

**v) Remuneration of Directors:**

No Remuneration is paid to the Directors of the Company.

**vi) Subsidiary Company:**

In terms of Clause 49 (III) of the Listing Agreement, your Company does not have any subsidiary company and hence the requirement of the said clause does apply to the Company.

**vii) Management:**

- a) Management Discussion & Analysis report is attached to Directors' Report.
- b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

**viii) Shareholders:**

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company is attached to the Notice of Annual General Meeting.

**ix) Compliances:**

The Company has complied with all the statutory requirements of Listing Agreement entered into with Stock Exchange including mandatory requirements of Clause 49.

**x) Means of Communication:**

a) Financial results

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement will be published in prominent dailies and also posted on the website of the Company i.e., [www.integragarments.com](http://www.integragarments.com)

b) Other information

Important official news is also posted on the Company's website [www.integragarments.com](http://www.integragarments.com), as and when released.

The Company has also designated exclusive e-mail id for the use of investors in accordance with Clause 49 of the Listing Agreement which is [corporatesecretarial@integragarments.com](mailto:corporatesecretarial@integragarments.com)

**xi) CEO/CFO Certificate:**

The CEO/CFO Certificate for the year ended March 31, 2013 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on 21st August, 2013.

**xii) Certificate of Compliance:**

The Certificate of Practising Company Secretary confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended March 31, 2013 is appended to this Report on Corporate Governance.

**xiii) Code for Prevention of Insider Trading**

The Company has adopted a Code for Prevention of Insider Trading in the shares of the Company which is in line with the Model Code as prescribed by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. The said Code inter alia prohibits purchase / sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the Company.

**xiv) General Shareholders Information:**

a) Annual General Meeting

Date	:	22 <sup>nd</sup> November 2013
Time	:	9.30 a.m.
Venue	:	Plot No. G2-M.I.D.C. Industrial Estate, Post: SalaiDhaba, Butibori, Nagpur - 441108

b) Financial year 2013-14 (tentative schedule)

Quarter Results ending June 30, 2013 (The Shares of Co. are listed w.e.f. 20<sup>th</sup> August, 2013)  
 Ending on September 30, 2013 : Second week of November 2013  
 Ending on December 31, 2013 : Second week of February 2013  
 Year ended March 31, 2014 : In the month of May 2014  
 AGM is proposed to be held in September 2014.

c) Date of Book Closure : 14<sup>th</sup> November to 22<sup>nd</sup> November, 2013 (Both Days Inclusive)

d) Dividend Payment date : No Dividend is recommended by Board

e) Listing on Stock Exchange : The Bombay Stock Exchange Ltd. (BSE), and  
 The National Stock Exchange of India (NSE), Mumbai  
 The Annual Listing fees for the year 2013-14 is been fully paid within stipulated time.

f) Stock Code :  
**BSE** : 535958 / INTEGRAGAR  
**NSE** : INTEGRA

g) Corporate Identification Number (CIN): U18109MH2007PLC172888

(h) Stock Market Price Data : The shares of the company are listed & traded w.e.f. 20<sup>th</sup> August, 2013 pursuant to the Demerger of the readymade garment undertaking of Morarjee Textiles Limited. Therefore, stock market data price is not available for the period ended 31<sup>st</sup> March, 2013.

(I) Registrar and Transfer Agents : **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 Liasioning Office :**  
 Freedom Registry Limited  
 104, Bayside Mall, 35, C. M. M. Malviya Marg,  
 Tardeo Road, Haji Ali, Mumbai 400 034.  
 Tel: (022) - 2352 5589

### VIII) Share Transfers (Physical Form)

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee comprising of Mr. R K Rewari, Mr. Pramodkumar Akhramka and Mr. Sridhar Rengan. The share certificates in physical form are generally processed and returned within 15 days from the date of receipt, if the documents are clear in all respects.

For administrative convenience and to facilitate speedy approvals, authority has also been delegated to Senior Executives to approve share transfers upto specified limits.

A summary of the transfer / transmission so approved by the Committee and the authorized Executives will be placed at every Board Meeting.

The Company shall obtain from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with the Stock Exchanges, and shall file a copy of the certificate with the Stock Exchanges.

The Company shall conduct a Reconciliation of Share Capital Audit on a quarterly basis in accordance with SEBI requirements.

a) Distribution of shareholding as on March 31, 2013:

SHARE HOLDING OF NOMINAL VALUE OF		SHARE HOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
Upto-5,000		18739	98.64	30544325.00	12.01
5,001 - 10,000		128	0.67	6302485.00	2.48
10,001 - 20,000		74	0.39	7020237.00	2.76
20,001 - 30,000		18	0.09	3255203.00	1.28
30,001 - 40,000		4	0.02	1053129.00	0.41
40,001 - 50,000		9	0.05	2896551.00	1.14
50,001 - 1,00,000		10	0.15	5114697.00	2.01
1,00,001 and above		15	0.08	198139816.00	77.91

#### Shareholding Pattern as on March 31, 2013

Sr. No.	Category	No. of Shares held	% of Shares held
<b>A</b>	<b>Promoters Holding</b>		
1	Indian promoters	2,32,07,635	63.88
	Foreign promoters	-	-
2	Persons acting in concert	-	-
	<b>Sub total (1+2)</b>	<b>2,32,07,635</b>	<b>63.88</b>
<b>B</b>	<b>Non promoters Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
a	Mutual Funds and UTI	2,711	0.01
b	Banks, Financial Institutions, Insurance Companies (Central/ State Govt., Institutions/ Non Govt. Institutions)	19,41,347	5.34
c	Foreign Institutional Investors	1,135	0.00
	<b>Sub total (3)</b>	<b>19,45,193</b>	<b>5.35</b>
<b>4</b>	<b>Others</b>		
a	Private Corporate Bodies	26,28,758	7.24
b	Indian Public	82,88,349	22.81
c	Non Resident Indians	2,62,414	0.72
	<b>Sub total (4)</b>	<b>1,11,79,521</b>	<b>30.77</b>
	<b>Grand total (1+2+3+4)</b>	<b>3,63,32,349</b>	<b>100.00</b>

**b) Dematerialization of shares and liquidity:**

The Company's Shares are traded in Stock Exchange in dematerialized form and are available for trading in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2013, 98.73% of outstanding Equity shares of the Company are held in dematerialized form.

ISIN No. of the Company's Equity Shares is: **INE418N01019**

c) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity: **NIL**

d) Address for Correspondence :

**Corporate Office**

Peninsula Spenta,  
Mathuradas Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai :- 400 013  
Tel No. : 022 66154651  
Fax No. : 022 66154593  
Email: corporatesecretarial@integragarments.com

**Compliance Officer**

Ms. Vrushali Nar  
Company Secretary  
Peninsula Spenta,  
Mathuradas Mills Compound,  
Senapati BapatMarg,  
Lower Parel, Mumbai :- 400 013  
Tel No. : 022 66154651  
Fax No. : 022 66154593  
Email: corporatesecretarial@integragarments.com

**For and on Behalf of the Board**

Date: 21<sup>st</sup> August, 2013  
Place: Mumbai

**R. K. Rewari**  
Managing Director



**Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct.**

To,  
**The Members of Integra Garments and Textiles Limited**

**Declaration by the Managing Director under Clause 49 of the Listing Agreement**

I, R. K. Rewari, Managing Director of Integra Garments and Textiles Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

**R. K. Rewari**  
Managing Director

Mumbai, 21<sup>st</sup> August, 2013

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
**The Members of Integra Garments & Textiles Limited**

We have examined relevant records of Integra Garments & Textiles Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges in India for the Financial Year ended 31<sup>st</sup> March, 2013.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the Compliance conditions of Corporate Governance.

On the basis of our examination of the records produced, explanations and information furnished by the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

**FOR DHRUMIL M. SHAH & CO.**

**DHRUMIL SHAH**  
Company Secretary  
ACS 22541, CP 8978

Place: Mumbai  
Date: 21<sup>st</sup> August, 2013

# Auditor's Report

To the Members of  
Integra Garments & Textiles Limited.

We have audited the accompanying financial statements of Integra Garments & 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

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**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Integra Garments & Textiles Limited on the accounts of the company for the year ended 31<sup>st</sup> 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

# BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	Note	31-Mar-2013	31-Mar-2012
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Share Holders Fund</b>			
a) Share capital	2	109,247,047	500,000
b) Reserves & Surplus	3	(133,095,837)	127,360
<b>2 Non Current Liabilities</b>			
a) Long term Borrowings	4	24,739,099	-
<b>3 Current Liabilities</b>			
a) Short Term Borrowings	5	286,708,886	-
b) Trade Payables	6	6,535,597	308,427
c) Other Current liabilities	7	31,784,727	-
TOTAL		325,919,519	935,787
<b>II ASSETS</b>			
<b>1 Non current Assets</b>			
a) Fixed Assets	8	292,216,830	-
b) Non current Investments	9	300,000	300,000
c) Long term Loans & Advances	10	2,809,485	-
d) Other non current asset	11	4,339,542	-
<b>2 Current Assets</b>			
a) Inventories	12	3,611,240	-
b) Trade Receivables	13	2,320,383	-
c) Cash & cash equivalent	14	3,529,747	375,787
d) Short term loans & advances	15	15,985,628	260,000
e) Other current Assets	16	806,664	-
TOTAL		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 & on Behalf of D.Dadheech & Co Chartered Accountants FRN No.101981W		For and on Behalf of the Board	
Devesh H Dadheech Proprietor M.No.33909		Mr. R K Rewari Managing Director	Mr. Sridhar Rengan Director
Place : Mumbai, 15 <sup>th</sup> June, 2013			

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	Note	31-Mar-2013	31-Mar-2012
Revenue from operations ( Gross)	17	138,529,140	-
Less : Excise Duty		4,213,842	-
Revenue from operations (Net)		134,315,298	-
Other Income	18	235,525,691	-
<b>Total Income</b>		<b>369,840,989</b>	<b>-</b>
Expenditures			
a) Material Consumed	19	95,071,829	-
b) (Increase) / Decrease in WIP & Finished Goods	20	45,540,243	-
c) Employee benefit expenses	21	64,105,457	-
d) Finance Cost	22	25,208,327	-
e) Depreciation		44,668,982	-
f) Other Expenses	23	79,363,909	49,913
g) Forex Loss/(Gain)		198,755	
<b>Total Expenditure</b>		<b>354,157,502</b>	<b>49,913</b>
<b>Profit / (Loss) for the Year</b>		<b>15,683,487</b>	<b>(49,913)</b>
Earning Per Equity Share		0.43	(2.45)
(Refer Note No.30)			
Accounting Policies	1		
Notes are an Integral part of the financial statements			
As per our Report of even date			
For & on Behalf of D.Dadheech & Co Chartered Accountants FRN No.101981W		For and on Behalf of the Board	
Devesh H Dadheech Proprietor M.No.33909		Mr. R K Rewari Managing Director	Mr. Sridhar Rengan Director
Place : Mumbai, 15 <sup>th</sup> June, 2013			



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> 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 complied 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.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### **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**

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

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.

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 2: Share Capital</b>		
<b>Authorised</b>		
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	-
	<b>120,500,000</b>	<b>500,000</b>
<b>Issued, Subscribed and Paid up</b>		
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	-
<b>Total</b>	<b>109,247,047</b>	<b>500,000</b>
<b>A) The Reconciliation of the number of shares outstanding if given below:</b>	<b>No of Shares</b>	<b>No of Shares</b>
<b>a) Equity Shares</b>		
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	36,332,349	50,000
<b>b) Preference Shares</b>		
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>B) Shareholders holding more than 5% shares of the Company</b>		
<b>a) Equity Shareholder</b>		
Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal		
Nos of Shares	21,590,112	-
% age of holding	59.42	-
<b>b) Preference Shareholder</b>		
Ashok Piramal Group Textile Trust through its trustee, Mrs. Urvi A Piramal		
Nos of Shares	250,000	-
% age of holding	100.00	-

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

## c) Terms/rights to Equity Shares

The Company has only one class of shares referred as equity shares having a par value of Rs.3/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## d) Terms/rights attached to Preference Shares

--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.

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 3 : Reserves &amp; Surplus</b>		
<b>General Reserve</b>		
<b>a) Reserves and Surplus</b>		
Add: on account of amalgamation (Refer Note No. 24)	15,124,962	-
<b>b) Profit &amp; Loss Accounts</b>		
Balance as per Profit and Loss Account	127,360	177,273
Add: Profit / (Loss) on account of amalgamation (Refer Note 24)	(164,031,646)	-
<b>Add: Profit/(Loss) of current year</b>	15,683,487	(49,913)
Balance as per Profit and Loss Account	(148,220,799)	127,360
	<b>(133,095,837)</b>	<b>127,360</b>
<b>Note 4 : Long Term Borrowings</b>		
<b>Secured Loans</b>		
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.		
	<b>24,739,099</b>	<b>-</b>
<b>Note 5 : Short Term Borrowings</b>		
<b>Unsecured Loans</b>		
Bodies Corporate	286,548,886	-
Director(s)	160,000	-
	<b>286,708,886</b>	<b>-</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 6 : Trade Payables</b>		
Dues to Micro, Small & Medium Enterprises	-	-
Others	6,535,597	308,427
	<b>6,535,597</b>	<b>308,427</b>
<b>Note 7: Other Current Liabilities</b>		
Statutory Liability	130,247	-
Current maturities of Long term debt	17,625,000	-
Others	14,029,480	-
	<b>31,784,727</b>	<b>-</b>
<b>Note 8: Fixed Assets</b>		
a) Gross Block - Tangible Assets	15,563,391	-
Less : Depreciation	8,346,561	-
Net Block	<b>7,216,830</b>	<b>-</b>
b) Gross Block - Intangible Assets	300,000,000	-
Less : Depreciation	15,000,000	-
Net Block	<b>285,000,000</b>	<b>-</b>
	<b>292,216,830</b>	<b>-</b>
<b>Note 9: Non Current Investments</b>		
Un Quoted:		
10,20,000 Equity Shares of Mens Club s.p.a. Italy	300,000	300,000
	<b>300,000</b>	<b>300,000</b>
<b>Note 10: Long Term loans &amp; advances</b>		
Advance Tax	2,809,485	-
	<b>2,809,485</b>	<b>-</b>
<b>Note 11: Other Non Current Asset</b>		
Mat Credit entitlement Receivable	4,339,542	-
	<b>4,339,542</b>	<b>-</b>
<b>Note 12 : Inventories</b>		
a) Raw material	500,000	-
b) Finished Goods	3,111,240	-
	<b>3,611,240</b>	<b>-</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 13 : Trade Receivables (Unsecured, considered good)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	2,320,383	-
Other Trade receivables	-	-
	<b>2,320,383</b>	<b>-</b>
<b>Note 14 : Cash &amp; Cash Equivalent</b>		
a) Cash in hand	686	-
b) Balances with Banks		
i) Current Accounts	2,573,835	375,787
ii) Fixed Deposits	955,226	-
	<b>3,529,747</b>	<b>375,787</b>
<b>Note 15 : Short Term loans &amp; Advances</b>		
a) Deposits	3,100,396	-
b) Others	12,885,232	260,000
	<b>15,985,628</b>	<b>260,000</b>
<b>Note 16 : Other Current Assets</b>		
Interest Receivable	806,664	-
	<b>806,664</b>	<b>-</b>
<b>Note 17 : Revenue from operations</b>		
a) <b>Sale of products</b>		
Export Sales	84,427,258	-
Local Sales	42,146,928	-
	<b>126,574,186</b>	<b>-</b>
b) <b>Other Operating Revenue</b>		
Job Work Income	5,007,668	-
Duty Drawback	6,947,286	-
	11,954,954	-
	<b>138,529,140</b>	<b>-</b>
<b>Note 18: Other Income</b>		
Profit / (Loss) on sale of assets (net)	235,445,220	-
Miscellaneous Income	80,471	-
	<b>235,525,691</b>	<b>-</b>



# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 19: Material Consumed</b>		
<b>a) Material Consumed - Fabric</b>		
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	-
<b>Material Consumed - Fabric</b>	<b>81,864,979</b>	<b>-</b>
<b>b) Material Consumed - Accessories</b>		
Purchases during the year	13,206,850	-
<b>Material Consumed - Accessories</b>	<b>13,206,850</b>	<b>-</b>
<b>Material Consumed (a+b)</b>	<b>95,071,829</b>	<b>-</b>
<b>Note 20: Increase Decrease in WIP &amp; FG</b>		
<u>Opening Stock</u>	-	-
Add : Stock on amalgamation of garment business (Refer Note No.24)		
WIP	24,150,749	-
Finished Goods	26,901,561	-
	<b>51,052,310</b>	<b>-</b>
<u>Closing Stock</u>		
WIP	-	-
Finished Goods	3,111,240	-
	<b>3,111,240</b>	<b>-</b>
<b>(Increase)/Decrease in WIP &amp; FG</b>	<b>47,941,070</b>	<b>-</b>
<b>Increase/(Decrease) in Excise Duty</b>	<b>(2,400,827)</b>	<b>-</b>
<b>Net (Increase)/Decrease in WIP &amp; FG</b>	<b>45,540,243</b>	<b>-</b>

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

	31-Mar-2013	31-Mar-2012
<b>Note 21: Employee Benefit Expenses</b>		
Salaries and Wages	55,493,678	-
Contribution to PF and other Funds	8,174,829	-
Staff Welfare Expenses	436,950	-
	<b>64,105,457</b>	<b>-</b>
<b>Note 22: Finance Cost</b>		
<u>Interest Expenses</u>		
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	-
	<b>25,208,327</b>	<b>-</b>
<b>Note 23: Other Expenses</b>		
Job Work Charges	4,921,923	-
Power & Fuel	2,485,724	-
Consumables	465,773	-
Lease Rent	42,716,371	-
Telephone Expenses	365,613	-
Travelling & Conveyance	3,924,011	-
Rates & Taxes	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 Expenses	7,607,324	-
Security Expenses	1,966,961	-
Miscellaneous Expenses	4,167,737	30,839
	<b>79,363,909</b>	<b>49,913</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

[Amount in ₹]

### **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 29<sup>th</sup> June 2012 and has been made effective on filing of the certified copies of the Order of the court on 17<sup>th</sup> 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. 10<sup>th</sup> August, 2012

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

## Note -25

		₹ in lacs	
a)	Consumption of Raw Materials	Year Ended 31-03-2013	Year Ended 31-03-2012
		Value	Value
	Fabric	818.64	-
	Accessories	132.07	-
		<b>950.71</b>	<b>-</b>

## b) Value of Imported and Indigenous Raw Materials, Stores spares Parts & Components Consumed ₹ in lacs

	Year Ended 31-03-2013		Year Ended 31-03-2012	
	Value	%	Value	%
Raw Material				
Imported	77.28	8.13%	-	-
Indigenous	873.43	91.87%	-	-
	<b>950.71</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

## c) CIF Value of Import & Expenses in Foreign Currency and Earning in Foreign Currency ₹ in lacs

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

		₹ in lacs	
d)		Year Ended 31-03-2013	Year Ended 31-03-2012
	Turnover-Readymade Garments	1265.74	-
	Finished Goods	31.11	-

		₹ in lacs	
e)	Auditors Remuneration	Year Ended 31-03-2013	Year Ended 31-03-2012
	Audit Fees	2.50	0.08
	Tax Audit Fees	0.75	-
		<b>3.25</b>	<b>0.08</b>

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

26 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> 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

₹ In Lacs

Details of Transactions are as follows:	Year Ended 31-03-2013	Year Ended 31-03-2012
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.

[Amount in ₹]

Earnings Per Share (Basic & Diluted)	Year Ended 31-03-2013	Year Ended 31-03-2012
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 (₹)	0.43	(2.45)

As per our Report of even date

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

For and on Behalf of the Board

Devesh H Dadheech  
Proprietor  
M.No.33909

Mr. R K Rewari  
Managing Director

Mr. Sridhar Rengan  
Director

Place : Mumbai, June 15<sup>th</sup>, 2013

# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

## Note No. 8: Fixed Assets

[Amount in ₹]

Particulars	Gross Block				Depreciation				Net Block	
	Op Bal as at April 1 <sup>st</sup> , 2012	Additions on Account of Amalgamation during the year (Refer Note 24)	Deletions during the year	As at Mar 31, 2013	Op Bal as at April 1 <sup>st</sup> , 2012	Depreciation on Account of Amalgamation (Refer Note 24)	Additions during the year	Deletions during the year	As at Mar 31, 2013	As at Mar 31, 2012
<b>Tangible Assets</b>										
Land Leasehold	-	*	-	-	-	-	-	-	-	-
Improvement to Lease hold Premises	-	16,040,789	-	16,040,789	-	15,106,572	267,147	15,373,719	-	-
Furniture & Fixtures	-	40,507,824	-	40,507,824	-	28,380,877	1,202,280	29,583,157	-	-
Plant & Machinery	-	351,109,415	33,625	351,143,040	-	121,347,855	25,056,347	146,404,202	-	-
Computers	-	14,406,372	14,090	-	14,420,462	7,008,202	1,338,359	-	8,346,561	6,073,901
Electrical equipment	-	432,743	13,732	446,475	-	5,617	8,539	14,156	-	-
Vehicles	-	1,480,507	-	1,480,507	-	1,467,883	12,624	1,480,507	-	-
<b>Intangible Assets</b>										
Computer Software	-	22,067,701	-	20,924,772	1,142,929	16,115,441	1,783,687	17,899,128	-	1,142,929
Brands	-	300,000,000	-	-	300,000,000	-	15,000,000	-	15,000,000	285,000,000
	-	746,045,351	61,447	430,543,407	315,563,391	189,432,448	44,668,982	210,754,869	23,346,561	292,216,830

\* Lease hold Land has been received by the company as per order dated 29<sup>th</sup> June, 2012 of Honorable High Court of Bombay allowing demerger of readymade garment division of Morajee Textiles Ltd.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> March , 2013

₹ In Lacs

	31-Mar-2013	
	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit :		156.83
Depreciation	446.69	
Interest Expenses	252.08	
Adjustment on amalgamation	(1433.57)	
Profit on Sale of Assets (net)	(2354.45)	
		<u>(3089.25)</u>
<b>Operating Profit Before Working Capital Changes</b>		<b>(2932.42)</b>
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)	
		<u>695.29</u>
<b>Cash From Operating Activities</b>		<b>(2237.13)</b>
Less: Income Tax Paid		0.00
<b>Net Cash From Operating Activities</b>	<b>(A)</b>	<b>(2237.13)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(0.61)	
Sale of Fixed Assets	4552.33	
<b>Net Cash Used in Investing Activities</b>	<b>(B)</b>	<b>4551.72</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	(1093.91)	
Increase/ (Decrease) in Short term Borrowings	(1053.38)	
Interest Paid	(252.08)	
<b>Net Cash Used in Financing Activities</b>	<b>(C)</b>	<b>(2399.37)</b>
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)		(84.78)
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		<b>35.30</b>
As per our Report of even date		
For & on Behalf of		
D.Dadheech & Co		
Chartered Accountants		For and on Behalf of the Board
FRN No.101981W		
Devesh H Dadheech	Mr. R K Rewari	Mr. Sridhar Rengan
Proprietor	Managing Director	Director
M.No.33909		
Place : Mumbai, 15 <sup>th</sup> June, 2013		

## ANNEXURE TO THE BALANCE SHEET AS AT 31<sup>st</sup> March , 2013

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956

1. NAME OF THE SUBSIDIARY COMPANY	MENS CLUBS.P.A.
2. FINANCIAL YEAR OF THE SUBSIDIARY COMPANY	31.12.2012
3. DATE FROM WHICH IT BECAME SUBSIDIARY	16.02.2013
4. EXTENT OF THE HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY AT THE END OF THE FINANCIAL YEAR OF THE SUBSIDIARY COMPANY	1020000 EQUITY SHARES OF 1 EURO EACH (51%)
5. NET AGGREGATE AMOUNT OF THE PROFIT/ (LOSS) OF THE SUBSIDIARY COMPANY NOT DEALT WITH IN THE HOLDING COMPANY'S ACCOUNTS (CONCERNING THE MEMBERS OF THE HOLDING COMPANY):	
A) FOR THE CURRENT YEAR (Rs in lacs)	2.14
B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY (Rs in lacs)	-
6. NET AGGREGATE AMOUNT OF THE PROFIT OF THE SUBSIDIARY COMPANY DEALT WITH IN THE HOLDING COMPANY'S ACCOUNTS:	
A) FOR THE CURRENT YEAR	NIL
B) FOR THE PREVIOUS YEARS SINCE IT BECAME A SUBSIDIARY	NIL

For and on Behalf of the Board

Mumbai : June 15<sup>th</sup>, 2013

Mr. R K Rewari  
Managing Director

Mr. Sridhar Rengan  
Director



## Integra Garments and Textiles Limited

(Registered Office: Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108)

### ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the **SIXTH ANNUAL GENERAL MEETING** of the Company at Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108, at 9.30 a.m. on Friday, 22<sup>nd</sup> November 2013.

.....  
Full name of the Shareholder  
(in block capitals)

.....  
Signature

Folio No. .... / DP ID No.\* ..... & Client ID No.\* .....  
\* Applicable for members holding shares in electronic form.

.....  
Full name of Proxy  
(in block capitals)

.....  
Proxy Signature

## Integra Garments and Textiles Limited

(Registered Office: Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108)

### PROXY FORM

I/We .....  
of ..... in the district of ..... being  
a Member/Members of the above named Company, hereby appoint .....  
..... of ..... in the district of ..... or failing him  
..... of ..... in the district of .....  
as my / our Proxy to attend and vote for me / us and on my / our behalf at the **SIXTH ANNUAL GENERAL MEETING** of the Company  
at Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108, at 9.30 a.m. on Friday, 22<sup>nd</sup> November 2013  
and at any adjournment thereof.

Signed this ..... day of ..... 2013

Folio No. .... / DP ID No.\* ..... & Client ID No.\* .....  
\* Applicable for members holding shares in electronic form.

No. of Shares

Signature

Affix  
Revenue  
Stamp

#### NOTES:

- (i) The proxy must be returned so as to reach the Registered Office of the Company at (Registered Office: Plot No. G2-M.I.D.C. Industrial Estate, Post: Salai Dhaba, Butibori, Nagpur - 441108), not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
- ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.





## **Book Post**

*If undelivered please return to:*

### **Integra Garments and Textiles Limited**

**Registered Office:**

Plot No. G2-M.I.D.C. Industrial Estate,  
Post: Salai Dhaba, Butibori,  
Nagpur - 441108