

Human Face of Style

Mandhana Industries Limited
29th Annual Report | 2012 - 2013



Forward Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Company Overview

- 02 Breathing life into style
- 04 Financial Highlights
- 06 Chairman & Managing Director's Message

Strategic Review

- 08 Being Fashionable. Being Human.
- 12 Exploring new vistas of opportunity
- 14 Widening social engagements
- 16 Being Human feels great
- 18 Style meets substance
- 20 Creating value at every stage
- 22 Taking fashion places
- 24 Moving ahead in style
- 26 Shared values
- 27 Sustainable development
- 28 Board of Directors

Board and Management Reports

- 34 Management Discussion and Analysis
- 42 Directors' Report to the Members
- 48 Corporate Governance Report

Financial Statements

- 63 Independent Auditors' Report
- 68 Balance Sheet
- 69 Profit and Loss Account
- 70 Cash Flow Statement
- 72 Notes

DOES STYLE HAVE A HUMAN FACE?

CAN FASHION ADORN AND EVEN ELEVATE HUMAN LIVES?



At Mandhana Industries Limited (MIL), we ask these critical questions and this sensitivity towards human well-being has inspired us to be associated with the 'Being Human' apparel brand that promotes social awareness for the benefit of the vulnerable sections of society.

As a fully integrated global player in high-street fashion encompassing textile and garments manufacturing and retailing, we blend style and substance to enhance our visibility across geographies and gain market share.

We are performing with passion and prudence to sustain operating margins in challenging times. We are also leveraging our tie-ups with global brands to reach more customers around the world.

In pursuit of providing fashion trends to the world, Mandhana is deeply aware of its societal role to help alleviate human suffering and ignorance.

*We represent
the human face
of style.*

Breathing life into style

AT MIL, WE HELP CREATE GLOBAL FASHION AND STYLE TRENDS THROUGH CONSISTENT RESEARCH AND METICULOUS DESIGN. WE ARE A MULTI-DIVISIONAL AND MULTI-GEOGRAPHIC BUSINESS ENTERPRISE WITH A PRESENCE IN THE TEXTILE AND THE GARMENT SEGMENTS GLOBALLY.

- Integrated operations and facilities to manufacture a wide variety of value-added fabrics and garments.
- Four state-of-the-art manufacturing facilities at MIDC, Tarapur, for yarn dyeing, weaving and fabric processing and five garment manufacturing facilities at Bengaluru. Another garment unit at Baramati, known as the Hi-tech Textile Park, is nearing completion.
- Domestic sales offices across Delhi, Bengaluru, Mumbai and Chennai.

We are among the select league of integrated players manufacturing textiles and garments using state-of-the-art infrastructure. The processes include designing, yarn dyeing, weaving, processing, dyeing and garment manufacturing.

We have always catered to global customers through tie-ups with the best-in-class companies around the world. We have laid a constant focus on delivering continuous growth and maintaining sustainable margins year-on-year.

Stock tickers

BSE code: 533204

NSE code: MANDHANA

ISIN: INE087J01010



DIVISIONS

Textiles segment

Garments segment

Revenue

₹ 1,119.8 Lacs

38% growth over the previous year

₹ 243.27 Lacs

45% growth over the previous year

Products

- Greige and finished fabrics including Cotton textiles, yarn dyed fabrics, embroidered and embellished
- Blended cotton fabrics including cotton blends with nylon, lycra, viscose, melange and others.

Readymade woven garments, including shirts, ladies tops, dresses, skirts, kids wear and sportswear, both for third-party brands as well as the Company's flagship brand 'Being Human'

Exports

MIL exports fabrics as well

As much as 95% garments are exported to over 25 countries

CAPACITY EXPANSION

At Mandhana, we have constantly expanded our manufacturing facilities to drive sustainable growth. One weaving facility and a garment manufacturing plant are located in Tarapur, Maharashtra, whereas another garment manufacturing facility is in the final stages of being commissioned at Baramati, Maharashtra.

CAPACITIES POST EXPANSION

Yarn Dyeing	Weaving	Fabric processing	Garmenting
3 Mn kgs annually	36 Mn mtrs annually	55 Mn mtrs annually	7.6 Mn pieces annually

CERTIFICATIONS

At Mandhana, we have strongly believed in delivering quality products and maintaining strict adherence to global quality norms. Mandhana has been accredited with the following certifications:

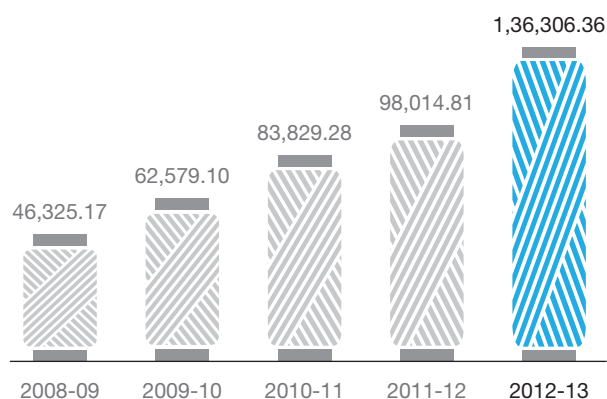
- ISO 9001 (Management ET System)
- Oeko – Tex (Using Environment-Friendly Chemicals)
- Flo – Cert (Fair Trade)
- Gots (Organic Cotton Production)
- Control Union (Eco-friendly Products)

Financial Highlights

Net Turnover

₹ in Lacs

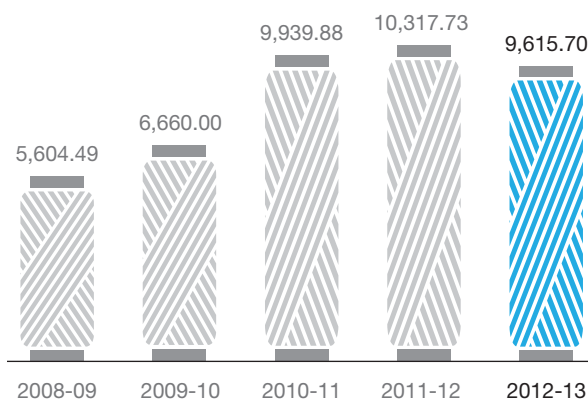
30.97% CAGR



Profit Before Tax (PBT)

₹ in Lacs

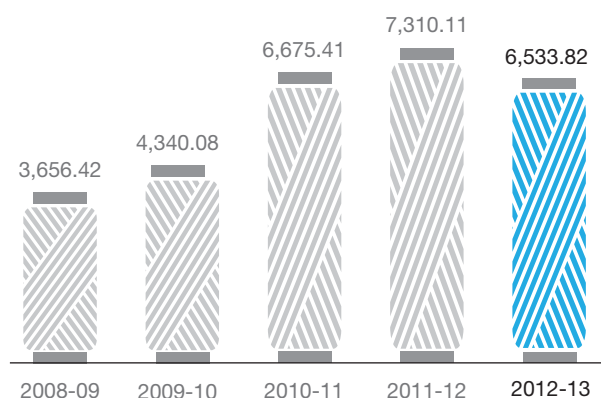
14.45% CAGR



Profit After Tax (PAT)

₹ in Lacs

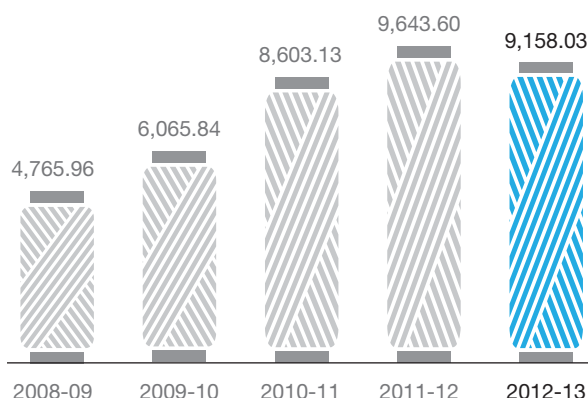
15.62% CAGR



Cash Profit

₹ in Lacs

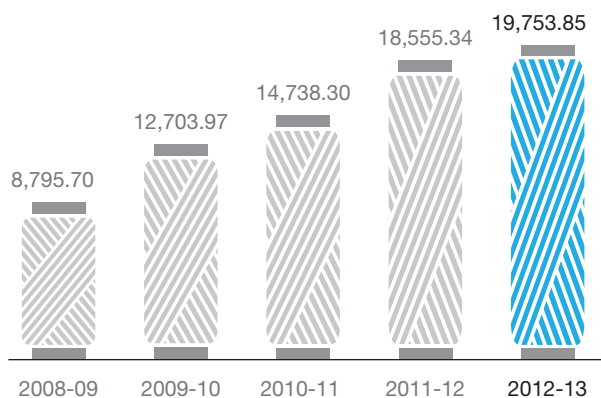
17.74% CAGR



EBITDA

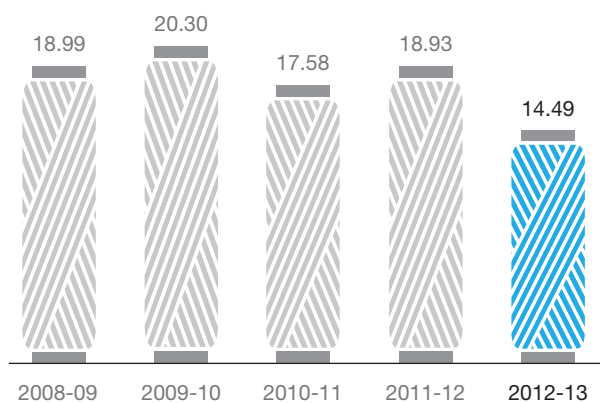
₹ in Lacs

22.42% CAGR



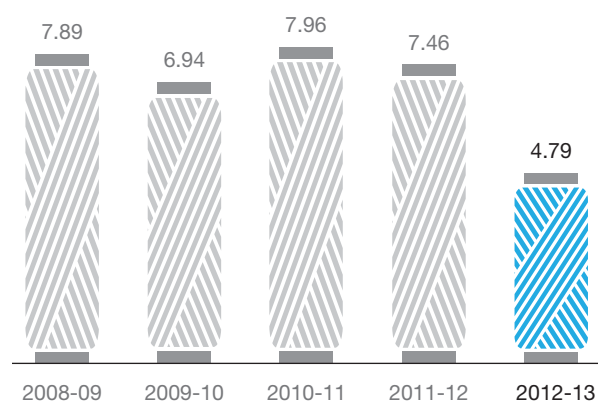
EBITDA Margin

(%)



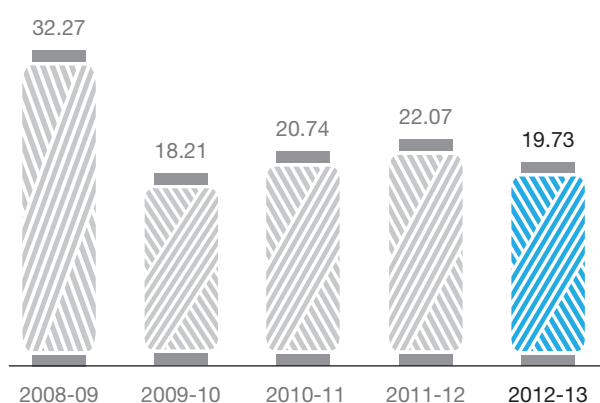
Net Profit Margin

(%)

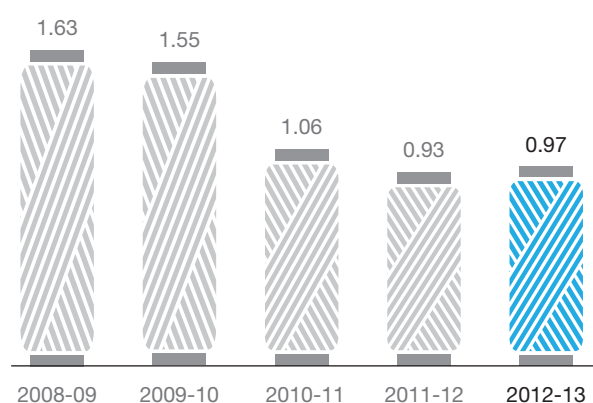


EPS

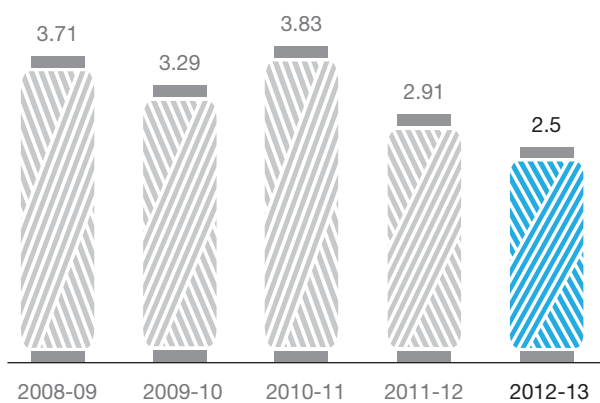
(₹)



Debt-Equity Ratio



Interest Cover



Chairman & Managing Director's Message



DEAR FRIENDS,

We began our journey with modest means and today, thanks to our collective effort, we have emerged as a multi-divisional and multi-geographic business enterprise with a significant presence in the textile and the garment segments. There were challenges along the way, but we have always focused on our vision to embrace global fashion and style trends, with a deep sensitivity towards human well-being. The happy blend of style and sensitivity is the enduring hallmark of Mandhana Industries Limited.

Purushottam C. Mandhana

Chairman & Managing Director

The FY 2012-13 was challenging for the entire textile industry on account of rising debt levels, higher interest costs, liquidity crunch and so on. These challenges had a subdued impact on our performance. We were able to counter these headwinds on the back of a strong and sustainable business model.

MIL recorded a healthy growth in topline during FY 2012-13. However, the profit margins were dampened due to an escalation in raw material cost and overall manufacturing costs. Hence, the net profit margin declined from 7.46% to 4.79%.

We were comfortably placed on the liquidity front, ensuring low gearing. In addition, our long-term debt to equity ratio stood at 0.97, i.e. less than one, enabling us to continue growing the business despite headwinds. The

result is that we see good business prospects in the medium to long term.

MIL is shifting gears. During FY 2012-13, we enhanced our focus on garments, exported fabrics, added a new fabric range, invested in capacity expansion and opened the first retail store in India. During the year under review, we had three active capex plans comprising garment expansion plans at Tarapur & Baramati and the third one for 'Being Human'.

Of these, the Tarapur expansion project has been commissioned and became commercially operational in 2012. Both the plants will be equipped to produce about two and a half million pieces annually. This takes the additional garment making capacity to 3.6 Mn pieces, which translates into a total capacity of

7.6 Mn pieces. These expansions are likely to contribute to the increase in topline and overall productivity.

For the Being Human venture, the previous two years witnessed a total investment of about ₹ 35 Cr, which is half of the total planned investment. In consonance with our ideology of 'doing good for society', we entered into a licensing agreement with Being Human apparel brand in 2011, which is endorsed by The Salman Khan Foundation. MIL has exclusive rights to design, manufacture, appoint distributors and franchisees and sell Being Human products online. This means that the brand is owned by Mandhana, albeit commercially, until March 2020.

We launched the commercial operations for Being Human products in October, 2012 in India. The flagship store was, however, launched in January, 2013 in Bandra, Mumbai. Four more stores were launched in the same quarter. Globally, the sale of products began in April, 2012.

MIL is now planning to sell Being Human products through EBOs (Exclusive Brand Outlets), franchisees, SIS (Store in Stores) formats, including the overseas distribution selling outlets. We have

significant presence in the Middle East and European markets having over 300 selling points already. The number is expected to increase further. We are also targeting other geographies (Far East, USA, Africa) with significant Indian population. Salman Khan is popular across these geographies and our brand will enjoy positive traction.

In India, Mandhana is confident of growing its retail presence, even in a competitive business landscape. We derive confidence from our ability to understand the customer's mindset and leverage the dominant fashion trend moving forward. India's domestic consumption story looks robust. Consumers are now becoming more discerning and brand conscious, which will surely drive retail penetration in India.

During the year under review, MIL

also entered into strategic tie-ups to make the brand available online to an ever-growing list of online buyers. We have already begun selling our clothes through Myntra.com, which enjoys extensive pan-India prominence.

Our progress rests on the shoulders of our people, who are capable of delivering world-class products. MIL has demonstrated remarkable resilience in the current challenging environment and I am confident that we have the strength and resources to withstand any adversity and emerge stronger.

The vision that helped us traverse such a long and arduous journey since inception will take us further.

With warm regards,

Purushottam C. Mandhana
Chairman & Managing Director



MIL IS SHIFTING GEARS. DURING FY 2012-13, WE ENHANCED OUR FOCUS ON GARMENTS, EXPORTED FABRICS, ADDED A NEW FABRIC RANGE, INVESTED IN CAPACITY EXPANSION AND OPENED THE FIRST RETAIL STORE IN INDIA.



Being Fashionable. Being Human.

A home-grown retail brand having an international appeal, Being Human was launched in 2007. The brand gives a whole new perspective to Mandhana's retail initiatives through its association with a noble cause.

THE FOUNDATION

Founded in 2007, the Being Human brand is owned by The Salman Khan Foundation. It is a registered charitable trust that focuses on doing well for the society. The proceeds from all Being Human merchandise are spent to provide education and healthcare for the underprivileged. Bollywood actor Salman Khan is the guiding force behind the brand, which has evolved into a prominent 'fashion-for-a-cause' entity.

With the brand's international appeal and Salman's patronage, we are confident that Being Human merchandise will be well accepted by our customers. This association also gives us an opportunity to promote and contribute to the Foundation.



BEING HUMAN BRAND HAS BEEN ESTABLISHED TO OFFER THE BASIC VALUES OF LOVE, CARE, SHARE, JOY, HELP AND HOPE TO THE DEPRIVED.

Mandhana is the global licensee for the brand, having the license to manufacture and retail its products throughout the globe. The proceeds from the licensing will be used only for the charity for the Foundation.

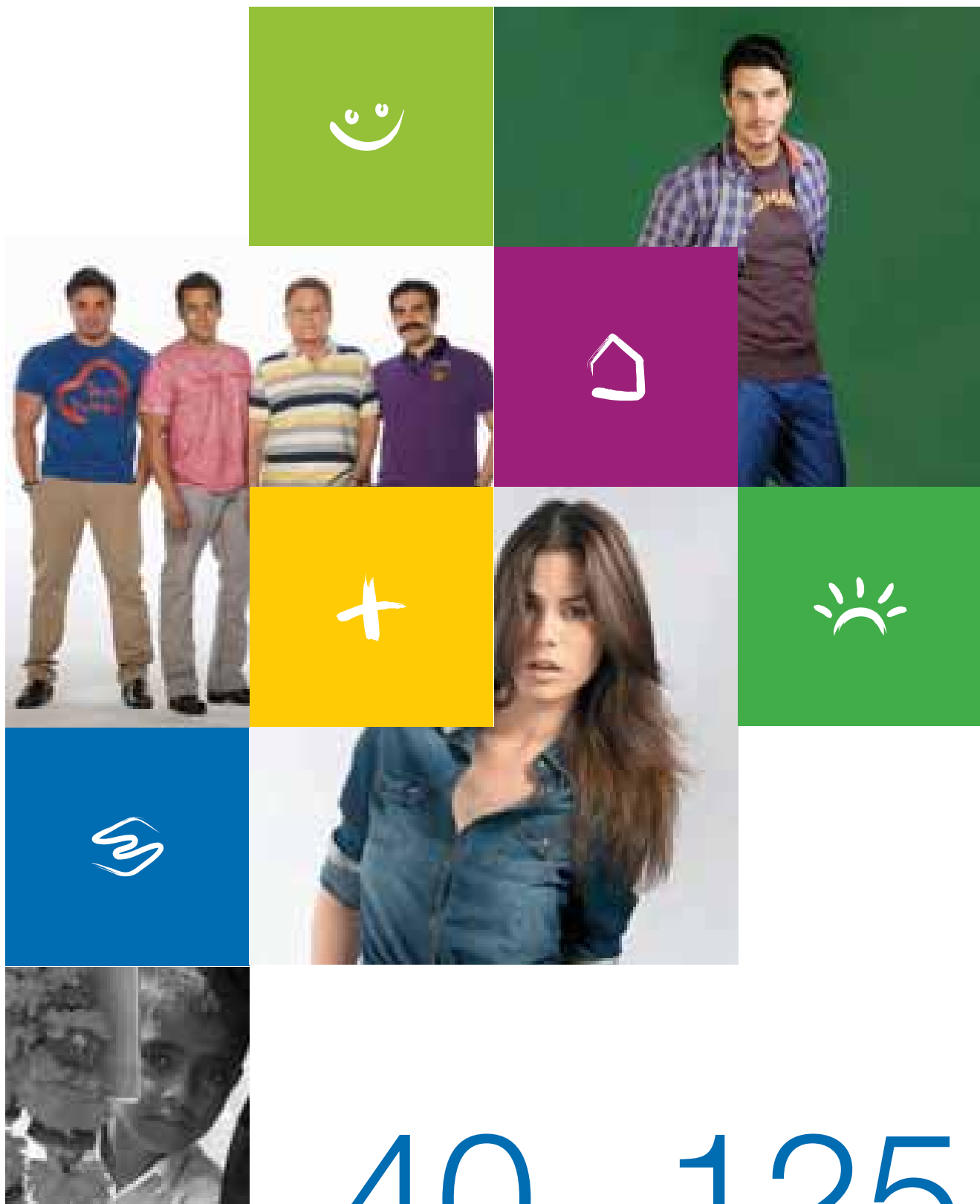
Through an excellent in-house design team, we also design and conceptualise the entire apparel range of the brand.

RETAIL EXPANSION

The association with Being Human marked MIL's foray into the retail segment. We launched five stores during the previous year in India. In addition, we have already received numerous enquiries for opening franchises in Tier-II and Tier-III cities. Mandhana has planned to invest heavily to open new stores, expand its reach and promote new offerings.

We aim to expand our presence to Pune, Amritsar, Chandigarh, Raipur, Kochi, Mumbai, Thane and Bengaluru.

Currently, the brand is sold through Shop-in-shop (SIS) stores and we expect to expand the reach through more stores by the end of the year. The tie-ups with various retail chains, such as Shoppers Stop, Lifestyle, Splash, Jade Blue, All That Jazz, My Store and Wardrobe, among others will drive sales further.



40

THE BRAND IS CURRENTLY BEING SOLD THROUGH 40 SIS STORES.

125

THE NETWORK IS EXPECTED TO REACH 125 STORES BY THE END OF THE YEAR.

**I AM
BEAUTIFUL
BECAUSE I
SHARE**





IN THE WORLD OF HIGH
FASHION AND STYLE

WE ARE MAKING A
MARK THROUGH
FUTURE-FOCUSED
INITIATIVES

AND AN ENDURING
COMMITMENT TO HUMAN
WELL-BEING.

Exploring new vistas of opportunity

THERE ARE OPPORTUNITIES ON THE HORIZON EVEN DURING TRYING TIMES.

Being Human recently tied up with Myntra.com, a leading online fashion store that has a vast reach, spanning 480 cities and towns in India.

Today's young people are keen to espouse social causes through fashion. Therefore, the tie-up will be a perfect match to the audience that the brand caters to, i.e. the ones who are aware and fashion conscious. The tie-up will enhance the brand reach to a wider audience across Metros, Tier-2 and Tier-3 cities, who do not have access to the 'Brick & Mortar' stores as yet.

CONVENIENCE OF BUYING ONLINE

According to a market survey conducted by a leading research Company, about 50% of the youth would prefer to buy their clothes online given a choice, convenience and discounts on offer. Therefore, Being Human is set to reach out to more people through an increasing number of tech-savvy youth.

To begin with, Myntra.com will offer Being Human's contemporary, trendy and urbane range of apparels and accessories for men. This will be followed by the women's range of apparels and accessories. More than 130 styles for apparel and over 40 styles for accessories will be available for the customers, who will be willing to enhance their options by exploring Being Human's latest designs.





BEINGHUMANCLOTHING.COM

Apart from Myntra, MIL also wishes to make the apparel available to its customers through another online portal, www.beinghumanclothing.com, the logistics of which are being handled by the partners.

BEING HUMAN WOMEN'S AND KIDS WEAR

Riding on the female fan following of Salman Khan, Mandhana has also planned to launch the women's wear in the mid to premium range within a short time. The kids' range will follow soon after.

Widening social engagements

THE 'BEING HUMAN' BRAND DRIVES A MOVEMENT FOR SOCIAL UPLIFTMENT AND EQUAL OPPORTUNITIES FOR YOUTH THROUGH MULTIPLE INITIATIVES.

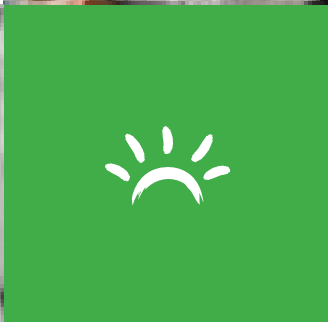
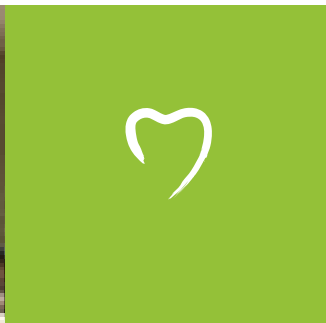
PARTNERING CAREER DEVELOPMENT

Being Human is proudly associated with the cause of developing careers for unemployed youth. It collaborated with NIIT Foundation and NGO Gram Niyojan Kendra to establish its pilot centre near the HCCBPL bottling plant at Dansa, Himachal Pradesh. **Already 209 unemployed youth received enhanced training. They have also got their first jobs through this initiative.** This initiative is extending its reach among more youth in Andhra Pradesh, Karnataka, Maharashtra and Odisha.

CAUSE-A-THON, 2013

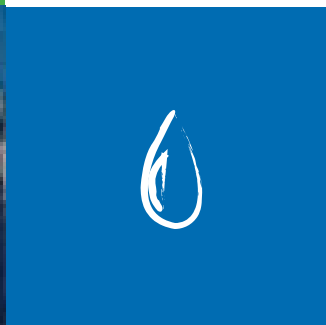
World Autism Awareness Day is observed on 2nd April every year. Although there is no known cause or cure for autism, detection and intensive therapy at an early age can enable children overcome the challenges to a large extent. To drive awareness about the disease and make parents accept the disease if detected in their autistic child, **Khushi**, a pediatric therapy centre located in Mumbai organised Cause-A-Thon on 31st March, 2013. The campaign was targeted to create awareness about autism. Being Human was proud to be associated with the cause.





HOPE IS WHERE THE HEART IS

Being Human joined hands with Fortis Foundation to unveil The Little Hearts Programme that aims to provide free treatment to children with congenital heart defects. The joint effort will leverage Fortis' extensive network of hospitals across the country. Over 50 children have already been treated within six weeks of the announcement of the association. The treatment had taken place at Fortis Hospitals, located in Mumbai and Gurgaon.



DONATION OF WATER TANKS TO DROUGHT-HIT AREAS

Several villages in Maharashtra faced severe crisis due to water-scarcity. The situation was such that it turned out to be the worst drought in about four decades. The backward regions of Marathwada were the worst affected. The dry summer spell, accompanied by water stocks as low as 20%, added to the woes of the people of the region. Salman Khan had pledged to donate 2,500 water tanks to the drought-hit districts in Maharashtra through the Government-led initiative.

Being Human feels great

We undertook various promotional activities and used several communication channels to enhance brand visibility. Some of the channels used by us include

SOCIAL MEDIA, PR ACTIVITIES, HOARDINGS AND PRINT CAMPAIGNS, VIRAL MARKETING, EVENTS/CONTESTS/WORKSHOPS, MALL ACTIVATIONS, CELEBRITY INVOLVEMENT AND DIGITAL MARKETING MEASURES, SUCH AS MOBILE MARKETING, RADIO ADVERTISEMENTS, AND PRODUCT PLACEMENT IN MOVIES /POPULAR TV SHOWS AND SO ON.



01 SALMAN KHAN AND FAMILY WITH MANISH B. MANDHANA AT BEING HUMAN LAUNCH PRESS CONFERENCE, SOFITEL, MUMBAI

02 EBO AT R CITY MALL, GHATKOPAR, MUMBAI

03 BEING HUMAN LAUNCH EVENT AT FLAGSHIP STORE, BANDRA, MUMBAI

06 BEING HUMAN LAUNCH EVENT AT FLAGSHIP STORE

07 SPRING-SUMMER '14 AD CAMPAIGN



04



05



08



09

04 BEING HUMAN, FLAGSHIP STORE - WOMEN'S CORNER

05 SPRING-SUMMER' 14 AD CAMPAIGN

08 SALMAN KHAN INTERACTING WITH PRESS AT SOFTEL, MUMBAI

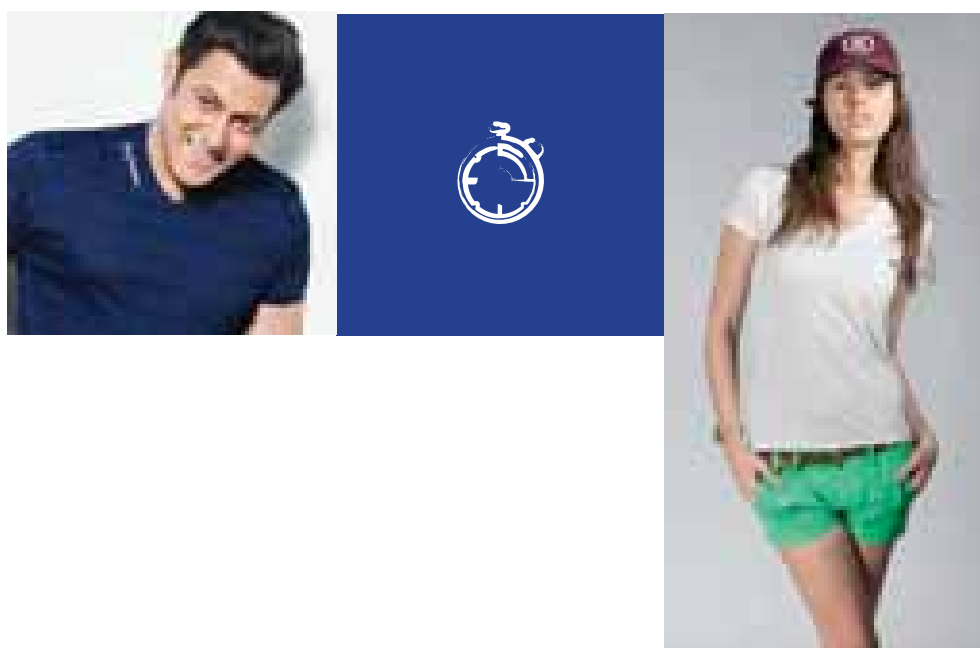
09 SALMAN KHAN AT BEING HUMAN LAUNCH EVENT AT FLAGSHIP STORE

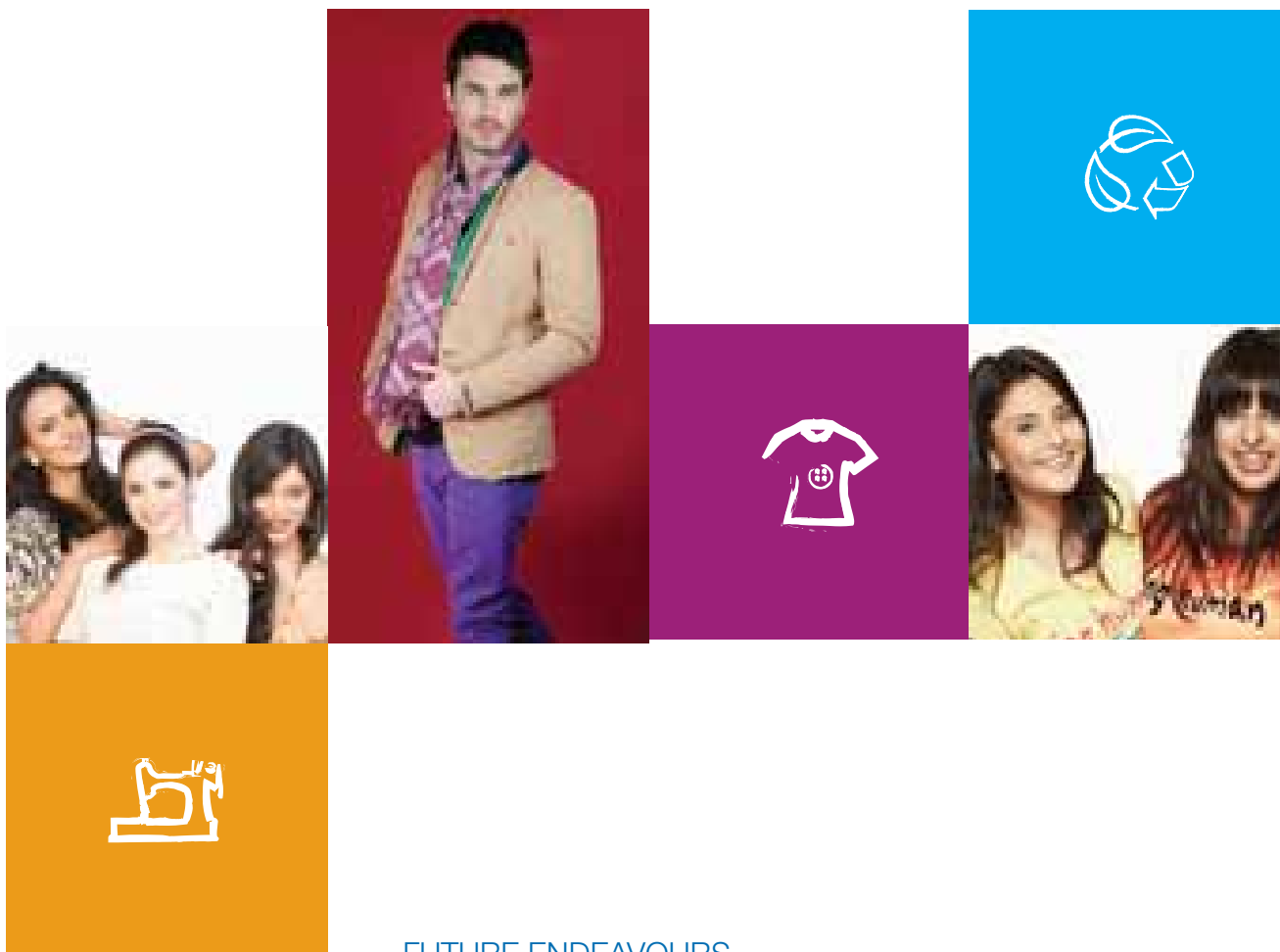
Style meets Substance

DESPITE THE TOUGH ECONOMIC SCENARIO AND BUSINESS LANDSCAPE, WE HAVE BEEN RESILIENT TO HEADWINDS AND PERFORMED SATISFACTORILY. OUR BUSINESS MODEL REPRESENTS A HAPPY BLEND OF STYLE AND SUBSTANCE.

We were driven by the strength of our people, business experience, innovation, and Research and Development projects. Our strengths are reflected in the way we conduct our business.

- Vertically integrated operations across the value chain
- Proven execution capabilities
- Excellent technological, marketing and designing capabilities
- Full-fledged in-house style lab and textile studio
- Quickest turnaround time
- Diversified domestic and international customer base
- Strong relationships with global retailers and top fashion brands
- Extensive product basket in both textile and garment segments
- Blend of young and experienced personnel
- Excellent financial track record with high realisations





FUTURE ENDEAVOURS

Expansion

At Mandhana, we undertook several strategic expansion initiatives aimed at deriving maximum benefits from Government incentives. We diversified into maximum segments, thereby increasing stakeholder value.

Improvement of operational efficiencies

We are improving operational efficiencies by identifying cost centres and initiating cost rationalisation. Moreover, we effectively control raw material costs through bulk purchases, supplier negotiations and reducing wasteful consumption.

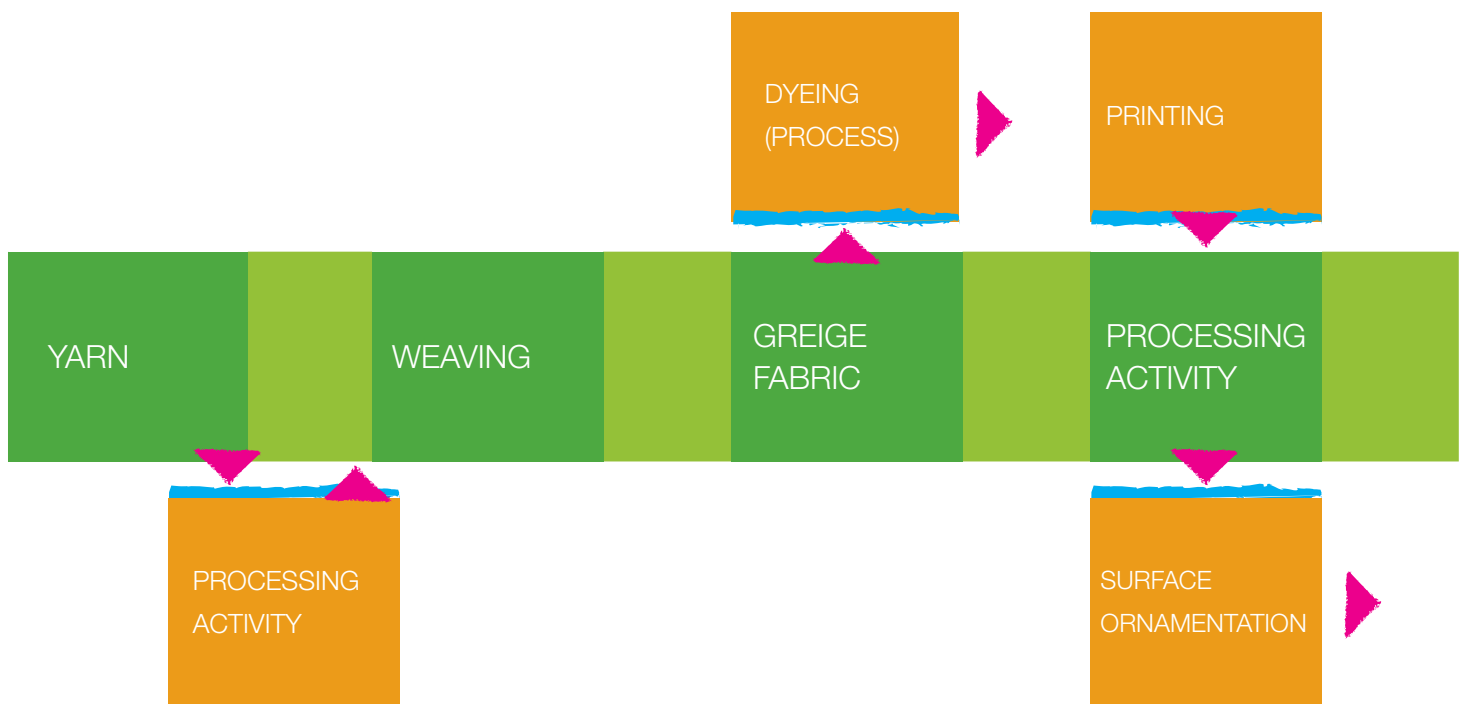
Strengthening design and product development processes

We always intended to innovate designs and samples for fabrics and garments. This is effectively supported by an in-house design studio and sampling unit. We wish to explore and tap the hi-end, readymade garment segment to improve sales realisations.

Capturing increasing opportunities

To mitigate market risks, we are constantly striving to expand to new geographies and thereby widen our growth prospects. We look forward to exploring opportunities in countries with rising demand for value-added textile products.

Creating value at every stage





Taking fashion places

OUR WORLD-CLASS PRODUCTS
HELP TO REDEFINE FASHION FOR A
DIVERSE CUSTOMER BASE ACROSS
GEOGRAPHIES.

Domestic Clientele

Allen Solly, Louis Phillipe, Van
Heusen, Pantaloons, Indian
Terrain, Pepe Jeans, Wills, Lilliput,
Shoppers Stop, Raymonds

International Clientele

Jeans and high-street wear

J.C. Rags, Colin's, Pepe Jeans,
Scotch & Soda, FCUK, River
Island, Hilfiger Denim, Denim
Rifle, Bonobo, Cache Cache,
Desigual, Mango, Superdry, Calvin
Klein

Sports and surf wear

Quicksilver, Kappa, Rip Curl, Roxy
Oxbow

Catalogue

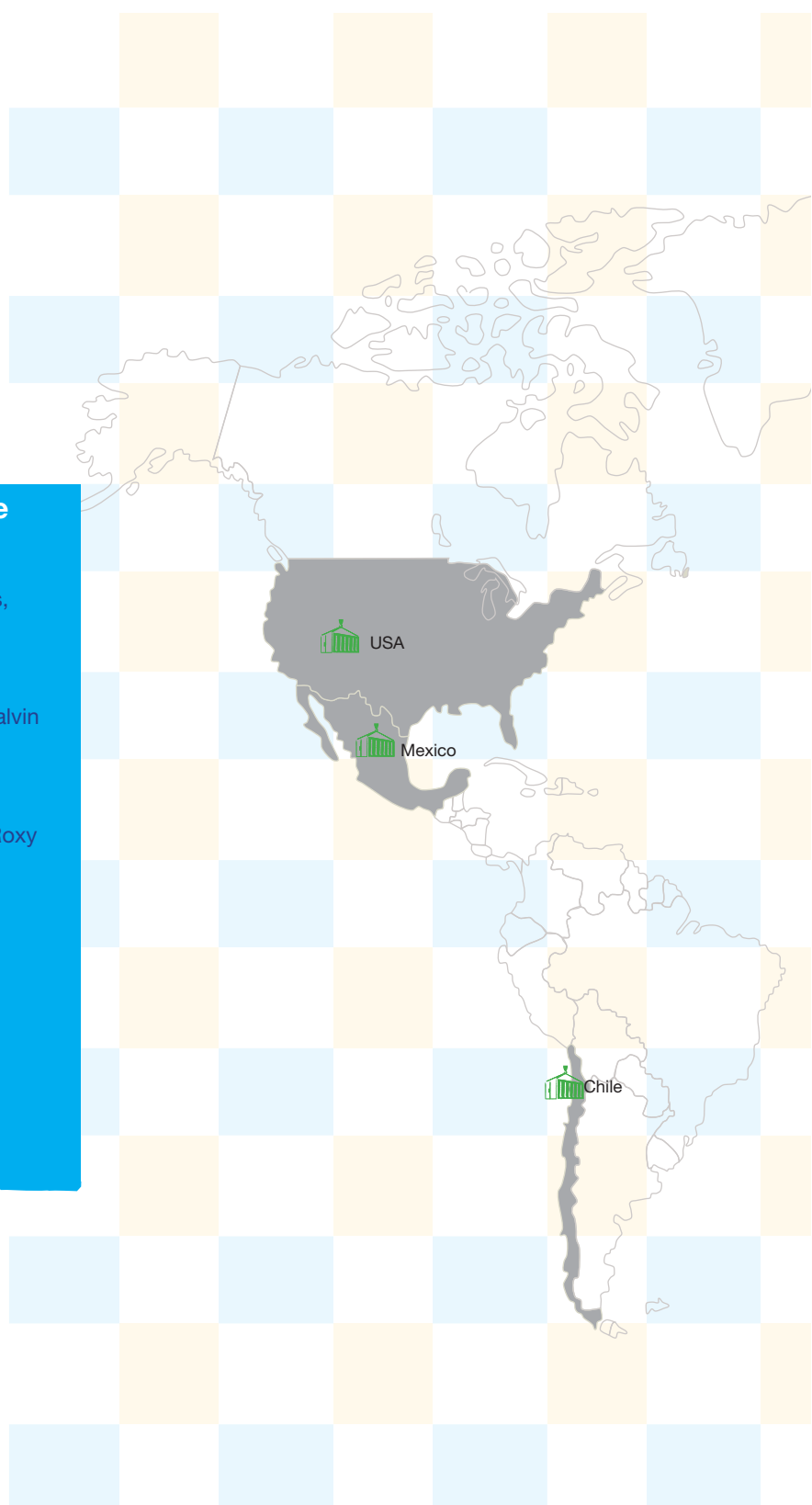
Bonprix, LA-Redoute, Otto

Retailers

New Yorker, Auchan, ORSAY

Corporate brands

Switcher



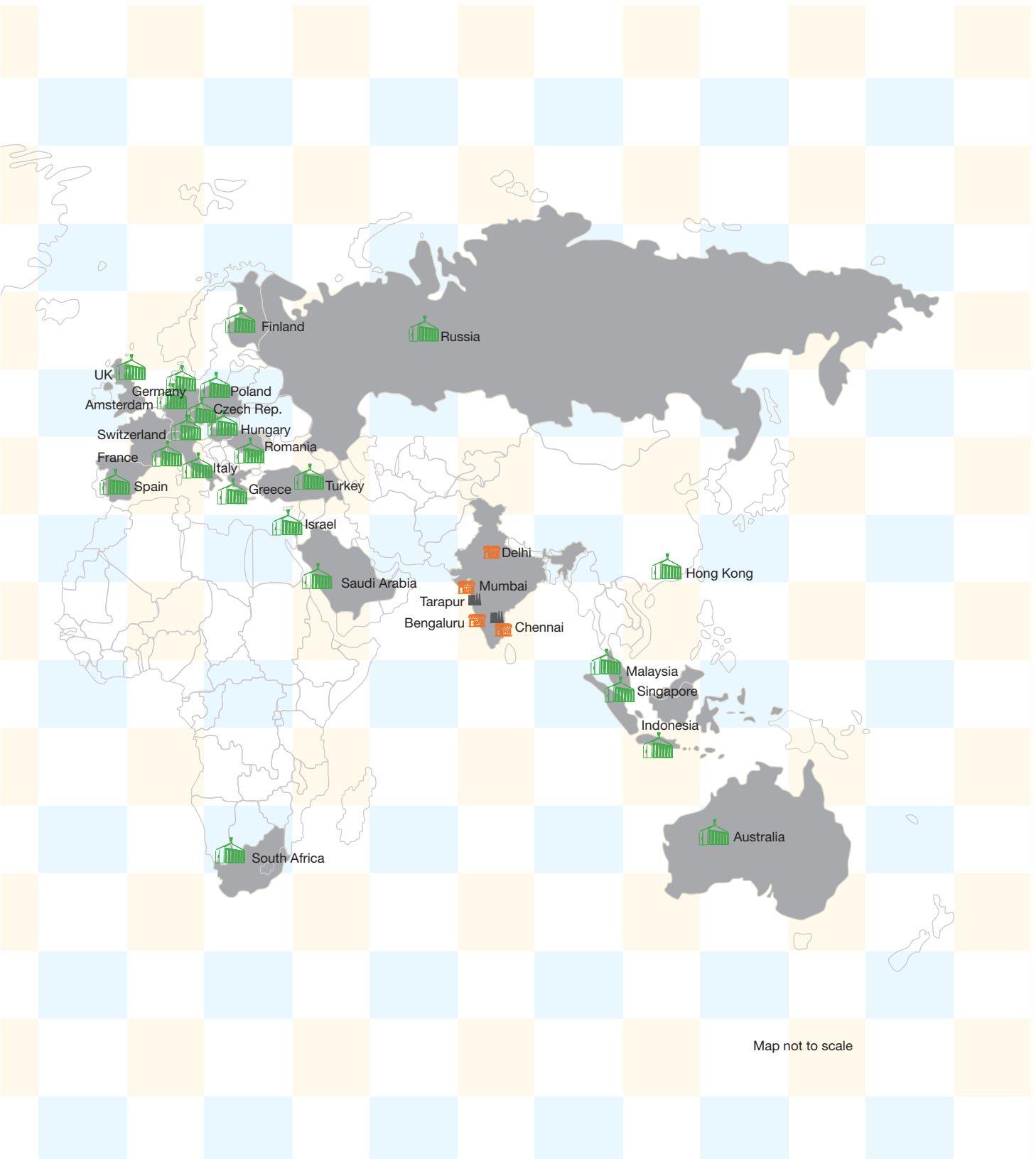
Manufacturing Facilities



Domestic Sales Office



Exports



Map not to scale

Moving ahead in style

1984 1994 1998 2002

- Incorporated Mandhana Industries Limited
- Commenced the functioning of the processing unit with a capacity of 10,00,000 metres per month (mtrs p.m.)
- Started garment exports
- Set up a weaving unit at Tarapur with a capacity of 5,00,000 metres per month

2008 2009 2010

- Set up one more garment unit at Bengaluru to roll out additional 50,000 pieces monthly
- Commenced CDR/ CBR# processing with printing having capacity of 26,00,000 metres per month
- Installed an additional capacity of 1,00,000 kgs per month in the yarn dyeing unit
- Floated an IPO to raise ₹ 107.90 Cr

2003 2004 2005 2006

- Established a garment unit at Bengaluru to produce 1,20,000 garments per month
- Augmented weaving capacities at Tarapur with 2,00,000 mtrs. per month
- Enhanced processing capacities at Tarapur with an additional 7,00,000 mtrs per month
- Set up Mandhana Europe, its liaison office in Paris
- Set up a new yarn dyeing plant at Tarapur with a capacity of 1,50,000 kgs per month
- Augmented weaving plant capacities to 8,00,000 metres per month
- Established new garment units in Bengaluru and Mumbai to manufacture additional 1,30,000 garments every month

2011 2012 2013

- Collaborated with Being Human, a retail brand owned by Bollywood actor Salman Khan
- Doubled weaving capacity from 15,00,000 metres to 30,00,000 metres per month
- Launched Being Human apparel brand in the Middle East through a strategic tie-up with the Landmark Group
- Launched Being Human apparel brand in India
- Established garment unit at Tarapur with a capacity of 20,00,000 pieces annually
- Setting up a garment manufacturing unit at Baramati with a capacity of producing 20,00,000 pieces annually

Shared values

AT MANDHANA, OUR DEDICATED AND COMMITTED TEAM DRIVES THE GLOBAL BRAND BY VIRTUE OF SHARED VALUES AND MANAGEMENT PRINCIPLES, INCULCATING A SENSE OF PRIDE AND OWNERSHIP.

We encourage every member of our team to enhance his/her professional repertoire of skills. We also undertake several initiatives to empower women living in communities surrounding our facilities.

Our employee engagements comprise the following:

- Ensuring health and safety compliance
- Forming a Grievance Committee
- Providing opportunities to the differently abled
- Offering free canteen facilities
- Granting crèche facilities
- Implementing performance-driven incentive schemes
- Forming committee to prevent sexual abuse
- Offering recreation facilities
- Helping upgrade skills through trainings



Sustainable development

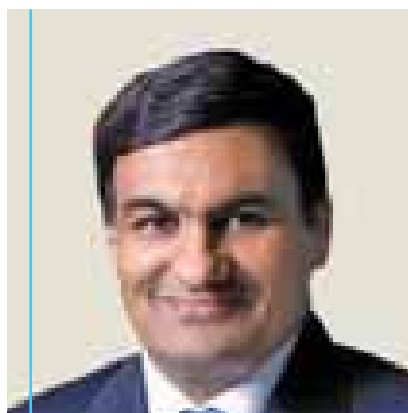
COMMUNITY UPLIFT IS AT THE HEART OF MIL'S MISSION FOR SUSTAINABLE DEVELOPMENT.

We have been certified by the Switzerland-based NGO ISCOM for social code of conduct. Some of the steps undertaken as a part of our community initiatives include:

- Offering food and medical services
- Empowering women
- Establishing effluent treatment facilities at plants
- Creating unbiased employment opportunities
- Ensuring product DNA traceability
- Associating closely with social organisations working for the underprivileged and the victims of natural calamities
- Promoting organic cotton products
- Exhibiting commitment to corporate governance



Board of Directors



Mr. Purushottam C. Mandhana
Executive Chairman &
Managing Director

- MIL's founder
- A visionary and an entrepreneur with proficiency in all spheres of textiles
- An administrator par excellence with more than three decades of industry experience



Mr. Biharilal C. Mandhana
Executive Director

- MIL's Co-Founder
- Insight into human resources and logistics
- Exhaustive sourcing capabilities and the ability to perceive opportunities and threats
- Over three decades of experience in the textile industry



Mr. Manish B. Mandhana
Jt. Managing Director

- Torchbearer for the Company's constant modernisation and progress
- Close to two decades of industry experience
- A perfectionist and an aggressive marketer



Mr. Ghyanendra Nath Bajpai

Non-Executive and
Independent Director

- Ex-Chairman of SEBI and LIC
- Former Non-Executive Chairman of NSE, SHCIL, LIC Housing Finance Co. Limited
- Ex-Director of GIC, ICICI, UTI, India International Insurance Limited
- Visiting Professor at the Middlesex University, London
- Conferred with the 'Outstanding Contribution to Development of Finance' Award by Honourable Prime Minister Shri Manmohan Singh



Mr. Khurshed M. Thanawalla

Non-Executive and
Independent Director

- Established and managed textile mills in Kenya and Indonesia in the capacity of Managing Director (1965-1984)
- Director of textile consultancy, management and agencies in East Africa, Switzerland, Singapore and India (1965-1984)
- Managing Director, Barmag India Private Limited, sales and service of textile machinery for chemical and natural fibre (1985-1996)
- Managing Director, Oerlikon Textile India Private Limited



Mr. Dilip Karnik

Non-Executive and
Independent Director

- Ex-Mumbai High Court Judge and the former Director of the United Western Bank
- Has astute commercial and corporate skills



Mr. Sanjay Asher

Non-Executive Director

- Solicitor and Partner in Crawford Bayley & Co.
- Invitee by Government of India in the committee formed by the Department of Disinvestment
- Member of the Committee of Indo-US Financial Institutions Reforms & Expansion Projects

Corporate information

Board of Directors

Mr. Purushottam C. Mandhana

Chairman & Managing Director

Mr. Biharilal C. Mandhana

Executive Director

Mr. Manish B. Mandhana

Joint Managing Director

Mr. Ghyanendra Nath Bajpai

Non-Executive and Independent Director

Mr. Khurshed M. Thanawalla

Non-Executive and Independent Director

Mr. Sanjay K. Asher

Non-Executive and Independent Director

Mr. Ernst Robin Cornelius

Non-Executive and Independent Director

(Resigned as Director w.e.f. 5th November, 2012)

Mr. Dilip G. Karnik

Non-Executive and Independent Director

(Appointed as Director w.e.f. 5th November, 2012)

Board Committee

Audit Committee

Mr. Khurshed M. Thanawalla

Chairman

Mr. Ghyanendra Nath Bajpai

Member

Mr. Sanjay K. Asher

Member

Mr. Dilip G. Karnik

Member

Mr. Purushottam C. Mandhana

Member

Remuneration Committee Member

Mr. Ghyanendra Nath Bajpai

Chairman

Mr. Khurshed M. Thanawalla

Member

Mr. Sanjay K. Asher

Member

Shareholders'/Investor Grievances, Share Allotment and Transfer Committee

Mr. Khurshed M. Thanawalla

Chairman

Mr. Manish B. Mandhana

Member

Mr. Dilip G. Karnik

Member

Management Committee

Mr. Purushottam C. Mandhana

Chairman

Mr. Biharilal C. Mandhana

Member

Mr. Manish B. Mandhana

Member

Vice President – Legal & Company Secretary

Mr. Vinay Sampat

Management Team

Mr. A. P. Bhatnagar

President - Weaving & Shirting

Mr. Rajendran Pillai

President – Retail

Mr. Mitesh Shah

Vice President – Finance and Corporate Affairs

Mr. Prasad R.V.R

Vice President – Garment Division

Mr. Narendra D. S

Vice President – HR, Administration & Compliance

Mr. Narinder Marve

Vice President – I. T.

Mr. Uday Kulkarni

Vice President – Processing (Unit – I)

Mr. Gopal Shah

Vice President – Marketing (Export Division)

Mr. Pushpendra Tyagi

Vice President – Marketing (Fabric Division)

Ms. Varsha Raghuram

Vice President – Merchandising & Business Development

Mr. Nileshkumar Modi

Vice President – Weaving

Mr. Jagjit Singh

Vice President – Yarn Dyeing

Mr. Ritesh Bhardwaj

Associate Vice President – Commercial

Mr. Nayan Kambli

Associate Vice President – Finance & Corporate Affairs

Mr. Arvind Shikharkhane

Project Head (Technical)

Mr. Rahul Anand

Head – Design

Auditors

M/s Vishal H. Shah & Associates

Solicitors

M/s Crawford Bayley & Co.

Internal Auditors

M/s Hinesh R. Doshi & Co.

(for Corporate Office Mumbai & Tarapur)

M/s B. Choraria & Mates

(for Bengaluru)

Bankers

Axis Bank Limited

Bank of Baroda

Bank of India

Corporation Bank

HDFC Bank Limited

Indian Bank

Indian Overseas Bank

Punjab National Bank

Standard Chartered Bank

State Bank of India

State Bank of Patiala

Registered Office

Plot no. C-3, MIDC,

Tarapur Industrial Area,

Boisar, Dist: Thane - 401506

Tel : 91-2525-272228/29

Fax: 91-2525-260251

Corporate Office

205-214, Peninsula Centre,

Dr. S. S. Rao Road,

Parel, Mumbai 400 012

Tel : 91-22-4353 9191

Fax: 91-22-4353 9216

e.mail : info@mandhana.com

Web: www.mandhana.com

Registrar and Share Transfer Agents

Link Intime India Private Limited

(Unit : Mandhana Industries Limited)

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (W),

Mumbai 400 078.

Tel : 91-22-2594 6970

Fax : 91-22-2594 6969

e.mail : rnt.helpdesk@linkintime.co.in

Branch Offices

Bangalore

26/A, Peenya II Phase,

Peenya Industrial Area,

Near NTTF Bus Stop,

Bengaluru - 560058.

New Delhi

508-509, Ansal Tower,

38, Nehru Place,

New Delhi - 110 019.

WORKS

Mandhana Dyeing

(A Division of Mandhana Industries Limited)

Plot no. E-25, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

Mandhana Weaving House

(Shirting Division)

(A Division of Mandhana Industries Limited)

Plot No. C-2, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

Mandhana Weaving House

(A Division of Mandhana Industries Limited)

Plot no. E-33, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

Mandhana Dyeing – Unit II

(A Division of Mandhana Industries Limited)

Plot No. C-3, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

Mandhana Industries Limited

(Garment Division)

Plot no. E-132, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

Mandhana Industries Limited

(Garment Division)

B Wing, Ganpati Baug,
T. J. Road, Sewree (West)
Mumbai – 400 015.

Mandhana Industries Limited

(Garment Division)

26/A, Peenya II Phase,
Peenya Industrial Area,
Near NTTB Bus Stop,
Bengaluru – 560 058.

Mandhana Industries Limited

(Garment Division)

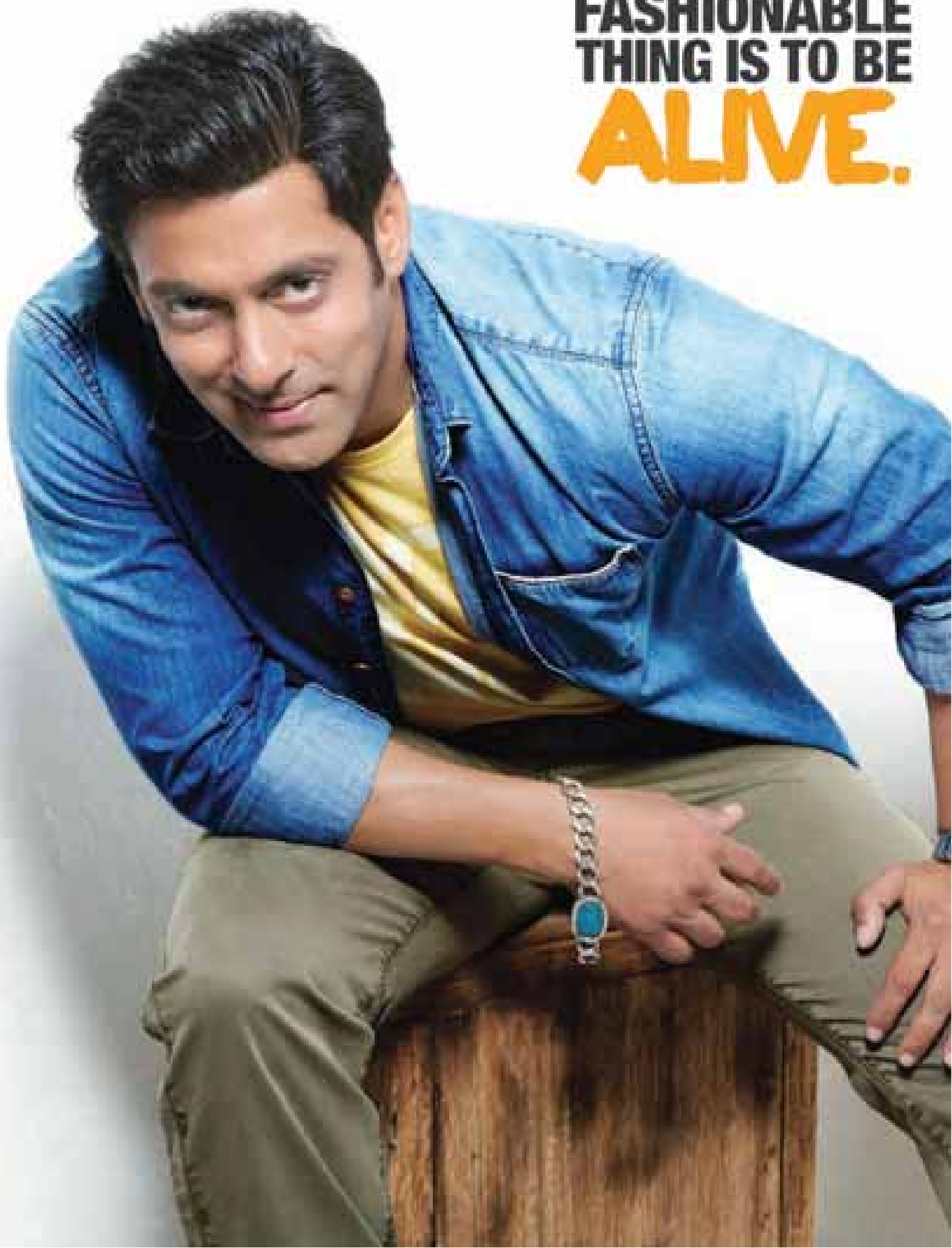
No. 21-D, 2nd Phase
Peenya Industrial Area,
Bengaluru – 560 058.

Mandhana Industries Limited

(Garment Division)

Unit No. 36/2, Maruti Plaza,
Madanayakanahalli Village, Dasanapura,
Hobli, Tumkur Road,
Bengaluru – 562 123.

**THE MOST
FASHIONABLE
THING IS TO BE
ALIVE.**



Management Discussion and Analysis



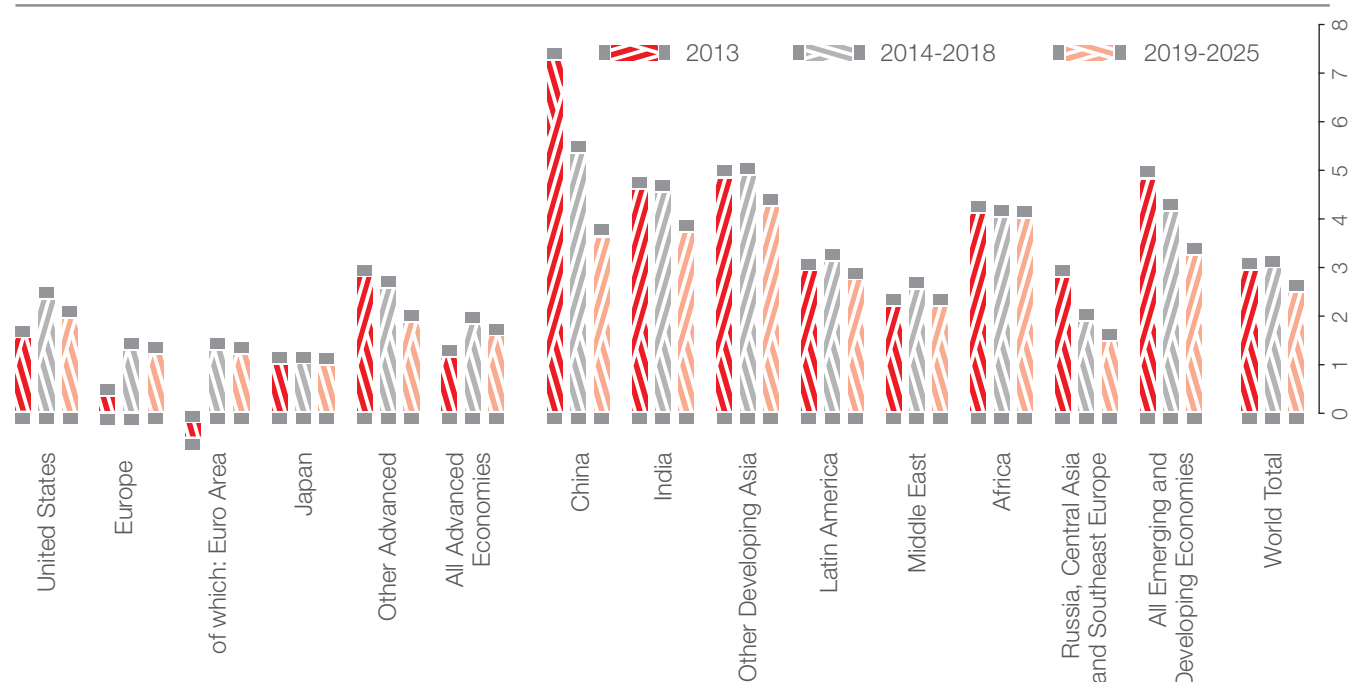
Global Economic Scenario

The fiscal year 2012-13 had seen lot of uncertainties prevailing across regions due to US fiscal cliff, Euro Zone crisis and sluggish growth in developing economies. It is expected that global growth will improve as the factors pertaining to global uncertainty are expected to subside. Global growth came at 3% during 3rd quarter of 2012 owing to acceleration in emerging economies, US registering growth and improvement in financial conditions.

Projections for the year 2014:

- Across the developed economies, the Global Economic Outlook predicts 2.0% growth in 2014, compared to 1.2% in 2013. The increment is expected owing to Euro Zone returning to growth trajectory after registering a contraction of 0.6% in 2013.
- IMF projects 2% growth in 2013 for US while maintaining a 5.5% growth projection for the emerging economies.

Exhibit: Global Outlook for Growth of Gross Domestic Product, 2013-2025 (%)



SOURCE: The Conference Board, May 2013

“

Across the developed economies, the Global Economic Outlook predicts 2.0% growth in 2014, compared to 1.2% in 2013. The increment is expected owing to Euro Zone returning to growth trajectory after registering a contraction of 0.6% in 2013.

”

Indian Economic Scenario

In the year 2013, India's economy was fettered by a mix of events in the global as well as domestic fronts. The primary concerns included Euro Zone crisis, US fiscal cliff, high inflation and burgeoning fiscal deficit. Highlights about Indian economy:

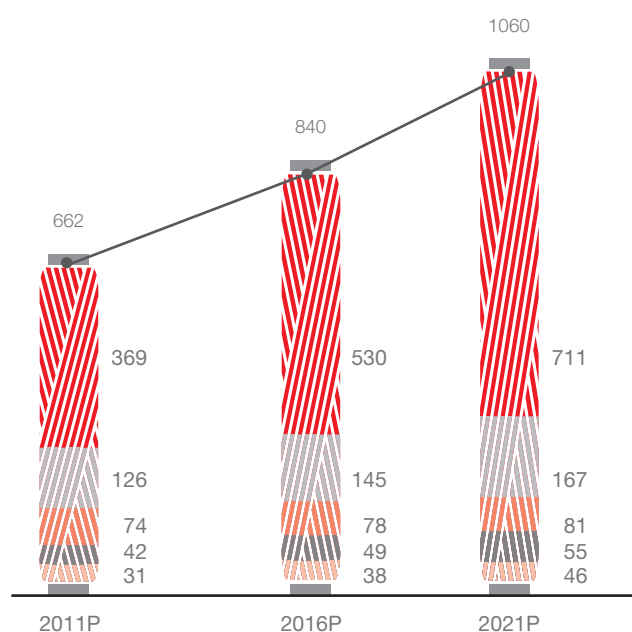
- India's economy grew by 4.8% from a year earlier in the January to March quarter of the financial year 2012-13.
- As per Central Statistical Organisation, India's GDP grew at 5% per annum in the current financial year 2012-13 due to poor performance of various sectors.
- Prompted by fears of slowdown, the government has taken various reforms in terms of Foreign Direct Investment and the Reserve Bank of India cut its key interest rate from 7.5% to 7.25%, its third reduction in a row after the rate cut in January 2013. The reforms may bring relief from the high inflation and spur growth.
- The Government targets to bring down fiscal deficit to 3% of GDP by 2016-17, which turned out to be 4.9% of GDP in the 2012-13.

Global Textile Industry

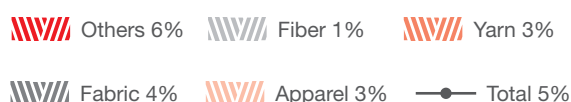
Countries like US, European Union, China, Japan and India are the largest consumption hubs for textiles while production hub, on the other hand, is mainly concentrated in China, India, Bangladesh, Vietnam and Turkey. Asian countries also lead in terms of installed machinery capacity. China alone has 45% of the world's total installed capacity of spinning and weaving industry. There is wind change in terms of production in the world textile industry, shifting from developed to developing nations. Global Textile industry has grown at a modest compound annual growth rate (CAGR) of 5% over the last 15 years and is expected to continue growth

at same pace over the next decade. It is estimated to be a USD 662 Bn industry, covering around 4% of all the traded commodities. It is expected to grow at 5% over 2011-2021 to reach USD 1 Tn by 2021.

Global Textile & Apparel Trade (in USD bn)



CAGR (2011-12)



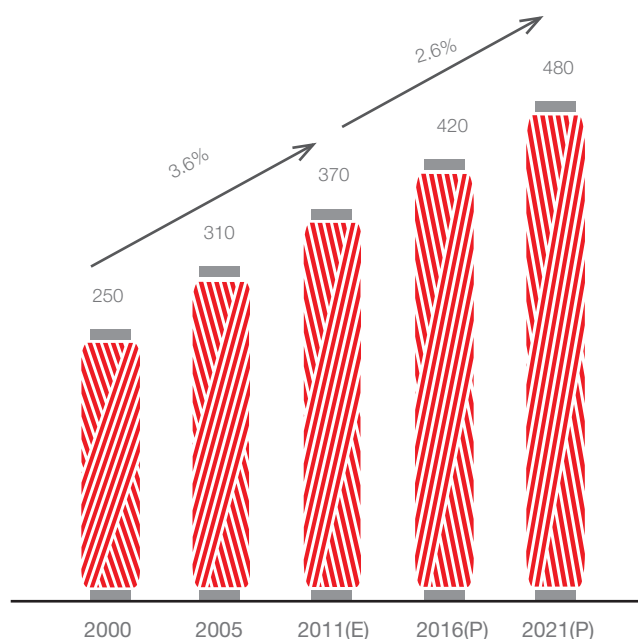
*P- Projections

Source: Technopak Research Report

The demand for fabrics has grown at a CAGR of 3.6% over the last 10 years and is expected to grow at a CAGR of 2.6% over the next decade. The slowdown in rate can be attributed to increasing consolidation of textile manufacturing base near apparel manufacturing.

Management Discussion and Analysis

Fabric Demand (bn sq.mtrs)



Source: Technopak Research Report

China's dominance in global textile export is at stake

At present, China captures about 35% of the global exports market but this lead is currently at stake due to the following:

- Being 2nd largest economy in the world, its focus on high end industries is taking dominance over other industries like textiles.
- Concentration over consumption by China can also hamper its textiles export.
- High resource allocation for promoting high end industries.
- High wage rate as compared to other developing nations like India. Average wage in China is USD 450 per month as compared to USD 200 per month in India.
- Wage Inflation can shoot up due to ageing population and one child policy.
- Appreciation of Yuan against dollar can also affect its exports.

India's Textile Industry

Indian textile industry is 2nd largest manufacturer after China in the world. It contributes significantly to the Indian economy in terms of output, foreign exchange earnings and employment generation. It contributes around 4% to the country's GDP, 14% to the Industrial Production and 17% to Exports Earnings (Source: IBEF February 2013). It is 2nd largest employer providing employment to approximately 35 Mn people.

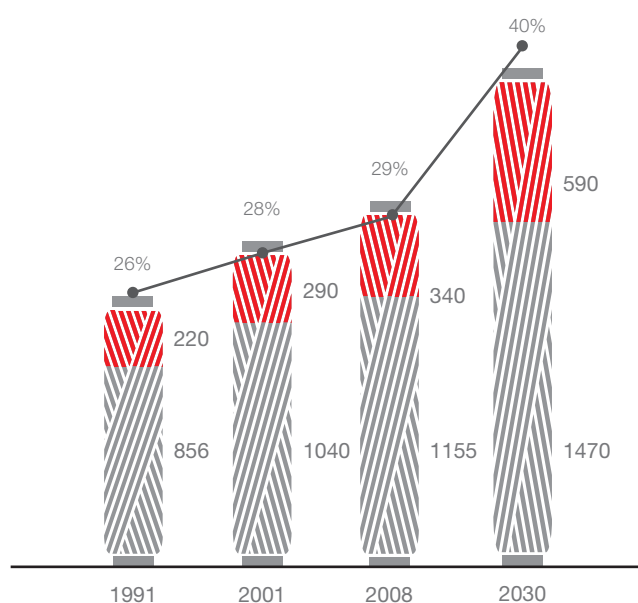
India's total textile and apparel industry size is projected to grow at a CAGR of 9.5% to reach USD 223 Bn by 2021 from USD 89 Bn in 2011 (Source: White paper by FICCI & Technopak).

India captures 4.5% market share in global pie and is constantly growing at a CAGR of 10% since 2005.

Key Growth Drivers

- **Low per capita fibre consumption:** As per FICCI estimates, current per capita fibre consumption is at 5-6 kg in India as compared to the global average of 10.8 kg. India's per capita consumption of man made fibres is also low at 2 kg against 12 kg in China and 11 kg in European Union, implying that there is not well developed fibre consumption as compared to average. Thus, there lies huge untapped potential.
- India is among the **lowest cost producer fabric on per meter production cost** in USD. It has an advantage of almost 50% when compared to Italy (Europe).
- **Favourable socio-economic factors:** India's earning population is steadily growing. Growth in disposable income, along with rising urban population can contribute significantly to the textile industry growth trajectory. The United Nation estimates that India's urban population is expected to increase by 171 Mn over next 15 years and the earning population would increase by 170 Mn. It would generate high demand and the next phase of growth can come from rural areas.

According to McKinsey Report India's urbanization rate would touch 40% of total population by 2030



Urban Population (million)

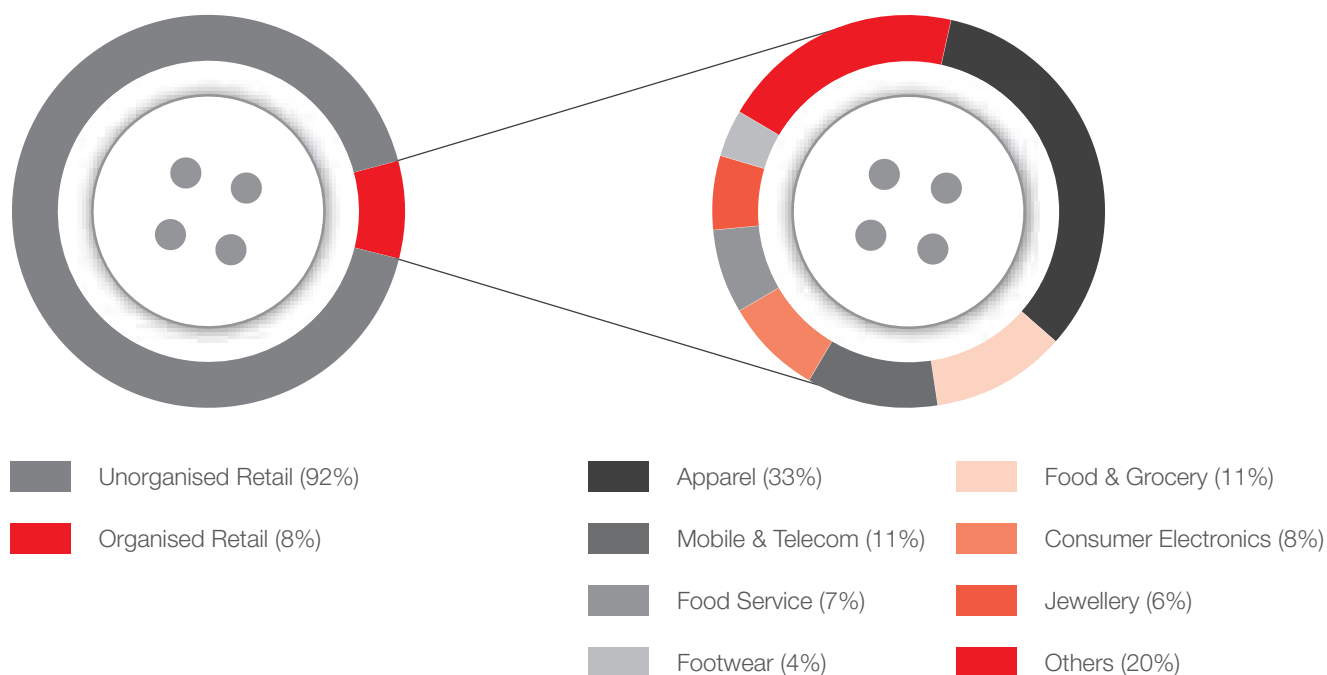
Total Population (million)

Urbanization rate (%)

Source: McKinsey Report

India's total textile and apparel industry size is projected to grow at a CAGR of 9.5% to reach USD 223 Bn by 2021 from USD 89 Bn in 2011.

- Increase in FDI limit in single-brand retail as well multi-brand retail:** The government has allowed 100% from 51% FDI in single-brand retail and 51% in multi-brand retail. Liberalisation is expected to increase organised retail from 8% in 2012 to 25% by 2020. India's retail industry is pegged at USD 435 Bn and can reach USD 1.3 Tn by 2020 according to A T Kearney. The apparel segment accounts for around 33% of the total organised retail and its contribution is expected to increase further.



Source: Dun & Bradstreet retail sector overview, Indian Retail Report 2013

Management Discussion and Analysis

SCOT Analysis

Strengths

- Availability of cheap labour and raw material in abundance
- Large and diversified segment that provide wide array of products
- Major exporter of yarns in the international markets
- Large domestic market

Challenges

- High interest rates, power cost and indirect taxes
- Increasing raw material costs
- Stiff competition from other Asian economies like Bangladesh, Vietnam and China

Opportunities

- Shifting of customer preferences towards branded readymade garments
- Huge untapped potential to explore new markets like Africa, Korea, Japan
- Increase in investments by the government and foreign players
- New product development

Threats

- Maintaining balance between price and quality
- International competition from other developing countries
- Presence of many unorganised players

Outlook

With recent reforms introduced in the Budget 2013-14, outlook for the textiles industry looks optimistic. These reforms will provide support to the industry in the form of technology upgradation and increasing competitiveness. Textiles companies are exploring new horizons by venturing into new markets like Africa, Korea, Japan, Russia to combat dependence on the US and Europe for export earnings. China's export revenue from textiles is facing turbulent times. This is likely to boost India's prospects, the 2nd largest textile manufacturer globally. The sector may face short-term

headwinds as the developed countries economic conditions are still lingering. However, it will prosper in the long term due to low per capita fibre consumption, China's low concentration over textile industry, favourable policies and socio economic factors.

India's total textile and apparel industry size is projected to grow at a CAGR of 9.5% to reach USD 223 Bn by 2021 from USD 89 Bn in 2011.

(Source: White paper by FICCI & Technopak)

Policies introduced in Budget 2013-14:

Proposal	Impact
Continuation of Technology Upgradation Fund Scheme(TUFS) in the 12th Five Year Plan.	It will help domestic players in the form of interest reimbursement and capital subsidy. It is aimed at leveraging investments in technological upgradations.
Reduction in the base custom duty for imported textile machinery and parts from 7.5% to 5%.	It will boost competitiveness to the Indian Textile sector.
Extending optional route for central excise duty for the fibres to finished goods value-chain.	It will provide a level playing ground for the textile value-chain and will make the domestic textile industry competitive against low-wage countries, such as Bangladesh.

Government Initiatives

Textile Industry, being key contributor to the country's economic growth has always been under the scanner of Government. Government supports this industry with favourable policies and incentives such as Technology Upgradation Fund Scheme (TUFS), permitting 100% FDI in single-brand retail, facilitating Integrated Textile Parks and recently announced withdrawal of excise duty on readymade garments.

Technology Upgradation Fund Scheme (TUFS):

It was formed with the intent to provide low interest loans for technology upgradation. This ensures a 5% interest rate reimbursement charged by the banks and financial institutions to ensure credit availability for technology upgradation. In the Budget 2013-14, the scheme has been extended in the 12th year plan with an allocation of ₹ 2,400 crore to focus on modernisation of power loom sector and investment target of ₹ 1,51,000 crore.

Integrated Textiles Parks: The scheme was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure. It is based on Public-Private Partnership model where government would invest upto 40% of the project cost or ₹ 40 crore, whichever is less. In Budget 2013-14, special dispensation for setting up integrated apparel Parks with in-house manufacturing units has been provided. Each new park being set up under this scheme to cater exclusively to the apparel sector will get an additional grant of ₹ 10 crore.

Integrated Skill Development Scheme (ISDS): This scheme was launched in October 2010 to address the training needs of the textiles workers to meet manpower requirement. It planned to train over 2.7 Mn persons over 5 years with an estimated cost of ₹ 19.5 Bn.

Exempted excise duty on readymade garments: This is expected to boost earnings of the apparel manufacturers. Earlier, the garment manufacturers had to pay 3.6% excise duty on MRP value of garments irrespective of claiming input tax credit.

Other policies proposed in Budget 2013-14

- Allocation of ₹ 96 crore in 2013-14 to the Ministry of Textiles for interest subvention.
- Allocation of ₹ 50 crore to the Ministry of Textiles for integrated processing development scheme to address the environmental concerns of the textile industry.
- Enhanced the customs duty on raw silk from 5% to 15% to help the domestic sericulture industry and cocoon farming community.

- Exempt handmade carpet and textile floor coverings of jute or coir from excise duty regime to boost exports.
- Zero excise duty route in addition to CENVAT route is now available to the cotton and man made sector and Spun yarn, fabric and garment stages. In case of cotton, there will now be zero duty at the fibre stage and in case of spun yarn, there will be a duty of 12% at the fibre stage. These have done to ensure a Fibre Neutral Textile Policy.

These policies reflect government's strong commitment towards the industry growth.

Financial Overview

Sales

The Company recorded a strong revenue growth of 39.07% from ₹ 980.14 Crore to ₹ 1,363.06 Crore in 2013. The growth can be attributed to 38% revenue growth in the fabrics segment and 45% growth in the apparels segment. The growth has been recorded on the back of its experience, innovation, aggressive marketing strategies, increased no. of customer touch-points, superior quality product offerings and an expanded customer base.

EBITDA

The Company's EBITDA grew from ₹ 185.55 crore. in 2012 to ₹ 197.54 crore in 2013. The EBITDA margins were recorded at 14.49% in 2013 from 18.93% in 2012.

PAT

The Company recorded a PAT of ₹ 65.34 crore in 2013, a dip from ₹ 73.10 Crore in 2012.

Risk Management – Never ending process

Risk management process continues round the clock to:

- Ensure effective management of risks along with optimisation of cost involved in managing risk.
- Help in making informed decisions on core issues critical to the success of the organisation.

Management Discussion and Analysis

“IF YOU DON’T ATTACK RISKS, THEY WILL ATTACK YOU”

Effective risk management is, thus, an indispensable activity to reach the pinnacle of success.



Risk Management framework involves:

- **Risk identification:** Identification of potential risks and threats.
- **Risk assessment in terms of quality and quantity:** Objective evaluation of qualitative and quantitative analysis of risks associated with uncertainties.
- **Risk planning:** Ascertain action plans to handle identified risks.
- **Risk monitoring:** Evaluate the risks and record mitigation measures for future risk assessments.

Potential risks identified are:

Nature of Risk	Definition	Mitigation Technique
Market Risk	Sluggish demand affecting profitability.	<ul style="list-style-type: none"> • Domestic consumption: Increase in disposable income, rapid urbanisation and rising working population are demand drivers for the industry. • Exports: slowdown in Europe and US can be seen as both risk and opportunity. It has led to the closure of many competitors across these regions which can be potential opportunity. Slow recovery is a bit of concern though.
Forex Risk	Adverse foreign exchange rate movements.	Entered into various forward and derivative contracts.
Raw Material Risk	Inconsistent supply and price volatility.	Efficient supply chain to ensure uninterrupted supply.
Competition Risk	Existence of large and small players in the domestic as well as international front.	Benefit of cost optimisation is passed to consumers without quality being compromised.

Human Resources

Recruitment and Training

Merit forms the basis of Recruitment following systematic and well defined selection procedures. Sustaining pooled talent through appropriate retention strategies help in lowering attrition rate. Regular training sessions form the core of the business operations for skill enhancement, knowledge upgradation and attitude improvement of the employees.

Health and Safety

Mandhana believes that human resource is key pillar to success. Providing them safe and healthy working environment is the primary responsibility of the Company. Few initiatives taken in the past include formation of grievance redressal committee and committee for prevention of sexual abuse.

Rewards

The Company understands that excellence should be recognised and rewarded. Hence, it offers its employees

incentives for outstanding performance to inculcate sense of achievement in them.

Internal Control Systems

The Company has an adequate internal control system to safeguard all assets and ensure efficient productivity. Timely reviews ensure that all transactions are correctly authorised and reported. Wherever deemed necessary, internal control systems are also reassessed and corrective action is initiated.

Cautionary Statement

The statements in this management discussion and analysis report results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Directors' Report to the Members



The Directors have the pleasure in presenting the 29th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

Financial Highlights

	(₹ in lacs)	
	2013	2012
Total Turnover	136,306.36	98,014.81
Other Income	(454.62)	86.51
Profit Before Interest, Depreciation and Taxation	19,299.23	18,555.34
Less: 1. Interest	7,059.32	5,904.12
2. Depreciation	2,624.21	2,333.49
Profit Before Taxation	9,615.70	10,317.73
Less: Provision for Taxation		
Current Tax	2,423.05	2,087.39
Deferred Tax	638.76	873.75
Less: Income Tax paid for earlier year	20.08	46.48
Profit after Taxation	6,533.82	7,310.11
Add : Balance of Profit from earlier years	24,236.81	18,496.65
Amount available for Appropriations	30,770.63	25,806.76
Less: Dividend (Proposed)	662.48	662.48
Tax on distributed Profits	107.47	107.47
Transfer to Debenture Redemption Reserve	1,750.00	
Transfer to General Reserve	800.00	800.00
Balance carried forward	27,450.67	24,236.81

Company Performance and Business Overview

During the year under review, your company concentrated in setting up and operationalizing Brand "Being Human". The export and domestic market for textiles and garments grew at an evenhanded rate of 38.21% and 43.11%, which resulted in your company achieving sales of ₹ 136,306.36 lacs, reflecting a growth of approximately 39.70% over the last fiscal. EBITA increased marginally to ₹ 19,753.85 lacs vis-à-vis ₹ 18,155.35 lacs. The net profit of the Company declined from ₹ 7,310.11 lacs last year, to ₹ 6,533.82 lacs this year, mainly due to increase in yarn price, negative foreign exchange income and higher operating costs due to launch of retail brand "Being Human".

Your Company foresees a worthy scope in the domestic and exports markets for its products and also expects to see a significant rise in its income from the retail operations for the next fiscal. However, frequent and wide fluctuations in the foreign currency and high interest rate regime continue to a challenge.

Your Company has commenced commercial production from its maiden garment

“

During the year under review, your company concentrated in setting up and operationalising Brand “Being Human”. The export and domestic market for textiles and garments grew at an evenhanded rate of 38.21% and 43.11% respectively.

”

unit facility in Tarapur, Maharashtra with effect from 1st March, 2013.

Highlights of performance and business overview are discussed in detail in Management Discussion and Analysis forms part of this Annual Report.

Dividend

The Company is pleased to report that the Board has recommended a final dividend of 20 % for the financial year ended 31st March, 2013. The final dividend will absorb an amount of ₹ 662.48 lacs (excluding Dividend Distribution tax of ₹ 107.45 lacs).

Corporate Governance

The Board believes and reaffirms its commitment to transparency and high level of corporate governance practices, to discharge their stewardship responsibilities.

A Corporate Governance Report is annexed to Director's Report and Auditors Certificate regarding compliance of the Corporate Governance is made part of Annual Report.

Public Deposit

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

Non Convertible Debentures (NCDs)

The Company has issued and allotted 200 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 200,000,000/- and 500 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000,000/- each aggregating to ₹ 500,000,000/- on a private placement basis on 15th March, 2013 and 28th March, 2013, respectively.

Further, the NCDs allotted on 15th March, 2013 aggregating to ₹ 200,000,000/- and NCDs allotted on 28th March, 2013 aggregating to ₹ 500,000,000/- are listed on the Wholesale Debt Market segment of Bombay Stock Exchange Limited (BSE) on 3rd April, 2013 and 10th April, 2013, respectively.

The applicable listing fees have been paid to the stock exchange.

Directors

Mr. Khurshed M. Thanawalla, Director of the Company retires from the Board by rotation in accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company and being eligible, offers himself for re-appointment.

The particulars of the Director proposed to be re-appointed are given in the Corporate Governance Report as annexed to the Directors' Report and forms part of Annual Report.

Auditors

M/s. Vishal H. Shah & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate pursuant to Section 224(1) of the Companies Act, 1956 regarding their eligibility for re-appointment and your Directors recommend the re-appointment.

Pursuant to directions from the Department of Company affairs, M/s Joshi Apte and Associates, Cost Accountants have been appointed as Cost Auditors for the year 2012-13. In terms of the Cost Audit Rules, 2011, the Cost Audit Report, is required to be filed within 180 days from the end of the financial year or as per date notified by the Ministry of Corporate Affairs. M/s Joshi Apte and Associates, Cost Accountants have also been appointed as Cost Auditors for the year 2013-14.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that;

- i) In the preparation of the accounts for the financial year ended 31st March, 2013, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

Directors' Report to the Members

- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

Particulars of Employees

A statement showing the particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Companies (Particulars of Employees) (Amendment) Rules, 2002 is annexed to this report and forms integral part of this report.

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange and Outgo

Particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as per section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board

of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013, are annexed to this report.

Corporate Social Objectives

Your Company sees Corporate Social Responsibility as an integral part of its activities. As a Corporate Citizen, the Company is dedicated to a viable development that benefits the communities in interrelating during the course of business.

Your Company looks to continual improvement and sustainability in energy conservation, reduction in pollution and waste generation and recycling of resources and cost savings.

Acknowledgement

The Directors take this opportunity to thank the Shareholders, Financial Institutions, Banks, Customers, Suppliers, Regulators, Government Authorities - Central and State Government & Local.

The Directors also wish to place on record their appreciation of the employees at all levels for their hard work, dedication and commitment.

For and behalf of the Board of Directors

Purushottam C.mandhana
(Chairman and Managing Director)

Place : Mumbai
Dated: 6th August, 2013

ANNEXURE - A to Directors' Report

Statement pursuant to section 217 (2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules 1975

Name & Designation	Age	Remuneration Received (₹)	Qualification and Experience	Date of commencement of employment	Previous Employment
Purushottam C. Mandhana (Chairman and Managing Director)	58	22,108,800/-	B.Com (33 Years)	01-04-1994	-
Manish B. Mandhana (Joint Managing Director)	44	13,828,800/-	B.Com (16 Years)	30-09-1995	Mandhana Exports Private Limited

Notes:

1. Remuneration includes Salary, allowances, company's contribution to provident fund and monetary value of perquisites, if any.
2. Nature of employment is contractual. Other terms and conditions are as per the Company's Rules.
3. The Directors mentioned hereinabove are related to each other.

ANNEXURE – B to the Directors' Report

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgoing – Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

Conservation of Energy

The Company is committed to preserve its Energy consumption. With the efforts put in by the Company for conservation of energy and effective measures adapted for the same, the energy consumption has increased marginally.

The Company constantly improves on and installs various energy saving devices. The Company replaces old electrical drives and has been re-organising production process by introducing improved systems which also conserves energy.

Total Energy Consumption And Energy Consumption Per Unit Of Production As Per "Form A" Are As Follows:

	2012-2013	2011-2012
A. Power and Fuel Consumption		
1. Electricity		
a. Purchased units		
Total Amount	39,906,896	30,374,662
Rate / Unit	220,045,655	151,385,692
b. Own Generation		
Units	5.51	4.98
Units per Litre Of Diesel oil		
Cost Unit	577,043	981,514
	6.27	6.98
	Not Accessible	Not Accessible
2. COAL		
Quantity (in M.T.)	14,723	26,992
Total Cost	72,661,847	116,160,574
Average Rate (Per M.T.)	4,935	4,304
3. FURNACE OIL		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate (Per Litre)	Nil	Nil
4. Consumption per unit of processing		
Product Unit	Not Accessible	
Electricity		

Technology Absorption:

1. Research and Development

Your Company, committing itself Research & Development activities, has always played an imperative role for cost-effective expansion of business development. The Design Department of the Company is constantly developing original designs to match the need of the customers in the wholesale and retail segment in this ever changing fashion world.

2. Technology Absorption, Adaptation and Innovation

The Company continues to integrate the latest proficient technology, innovations and improvement as introduced and suitable to the manufacturing operations carried out by the Company. It also adopts and up-grades its technology to sustain and presence in the domestic an international market.

Foreign Exchange Earnings and Outgo

Earnings	: ₹ 24,192.58 lacs
Out go	: ₹ 2,664.92 lacs

Corporate Governance Report



Company's philosophy on code of Corporate Governance

Corporate governance is a process, which safeguards and adds value in the long term for the various "stakeholder" such as shareholders, creditors, customers, government and employees. The culmination of good corporate governance is and will be transparency and professionalism in the conduct of all the activities of the Company, responsive management and implementation policies and procedures laid down by the Company to ensure high ethical standards in all its partners and fulfilling corporate social obligations and responsibilities.

Your Company's existing practices and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and have gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the Management completely transparent and institutionally sound. The Company is committed to the adoption of the "Corporate Governance Voluntary Guidelines, 2009" in letter and spirit. Accountability and transparency of the Company's philosophy of Corporate Governance are reflected in the exhaustive disclosures made in the Annual Report.

I. Board of Directors

Composition:

The strength of Board of Directors as at 31st March, 2013 was seven. The Board of Directors comprises of Executive Directors and Non Executive Directors including Independent Directors. The Board is headed by an Executive Chairman and Managing Director. Two promoter Directors are executive Directors. There are Four Non Executive Independent Directors. The Non-Executive Independent Directors are accomplished professionals in their respective fields of expertise.

Category of Directors, other Directorships and Committee Membership:

The following table gives the detail of category of Directors and the number of other Directorship and Committee Membership as on 31st March, 2013.

Name of the Director	Category of Director	Number of other Directorship held (includes private Companies)	Number of Committee memberships in domestic Companies (including this Company)	
			As Chairman	As Member
Mr. Purushottam C. Mandhana	Executive Chairman	7	-	1
Mr. Biharilal C. Mandhana	Executive	4	-	-
Mr. Manish B. Mandhana	Executive	6	-	1
Mr. Ghyanendra Nath Bajpai	Non - executive and Independent	16	5	3
Mr. Sanjay K. Asher	Non - executive and Independent	40	4	6
Mr. Khurshed M. Thanawalla	Non - executive and Independent	11	3	2
Mr. Dilip G. Karnik	Non - executive and Independent	1	-	2

N.B.: In accordance with Clause 49, Membership/Chairmanship only of the Audit Committees and Shareholders'/Investors' Grievances, Share Allotment and Transfer Committees of all the Public Limited Companies has been considered.

The Board met 5 times during the financial year under review on the following dates:

- | | |
|------------------------|-------------------------|
| (1) 28th May, 2012 | (4) 4th January, 2013 |
| (2) 6th August, 2012 | (5) 11th February, 2013 |
| (3) 5th November, 2012 | |

Attendance

The following table gives the number of Board Meeting attended during financial year 2012-13 and attendance at the last Annual General Meeting (AGM).

Name of the Director	Number of Board Meetings attended	Attendance at the last AGM held on 24th September, 2012
Mr. Purushottam C. Mandhana	5	Yes
Mr. Biharilal C. Mandhana	3	Yes
Mr. Manish B. Mandhana	5	Yes
Mr. Ghyanendra Nath Bajpai	5	Yes
Mr. Sanjay K. Asher	3	No
Mr. Ernst Robin Cornelius	-	No
Mr. Khurshed M. Thanawalla	3	Yes
Mr. Dilip G. Karnik	2	No

Note:

- Mr. Ernst Robin Cornelius resigned from the Board with effect from 5th November, 2012
- Mr. Dilip G. Karnik has been appointed as an Additional Director on the Board with effect from 5th November, 2012

Corporate Governance Report

Code of Conduct

The Company has adopted the Code of Conduct -

- for Directors and Senior Management of the Company
- for prevention of Insider Trading (as required by SEBI (Prohibition of Insider Trading) Regulations, 1992)

The full text of the Code is displayed on the Company's website www.mandhana.com.

All the Board Members and Senior Managerial Personnel have affirmed the Compliance with Code of Conduct and a declaration to that effect signed by the Chairman and Managing Director has been obtained.

Remuneration of Directors

Remuneration paid/payable to the Directors for the year ended 31st March, 2013:-

Name of the Director	Salaries and Perquisites (₹)	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Purushottam C. Mandhana	22,108,800/-	Nil	Nil	22,108,800/-
Mr. Biharilal C. Mandhana	5,428,800/-	Nil	Nil	5,428,800/-
Mr. Manish B. Mandhana	13,828,800/-	Nil	Nil	13,828,800/-
Mr. Ghyanendra Nath Bajpai	Nil	Nil	150,000/-	150,000/-
Mr. Sanjay K. Asher	Nil	Nil	80,000/-	80,000/-
Mr. Ernst Robin Cornelius	Nil	Nil	Nil	Nil
Mr. Khurshed M. Thanawalla	Nil	Nil	110,000/-	110,000/-
Mr. Dilip G. Karnik	Nil	Nil	60,000/-	60,000/-

Notes:

- The agreement with Managing Directors and Executive Director is for a period of 3 (Three) years
- The Company does not pay any remuneration to the Non-Executive Directors except sitting fees @ ₹ 20,000/- for each meeting of the Board of Directors attended and ₹ 10,000/- for each meeting of Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievances, Share Allotment and Transfer Committee attended.

Disclosure regarding Director(s) seeking re-appointment at the ensuing Annual General Meeting:-

Mr. Khurshed M. Thanawalla

Mr. Khurshed M. Thanawalla aged 70, holds a Bachelors degree of Commerce from Mumbai University. He also holds a fellowship of the Institute of Chartered Secretaries and administrators, London and is also an Associate of the Textile Institute, UK and Associate of the British Institute of Management.

Currently Mr. Khurshed Thanawalla is the Country Representative – India for Oerlikon Group. His association with Oerlikon began in 1985 as Managing Director of Barmag India Pvt Ltd. In 2004 he became Managing Director of Saurer India Pvt Ltd and later in 2007 he was made Managing Director of Oerlikon Textile India Pvt Ltd – Mainly engaged in Sales and Service of textile machinery. He has over 4 decades of experience across the spectrum of the textiles industry.

He has been, from the onset of his career, engaged in the establishment and management of Textile Mills (spinning and

fully integrated) in Kenya and Indonesia for the Khatau and Tata Group as Managing Director of Kisumu Cotton Mills Limited, Kenya and P.T. Sumatex Subur and P.T. Tubantia Kudus Spinning Mills, Indonesia. He has also consulted extensively on textiles for the Commonwealth Development Corporation, the German Development Bank and other such bodies in the ASEAN countries.

He is on the Board of Public Limited Companies like Stovec Industries Limited and Varun Shipping Company Limited

He has been closely associated with many Government and Business Bodies from as early as 1970. Between 1975 and 1982 he was an active member of The Kenya Government Textile Industry Standards Committee. In 1989 he represented India on the International Standards Organisation Committee on Textile Machinery where he was responsible for the preparation of ISO Standards for Textile Machinery. In 2011, Mr. Thanawalla has been nominated on the Panel of Experts for formulating and drafting the textile machinery and components section of the 11th Five Year Plan.

Mr. Thanawalla is also a committee member of a Charitable Public Trust devoted to the promotion of Education, Art and Culture.

He is Managing Director of Oerlikon Textile India Private Limited since September 2007. Currently he is Director in Stovec Industries Limited, Varun Gas Infrastructure Limited, Varun Shipping Company Limited, Ahura Holdings Private Limited, Graziano Trasmissioni India Private Limited, Indofill Elastomer Private Limited, Master Voss International Project Private Limited, and also in PT Mitra Bahari Raya, Indonesia.

Mr. Khurshed M. Thanawalla is also on the committees of Boards mentioned hereunder:

Sr. No.	Name of the Company	Name of the Committee	Position (Whether Chairman or Members)
1.	Varun Shipping Limited	Remuneration Committee	Member
		Acquisition Sub Committee	Member
		Audit Committee	Member
		Committee of Directors for borrowing	Member
		Restructuring Committee	Member
2.	Stovec Industries Limited	Audit Committee	Chairman
		Remuneration Committee	Chairman
		Shareholder Grievance Committee	Member

Mr. Khurshed M. Thanawalla does not hold any shares of the Company.

II. Audit Committee

Composition of the Audit Committee

The Audit Committee comprises of Four Non-Executive Directors and One Executive Director as on 31st March, 2013:-

Sr. No.	Name	Position
1.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Chairman
2.	Mr. Ghyanendra Nath Bajpai, Non-Executive & Independent Director	Member
3.	Mr. Sanjay K. Asher, Non-Executive & Independent Director	Member
4.	Mr. Dilip G. Karnik, Non-Executive & Independent Director	Member
5.	Mr. Purushottam C. Mandhana, Chairman & Managing Director	Member

Mr. Khurshed M. Thanawalla, Chairman of the Audit Committee possesses the requisite accounting and financial knowledge.

Mr. Vinay Sampat, Vice President – Legal & Company Secretary, is the Secretary to the Audit Committee.

The minutes of the Audit Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

Meetings and attendance during the year

There were four meetings of the Audit Committee held during the year on

- (1) 28th May, 2012 (3) 5th November, 2012
 (2) 6th August, 2012 (4) 11th February, 2013

Name of the Director	Number of Audit Committee Meetings attended
Mr. Khurshed M. Thanawalla	3
Mr. Ghyanendra Nath Bajpai	4
Mr. Sanjay K. Asher	2
Mr. Dilip G. Karnik	1
Mr. Purushottam C. Mandhana	4

Corporate Governance Report

The Statutory Auditors, Internal Auditors, Joint Managing Director and Senior Finance Personnel are permanent invitees to the meetings of the Committee.

Terms of Reference

The Power and the terms of the Audit Committee are as stated herein below:

(A) Powers of the Audit Committee:

1. To investigate any activity of within its terms of reference.
2. To seek information from any employee
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(B) Role of the Audit Committee:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Compliance with listing and other legal requirements relating to the financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report.
6. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
7. Monitoring the use of proceeds of the proposed initial public offering of our Company.
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
10. Discussions with internal auditors on any significant findings and follow up thereon.
11. Reviewing internal audit reports and adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
18. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
19. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

(C) Board disclosures – Risk management:

The Company has laid down procedures to inform the Board about the risk assessment and minimising risk

by means of properly defined risk management frame work.

The terms of reference of the Audit Committee are in accordance with Section 292 of the Companies Act, 1956 and Clause 49 of the listing agreement. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to the financial information.

Recommendations of the Audit Committee, if any, are considered and implemented by the Board from time to time.

III. Remuneration Committee

Composition of the Remuneration Committee

The Remuneration Committee comprises of three Non-Executive Directors as on 31st March, 2013:-

Sr. No.	Name	Position
1.	Mr. Ghyanendra Nath Bajpai, Non-Executive & Independent Director	Chairman
2.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Member
3.	Mr. Sanjay K. Asher, Non-Executive Director & Independent Director	Member

All the members of the Remuneration Committee are Non-Executive Directors.

Mr. Vinay Sampat, Vice President – Legal & Company Secretary, is the Secretary to the Remuneration Committee.

The minutes of the Remuneration Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

Meeting and attendance during the year

Remuneration Committee meeting held on 11th February, 2013 during the year, considering and recommending re-appointment of Executive Directors and remuneration payable to him, subject to approval of Board of Directors and Members.

All three members of the Committee attended the meeting.

Terms of Reference

- a. To recommend to the Board, the remuneration packages of the Company's Managing/ Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including all elements of remuneration package (i.e.

salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);

- b. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/ Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment;
- c. To implement, supervise and administer any share or stock option scheme of the Company

IV. Shareholders'/Investors' Grievances, Share Allotment And Transfer Committee

In compliance with the requirement of the Corporate Governance under the listing agreement, the Company has constituted a "Shareholders'/ Investors' Grievances,

Corporate Governance Report

Share Allotment and Transfer Committee” to look into issues relating to shareholders including share transfers.

Composition of the Shareholders’/ Investors’ Grievances, Share Allotment and Transfer Committee

The Shareholders’/ Investors’ Grievances, Share Allotment and Transfer Committee comprises of Two Non-Executive Directors and One Executive Director, as on 31st March, 2013:-

Sr. No.	Name	Position
1.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Chairman
2.	Mr. Dilip G. Karnik	Member
3.	Mr. Manish B. Mandhana, Executive Director	Member

The minutes of the Shareholders’/ Investors’ Grievances, Share Allotment and Transfer Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

Mr. Vinay Sampat, Vice President – Legal & Company Secretary is the Secretary to the Shareholders’/ Investors’ Grievances, Share Allotment and Transfer Committee and is also been designated as the Compliance Officer of the Company.

There was 1 meeting of the Shareholders’/ Investors’ Grievances, Share Allotment and Transfer Committee held

during the year on 28th March, 2013.

During the year the Company has not received any Complaint from the Shareholders.

There are no pending cases of share transfer as on 31st March, 2013.

As per revised Clause 47(F) of the Listing Agreement, the email ID of the Investor Grievances Department of the Company is cs@mandhana.com.

Terms of Reference

- 1) Efficient transfer of shares; including review of cases for refusal of transfer/ transmission of shares and debentures;
- 2) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.;
- 3) Issue of duplicate/split/consolidated share certificates;
- 4) Allotment and listing of shares;
- 5) Review of cases for refusal of transfer/ transmission of shares and debentures;
- 6) Reference to statutory and regulatory authorities regarding investor grievances; and
- 7) Ensure proper and timely attendance and redressal of investor queries and grievances.

V. Subsidiary Company (ies)

The Company does not have any subsidiary Company(ies).

VI. General Body Meetings

a) Particulars of the Annual General Meetings for the last three years:-

Particulars	Date	Venue	Time	Details of Special Resolutions passed
26th AGM (2010-11)	27th September, 2010	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506.	11:30 a.m.	No Special resolutions passed.
27th AGM (2011-12)	29th September, 2011	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506.	11:00 a.m.	Special resolution for appointment of relative of Directors in pursuant to section 314 (1B) read with Director’s Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956.
28th AGM (2012-13)	24th September, 2012	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506.	11:00 a.m.	No Special resolutions passed.

Note: The Chairman of Audit Committee was present at all above Annual General Meetings.

b) Particulars of the Extra-ordinary General Meeting

No Extra-Ordinary General Meeting was held during the year 2012-13.

c) Postal ballot:-

During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956 and at the forthcoming Annual General Meeting; there is no item on the agenda that needs approval by postal ballot.

VII. Disclosures

During the year under review, besides the transaction reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, Directors and the Management that has a potential conflict with the interest of the Company at large.

All the transactions with related parties are periodically placed before the Audit Committee. Transactions with related parties, as per requirements of Accounting Standards 18, are disclosed in Note no. 32 to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

No strictures/penalties have been imposed on the Company by any Statutory Authorities on any matters relating to the capital markets during the last 3 years.

VII. Means Of Communication

The Company published Unaudited Quarterly/ Half Yearly Results and Audited Yearly results in the Economic Times (English) and Maharashtra Times.

As per requirements of Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc., is provided on the Company's website i.e. www.mandhana.com within the time frame prescribed in this regard.

IX. General Shareholding Information:

1. Annual General Meeting		
- Date and Time	:	19th September, 2013 at 11:00 am
- Venue	:	Plot No.C-2, M.I.D.C, Tarapur Industrial Area, Boisar, Dist: Thane - 401 506.
2. Financial Calendar (tentative)	:	
a) Unaudited First Quarter Results	:	On or before 15th August, 2013
b) Unaudited Second Quarter Results	:	On or before 15th November, 2013
c) Unaudited Third Quarter Results	:	On or before 15th February, 2014
d) Annual Results (Audited)	:	On or before 30th May, 2014
3. Face Value of equity Shares	:	₹ 10/- per equity share
4. Date of Book Closure	:	Friday, 13th September, 2013 to Thursday, 19th September, 2013 (both day inclusive)
5. Dividend Payment Date	:	the Final Dividend for 2012-13 will be paid on or before 26th September, 2013
6. Listing on Stock Exchanges	:	The Equity Shares of the Company are listed on
	(1)	the Bombay Stock Exchange Limited
	(2)	National Stock Exchange of India Limited.
		The Company has paid the listing fees to the Stock Exchanges within the prescribed time
7. Stock Code/ Symbol		
- ISIN	:	INE087J01010
- Script Code for BSE	:	533204
- Script Code for NSE	:	MANDHANA
8. Market price Data	:	

Corporate Governance Report

The Market price data covering period April 2012 to March 2013 is given below:

Month	BSE				NSE			
	High ₹	Date	Low ₹	Date	High ₹	Date	Low ₹	Date
April 2012	259.90	04.04.2012	235.00	23.04.2012	259.70	04.04.2012	235.00	23.04.2012
May 2012	273.00	22.05.2012	237.20	31.05.2012	256.00	10.05.2012	237.00	31.05.2012
June 2012	299.00	07.06.2012	222.00	15.06.2012	255.00	06.06.2012	235.10	04.06.2012
July 2012	250.00	20.07.2012	211.05	26.07.2012	244.00	06.07.2012	211.00	26.07.2012
August 2012	235.00	01.08.2012	219.05	02.08.2012	235.00	01.08.2012	220.05	02.08.2012
September 2012	239.95	25.09.2012	221.00	05.09.2012	232.75	10.09.2012	221.00	05.09.2012
October 2012	248.50	09.10.2012	219.00	01.10.2012	247.50	09.10.2012	220.00	03.10.2012
November 2012	245.00	23.11.2012	225.25	02.11.2012	246.95	06.11.2012	202.15	15.11.2012
December 2012	278.50	28.12.2012	233.00	04.12.2012	320.55	19.12.2012	233.50	04.12.2012
January 2013	309.00	29.01.2013	255.10	23.01.2013	299.40	03.01.2013	256.50	24.01.2013
February 2013	270.00	07.02.2013	235.60	26.02.2013	268.95	12.02.2013	234.05	26.02.2013
March 2013	288.45	20.03.2013	195.90	21.03.2013	255.00	01.03.2013	241.00	26.03.2012

Trading Volumes

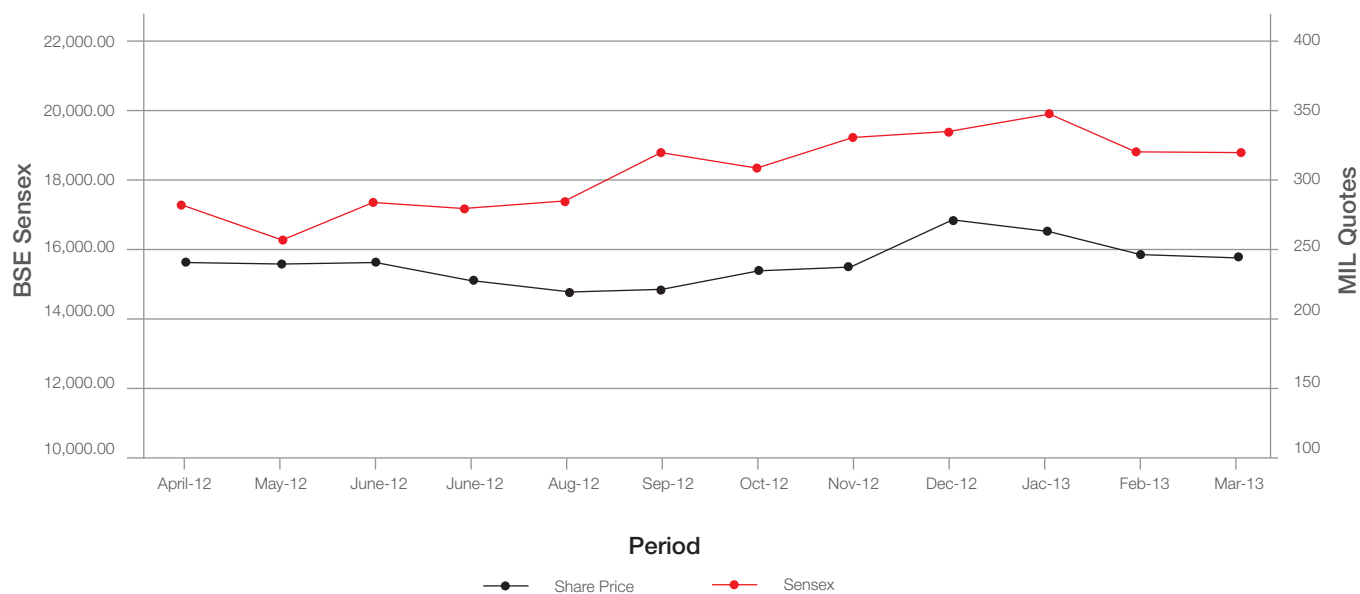
The traded volume of shares at BSE and NSE were as follows:

Month	BSE (Shares)	NSE (Shares)	Total (Shares)
April 2012	1,791,236	1,911,636	3,702,872
May 2012	2,342,601	2,073,208	4,415,809
June 2012	1,487,593	1,149,214	2,636,807
July 2012	2,121,021	1,775,947	3,896,968
August 2012	1,870,027	885,433	2,755,460
September 2012	1,488,774	732,572	2,221,346
October 2012	1,646,659	755,472	2,402,131
November 2012	631,753	725,552	1,357,305
December 2012	858,720	1,098,430	1,957,150
January 2013	1,336,708	914,652	2,251,360
February 2013	1,142,554	1,887,512	3,030,066
March 2013	1,459,633	1,573,514	3,033,147

Performance in comparison to broad-based indices such as BSE/NSE Sensex (Month-end closing):

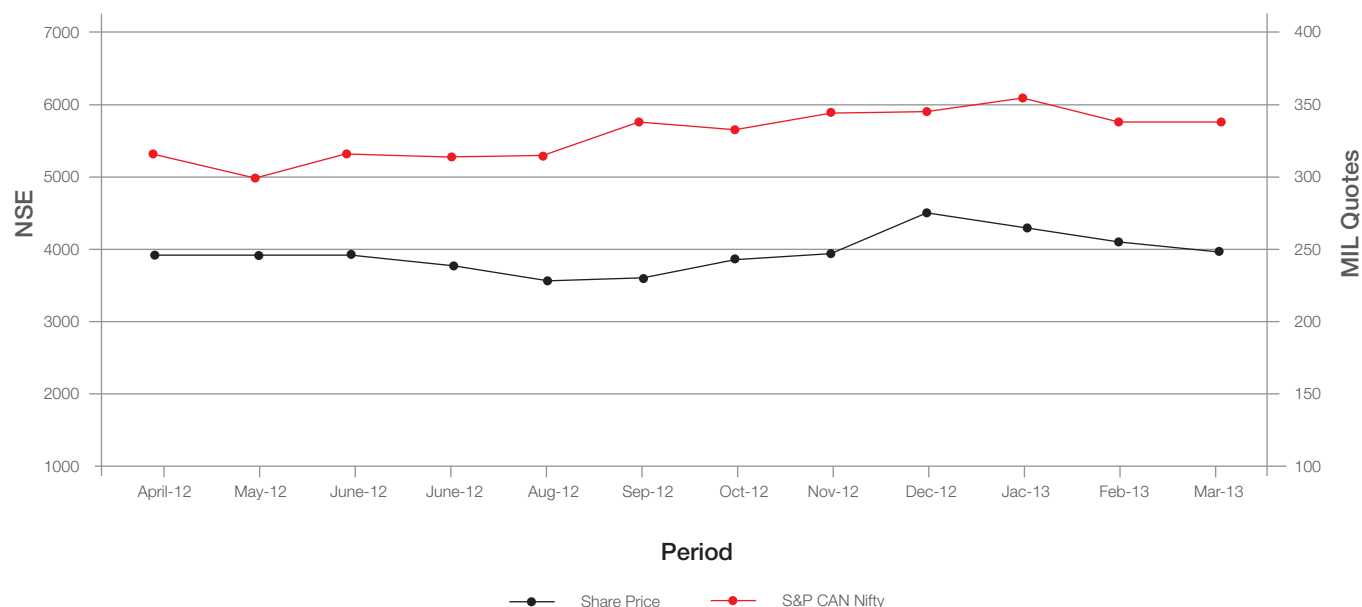
Month	BSE		NSE	
	Share Price	Sensex	Share Price	S&P CNX Nifty
April 2012	241.50	17,318.81	240.50	5,248.15
May 2012	240.10	16,218.53	240.05	4,924.25
June 2012	242.10	17,429.98	240.90	5,278.90
July 2012	228.80	17,236.18	229.95	5,229.00
August 2012	221.95	17,429.56	221.35	5,258.50
September 2012	223.45	18,762.74	225.15	5,703.30
October 2012	235.70	18,505.38	235.90	5,619.70
November 2012	239.10	19,339.90	241.85	5,879.85
December 2012	273.40	19,426.71	271.20	5,905.10
January 2013	264.20	19,894.98	261.40	6,034.75
February 2013	248.60	18,861.54	248.80	5,693.05
March 2013	245.05	18,835.77	244.00	5,682.55

Month end MIL Share Price / BSE Sensex



Corporate Governance Report

Month end MIL Share Price / NSE Nifty



9. Registrar and Transfer Agents	:	Link Intime India Private Limited
		(Unit : Mandhana Industries Limited)
		C/13, Pannalal Silk Mills Compound,
		L. B.S. Marg, Bhandup (W),
		Mumbai - 400 078.
		Tel : 022 - 2594 6970
		Fax : 022 - 2594 6969
		E.mail: rnt.helpdesk@linkintime.co.in
		Website: www.linkintime.co.in

10. Share Transfer System

Link Intime India Private Limited is the Registrar and Transfer Agents of the Company. Transfer of shares are approved by the Board of Directors or the Shareholders' / Investors' Committee, Share Allotment and Transfer Committee which meets at opportune time and if the documents are complete and in order in all respects, the same are registered and returned to the transferees within the stipulated time.

11. Dematerialisation of shares

The Company has signed agreements with National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) and Link Intime India Private Limited to offer depository services to its shareholders and has paid respective charges for the benefit of the members.

Your Company confirms that the entire Promoters' holding have being converted into the electronic form and the same is in line with the directives issued by the Securities and Exchange Board of India.

The shares of your Company are regularly traded at the Bombay Stock Exchange and the National Stock Exchange and hence have good liquidity.

12. (a) Distribution of Shareholding as on 31st March, 2013

No. of Shares	No. of Holders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	1,656	87.53	169,408	0.51
501 - 1,000	46	2.43	38,328	0.11
1,001 - 2,000	34	1.80	56,674	0.17
2,001 - 3,000	18	0.95	41,938	0.13
3,001 - 4,000	5	0.26	18,625	0.06
4,001 - 5,000	12	0.63	56,907	0.17
5,001 - 10,000	24	1.27	197,685	0.60
10,001 & Above	97	5.13	32,544,348	98.25
TOTAL	1,892	100.00	33,123,913	100.00

(b) Shareholding pattern as on 31st March, 2013

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individual/Hindu/Undivided Family	9	12,357,280	37.31%
(b)	Central Government/ State Government	-	-	-
(c)	Bodies Corporate	1	1,372,243	4.14%
(d)	Financial Institutions/ Banks	-	-	-
(e)	Any Other (specify) Relative of Director	15	8,202,060	24.76%
	Sub Total (A) (1)	25	21,931,583	66.21 %
(2)	Foreign			
(a)	Individual (Non-Resident Individual/ Foreign Individuals)	-	-	-
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Other (specify)	-	-	-
	Sub Total (A) (2)	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	25	21,931,583	66.21 %
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds/ UTI	1	301	0.00%
(b)	Financial Institutions/ Banks	2	6,53,441	1.97%
(c)	Central Government/ State Government	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	2	11,00,000	3.32%
(f)	FIs	6	1,490,444	4.50%

Corporate Governance Report

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(g)	Foreign Venture Capital Investors	-	-	-
(h)	Qualified Foreign Investors	-	-	-
(i)	Any Other (specify)	-	-	-
	Sub Total (B) (1)	11	3,244,186	9.79%
(2)	Non-Institutional			
(a)	Bodies Corporate	98	4,826,456	14.57%
(b)	Individuals			
	i. Individual shareholders holding nominal share capital upto ₹ 1 Lac	1,689	451,889	1.36%
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	26	1,364,782	4.12%
(c)	Any Other (specify)			
	i. Director's relative	-	-	-
	ii. Clearing Member	20	1,242,475	3.75%
	iii. Directors	2	60,000	0.18%
	iv. Office Bearers	-	-	-
	v. NRIs	16	1,991	0.01%
	vi. NRN	5	551	0.00%
	Sub Total (B) (2)	1,856	7,948,144	24.00%
	Total Public Shareholding (B) = (B)(1) + (B)(2)	1,867	11,192,330	33.79%
	TOTAL (A) + (B)	1,892	33,123,913	100.00%
(C)	Shares held by Custodian and against which Depository Receipts have been issued	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1,892	33,123,913	100.00%

(c) Dematerialisation of shares and liquidity

Out of 33,123,913 equity shares 33,064,210 equity shares representing 99.82% are in dematerialised form as on 31st March, 2013. The equity shares of the Company are traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(d) Reconciliation of Share Capital Audit Report

In accordance with SEBI guidelines, quarterly Secretarial Audit is undertaken by a Practicing Company Secretary for reconciling the total admitted capital with the records

of the depositories, viz. NSDL and CDSL.

The Reconciliation of Share Capital Audit Report (earlier known as Secretarial Audit Report) inter alia, certifying that the shares in demat mode and in physical form tally with the issued/paid up capital, the Register of Members is duly updated, etc; is submitted to BSE and NSE on a quarterly basis. The said report is also placed before the meetings of Board of Directors and Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee.

(e) Disclosure in compliance with Clause 5 (A) (II) of the Listing Agreement for the year 2012-13

1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	Shareholders – 7 Outstanding Equity Shares – 439
2.	No. of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	Shareholders – NIL
3.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	Shareholders – NIL
4.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	Shareholders – 7 Outstanding Equity Shares – 439

X. Status of Compliance with Mandatory Requirements and Adoption of Non Mandatory Requirements:

- i. The Company, being a listed public limited company as on 31st March, 2013, attracts provisions of Clause 49 of the Listing agreement. The Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement.
- ii. Adoption/non-adoption of non mandatory requirement as on 31st March, 2013.
 - (a) The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utilised by him for discharging his duties as a Chairman. No separate office is maintained for the non-executive Chairman of the Audit Committee, Remuneration Committee and the Shareholders' Committee, but secretarial and other assistance is provided to them whenever needed, to enable them to discharge their responsibility effectively.
 - (b) The Company has not adopted the requirement of Independent Directors tenure not to exceed a period of nine years on the Board of the Company.
 - (c) The Company has set up a Remuneration Committee consisting of Three Non-Executive Directors and Independent Directors.
 - (d) The Board of Directors of the Company consist of an optimum blend of Company Executives and independent professionals having in-depth expertise of the Textile and Garment and expertise in their specific area of specialisation.
 - (e) Presently, the Company does not have a system for evaluating its Non-Executives Directors by peer group comprising of the entire Board of Directors as the Non-Executive members are highly qualified professionals.
 - (f) Presently the Company does not have a whistle blower policy in place.
 - (g) The Board is kept informed about the risk management being followed by the Company from time to time. All risks assessed have been adequately insured.

Corporate Governance Report

XI. Address for Correspondence

M/s Link Intime India Private Limited
(Unit : Mandhana Industries Limited)
C/13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel : 022 - 2594 6970
Fax : 022 - 2594 6969
email : rnt.helpdesk@linkintime.co.in
www.linkintime.co.in

The Company Secretary,
Mandhana Industries Limited
205-214, Peninsula Centre,
Dr. S. S. Rao Road,
Mumbai - 400 012.
Tel : 022 - 4353 9191
Fax : 022 - 4353 9358
email : cs@mandhana.com

For and behalf of the Board of Directors

Place: Mumbai
Date: 6th August, 2013

Purushottam C. Mandhana
(Chairman and Managing Director)

DECLARATION ON CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

As provided under clause 49 of the Listing Agreement with Stock Exchange, it is hereby declared that all the Board members and Senior Management Personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March, 2013.

For **MANDHANA INDUSTRIES LIMITED**

Place: Mumbai
Date: 6th August, 2013

Purushottam C.mandhana
(Chairman and Managing Director)

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,

The Board of Directors,

Mandhana Industries Limited

I, undersigned in my capacity as Chairman and Managing Director and Chief Financial Officer of Mandhana Industries Limited ("The Company"), to the best of my knowledge and belief certify that:

- a) I have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2013 and based on my knowledge and belief :
 - i. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affair and are in compliance with the existing Accounting Standards, applicable Laws and Regulations.
- b) I further state that to the best of our knowledge and belief, that there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the Financial Reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the designs or operations of such internal controls, if any of which they are aware and the

steps I have taken or proposed to take to rectify the deficiencies.

- d) I have indicated, wherever applicable to the Auditors and Audit Committee :
 - i. significant changes, if any, in the internal control over financial reporting during the year;
 - ii. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which I have become aware and involvement therein, if any, of the management or an Employee having a significant role in the Company's internal control system over financial reporting.

For **MANDHANA INDUSTRIES LIMITED**

Purushottam C.mandhana

(Chairman and Managing Director)

Date : 6th August, 2013

Place : Mumbai

Corporate Governance Report

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

To

The Members of Mandhana Industries Limited

We have examined the compliance of conditions of Corporate Governance by Mandhana Industries Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended 31st March, 2013.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Vishal H. Shah & Associates
Chartered Accountants

Vishal H. Shah
Proprietor

Place : Mumbai
Date : 6th August, 2013

Membership No: 101231
FRN : 116422W

Independent Auditors' Report

TO,

THE MEMBERS OF MANDHANA INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mandhana Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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's Responsibility for the Financial statement

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 principles generally accepted in India including Accounting Standards referred to in Section 211(3C) 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.

Auditor's Responsibility

Our responsibility is to express and give opinion on these financial statement 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 misstatements.

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit 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.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.
 - 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 **Vishal H. Shah & Associates**

Chartered Accountants

Frn -116422W

Vishal H. Shah

Proprietor

Membership No.-101231

Place : Mumbai

Date : 7th May, 2013

Annexure

Referred to in Para 3 of our Report of Even Date on the Financial Statements of Mandhana Industries Limited for the year ended on 31st March, 2013.

On the basis of such checks as we have considered appropriate and in the terms of information and explanations given to us we report that:

- I. (a) The records showing full particulars including quantitative details and situation of fixed assets except for details of new addition which are under completion, have been maintained.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed Assets during the year and the going concern status of the Company is not affected.
- II. (a) The inventory has 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 inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory for fabric , weaving and shirting divisions and is in the process of further strengthening of inventory records for its garment division.

The discrepancies noticed on physical verification of stocks as compared to book records were not material in relation to the operations of the Company and have been properly dealt with in the books of accounts.

- III. (a) The Company has granted an interest free, repayable on demand loan to a Private Limited Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 3.74 lacs and the year-end balance of loans granted to the party was ₹ 3.74 lacs.
- (b) The aforesaid loan is interest-free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (c) The loan has been given to associated concerns. The said loan is interest free and is repayable on demand.
- (d) In respect of the loans given by the Company, these are repayable on demand and therefore the question of overdue amount does not arise.
- (e) The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirement of clause (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.
- IV. There are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. (a) The transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of The Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at reasonable prices having regards to prevailing market price at the relevant time.

Annexure

- VI. The Company has not accepted deposits from the public in contravention of the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975.
- VII. The Company has an internal audit system commensurate with the size and nature of its business.
- VIII. The central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- IX. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (b) The aggregated disputed statutory dues under Income Tax Act is amounting to ₹ 435.04 lacs. The disputed statutory dues under the Central Excise Act are ₹ 290.58 lacs. Various matters pending before appropriate authorities are as under

(₹ in lacs)

Sr. No.	Name of the statute	Nature of the Dues	Amount (₹ in lacs)	Related Period	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	13.64	A.Y-1999-00	Mumbai High Court
2	Income Tax Act, 1961	Income Tax	10.40	A.Y-2001-02	Mumbai High Court
3	Income Tax Act, 1961	Income Tax	5.12	A.Y-2003-04	Commissioner of Income Tax (Appeal)
4	Income Tax Act, 1961	Income Tax	35.18	A.Y-2004-05	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	Income Tax	54.79	A.Y-2008-09	Commissioner of Income Tax (Appeal)
6	Income Tax Act, 1961	Income Tax	315.91	A.Y-2009-10	Commissioner of Income Tax (Appeal)
7	Central Excise Act, 1944	Excise Duty	290.58	May 2001 to May 2003	Mumbai High Court & Settlement Commission

- X. There are no accumulated losses at the end of the financial year. The Company has also not suffered any cash losses during the period covered by the audit and also in the preceding period.
- XI. The Company has not defaulted in repayment of dues to any financial institution or bank.
- XII. During the year under review, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. 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.

Annexure

- XIV. The Company has maintained proper records of the transactions and contracts in receipt of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investment have been held by the Company in its own name.
- XV. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. The term loans were applied for the purpose for which they were obtained.
- XVII. On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVIII. During the year under review, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- XIX. According to the information & Explanation given to us during the period covered by our audit report, the Company had issued 700 Debentures of ₹ 10 lacs each .The Company is in process to creating Security in respect of Debenture issued.
- XX. During the year under review, the Company has not raised any money by way of public issue.
- XXI. No fraud on or by the Company has been noticed or reported during the year.

For **Vishal H. Shah & Associates**

Chartered Accountants

Frm -116422W

Vishal H. Shah

Proprietor

Membership No.-101231

Place : Mumbai

Date : 7th May, 2013

Balance Sheet as at 31st March, 2013

		(₹ in lacs)	
Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a) Share Capital	1	3,312.39	3,312.39
b) Reserves & Surplus	2	43,888.27	38,433.95
		47,200.66	41,746.34
2 Non-current liabilities			
a) Long-Term Borrowings	3	39,136.59	32,642.84
b) Deferred Tax Liabilities(Net)	4	7,286.80	6,648.04
c) Other Long Term Liabilities	5	44.91	83.21
d) Long Term Provisions	6	125.82	189.61
Total Non Current Liabilities		46,594.13	39,563.69
3 Current Liabilities			
a) Short-Term Borrowings	7	40,143.57	31,207.49
b) Trade Payables		8,929.60	2,687.54
c) Other Current Liabilities	8	7,875.48	7,252.07
d) Short Term Provisions	9	1,668.36	454.56
Total Current Liabilities		58,617.01	41,601.66
Total Equity And Liabilities		152,411.79	122,911.70
II. ASSETS			
1 Non-Current Assets			
a) Fixed Assets	10		
i) Tangible Assets		54,604.35	50,013.78
ii) Intangible Assets		91.93	112.42
iii) Capital work in progress		1,023.40	3,086.08
Sub Total		55,719.67	53,212.28
b) Long Term Loans and Advances	11	7,135.60	6,542.19
Total Non-Current Assets		62,855.27	59,754.47
2 Current Assets			
a) Current Investments	12	66.56	262.87
b) Inventories	13	49,675.77	38,203.95
c) Trade Receivables	14	27,396.76	18,052.01
d) Cash and Cash Equivalents	15	2,244.68	292.35
e) Short-term loans and advances	16	6,919.11	3,167.85
f) Other Current Assets	17	3,253.64	3,178.18
Total Current Assets		89,556.52	63,157.22
Total Assets		152,411.79	122,911.70

The Notes are integral part of the Balance Sheet and Profit & Loss Account

As per our report of even date attached

Vishal H. Shah & Associates

Chartered Accountants

Frn -116422W

For **Mandhana Industries Limited**

Vishal H. Shah

PROPRIETOR

Membership No:101231

Place : Mumbai

Date :7th May, 2013

Purushottam C. Mandhana

Chairman & Managing Director

Manish B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Profit and Loss Account for the Period Ended 31st March, 2013

(₹ in lacs)

Particulars	Note No.	For Year Ended 31st March, 2013	For Year Ended 31st March, 2012
I INCOME			
Revenue From Operations	18	136,306.36	98,014.81
II OTHER INCOME	19	(454.62)	86.51
III Total Revenue (I + II)		135,851.74	98,101.31
IV EXPENSES			
Cost of Materials Consumed	20	76,604.44	49,138.12
Cost of goods Traded	21	30,063.48	14,969.77
Changes in inventories of finished good work-in-progress and Stock-in-Trade	22	(15,897.62)	(2,426.38)
Manufacturing and Operating Costs	23	14,292.78	9,644.45
Employee Benefit Expenses	24	6,651.21	4,771.18
Finance Costs	25	7,059.32	5,904.12
Depreciation & Amortisation Expenses	10	2,624.21	2,333.49
Other Expenses	26	4,838.21	3,448.84
Total Expenses		126,236.04	87,783.59
V PROFIT BEFORE TAX (III - IV)		9,615.70	10,317.73
VI TAX EXPENSE			
Current Tax		2,423.05	2,087.39
Deferred Tax		638.76	873.75
Income Tax paid for earlier Year		20.08	46.48
VII PROFIT (LOSS) FOR THE YEAR (V - VI)		6,533.82	7,310.11
Balance carried to Balance Sheet		6,533.82	7,310.11
Total		6,533.82	7,310.11
Earning Per Equity Share of ₹ 10 each			
Basic EPS (₹)		19.73	22.07
Diluted EPS (₹)		19.73	22.07
Weighted average number of shares outstanding		33,123,913	33,123,913

The Notes are integral part of the Balance Sheet and Profit & Loss Account

As per our report of even date attached

Vishal H. Shah & Associates

Chartered Accountants

Frn -116422W

For **Mandhana Industries Limited**

Vishal H. Shah

PROPRIETOR

Membership No:101231

Place : Mumbai

Date :7th May, 2013

Purushottam C. Mandhana

Chairman & Managing Director

Manish B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Cash Flow Statement for the period from 1/4/2012 to 31/03/2013

(₹ in lacs)

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation and extraordinary item	9,615.70	10,317.73
Adjustments for:		
Depreciation charged to Profit & Loss A/c	2,624.21	2,333.49
Bad Debts, Advances And Claims Written Off	36.21	29.60
Provision for Diminution in Value of Current Investments	8.45	472.55
Finance Charges and Gain/Loss on variation in Foreign Exchange Rates	(328.71)	489.14
Surplus on sales of Investment(Net)	25.64	(138.66)
Land premium w/off	15.14	10.68
Loss on sale of fixed assets	31.20	2.71
Profit on sale of fixed assets	-	(604.64)
Interest Expenses	7,388.03	5,414.98
Operating profit before working capital changes	19,415.87	18,327.56
Decrease (Increase) in Inventories	(11,471.82)	(11,297.04)
Decrease (increase) in Debtors	(9,380.96)	(2,429.72)
Decrease (Increase) in Advances & Deposits	(4,848.88)	(1,761.52)
(Decrease) Increase in Creditors	6,242.06	(902.06)
(Decrease) Increase in other liabilities	398.80	176.46
Cash generated from operations	355.07	2,113.69
Income Tax Paid	(1,689.87)	(2,124.85)
Net cash flow from / (used in) operating activities	(1,334.80)	(11.16)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,287.90)	(7,307.96)
Proceeds from sales of fixed assets	109.98	755.99
Capital Advances against Fixed Assest	428.76	(2,871.69)
FD placed with banks	(563.52)	(34.88)
Investments	162.22	1,805.16
Net cash from / (used in) investing activities	(5,150.48)	(7,653.37)

Cash Flow Statement for the period from 1/4/2012 to 31/03/2013

(₹ in lacs)

Particulars	Current Year	Previous Year
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital	-	-
Increase in long term borrowings (Net)	6,691.85	1,295.54
Increase (Decrease) in Share Premium	-	-
Increase (Decrease) in Working Capital finance	9,309.27	13,989.39
Miscellaneous Expenditure	(309.55)	-
Increase (Decrease) in unsecured loans	(44.48)	(1,394.71)
Dividend Paid (inclusive of dividend tax)	(384.97)	(1,157.48)
Interest paid	(7,388.03)	(5,414.98)
Net cash from financing activities	7,874.08	7,317.76
Net increase in cash and cash equivalents	1,388.80	(346.77)
Cash & cash equivalents at the beginning	58.67	405.43
Cash & cash equivalents at the end (As per note)	1,447.46	58.67
	1,388.80	(346.77)

(The cash flow statement has been prepared in accordance with the requirement of Accounting Standard AS - 3 "Cash Flow Statement" issued by The Institute Of Chartered Accountants of India.

The Notes are integral part of the Balance Sheet and Profit & Loss Account

As per our report of even date attached

Vishal H. Shah & Associates

Chartered Accountants

Frn -116422W

For **Mandhana Industries Limited**

Vishal H. Shah

PROPRIETOR

Membership No:101231

Place : Mumbai

Date :7th May, 2013

Purushottam C. Mandhana

Chairman & Managing Director

Manish B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE-1 - SHARE CAPITAL		
Authorised		
3,99,90000 Equity Shares of ₹ 10/- each	3,999.00	3,999.00
10,000 preference shares of ₹ 10 /- each	1.00	1.00
	4,000.00	4,000.00
Issued, Subscribed & Paid Up		
3,31,23,913 Equity shares of ₹ 10 each fully paid up	3,312.39	3,312.39
TOTAL	3,312.39	3,312.39

The Company has only one class of equity shares having at par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. 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 of their shareholding.

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

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Priyavrat P. Mandhana Jt. Purushottam C. Mandhana	3,286,000	9.92	3,286,000	9.92
Purushottam C. Mandhana (HUF)	3,214,000	9.70	3,214,000	9.70
Manish B. Mandhana Jt. Sangeeta M. Mandhana	2,149,140	6.49	2,149,140	6.49
Purushottam C. Mandhana Jt. Prema P. Mandhana	2,026,140	6.12	2,026,140	6.12
Prema P. Mandhana Jt. Purushottam C. Mandhana	1,749,000	5.28	1,749,000	5.28
Sudha B. Mandhana Jt. Biharilal C. Mandhana	1,741,000	5.26	1,741,000	5.26
Biharilal C. Mandhana Jt. Sudha B. Mandhana	1,682,000	5.08	1,682,000	5.08
	15,847,280		15,847,280	

Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956 (Following disclosure should be made for each class of Shares)

Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
EQUITY SHARES :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	11,325,000	-
Shares bought back	-	-	-	-	-
PREFERENCE SHARES :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 2 RESERVES AND SURPLUS		
A. Capital Reserve (Special Capital Incentive)		
Opening Balance	25.00	25.00
Add Addition during the year	-	-
Closing Balance	25.00	25.00
B. Share Premium		
Opening Balance	11,257.17	11,257.17
Add Addition during the year	-	-
Total Share Premium	11,257.17	11,257.17
Less Debenture Issue Expenses*	309.55	-
Closing Balance	10,947.62	11,257.17
C. General Reserve		
Opening Balance	2,914.97	2,114.97
Add Addition during the year	800.00	800.00
Closing Balance	3,714.97	2,914.97
D. Debentures Redemption Reserve		
Add Addition during the year	1,750.00	-
Closing Balance	1,750.00	-
E. Surplus i.e Balance in Profit & Loss Account		
Opening Balance	24,236.81	18,496.65
Add Surplus during the year	6,533.82	7,310.11
Less Proposed Dividends (Inclusive of Dividend Distribution Tax)	769.95	384.97
Interim Dividends (Inclusive of Dividend Distribution Tax)	-	384.97
Transfer to Debentures Redemption Reserves	1,750.00	-
Transfer to Reserves	800.00	800.00
Closing Balance	27,450.67	24,236.81
Total	43,888.27	38,433.95

* In accordance with Provision of sec 78(1) (c) of the Companies Act, 1956 (fee, for Assisting in listing & allotment of Secured Redeemable NCD and Arranger Fees for Private Placement) of ₹ 309.55 Lacs relating to issue of Debenture is provided against Share Premium Account.

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 3 LONG TERM LIABILITIES		
a) Debenture (Secured) (Refer Note 1)	7,000.00	-
Secured		
b) Term Loan (Refer Note 2)		
From Banks	32,136.59	32,642.84
	39,136.59	32,642.84

Note 1 Debentures Outstanding at the year end are redeemable as follows

Sr	Particulars	Nos	As at 31st March, 2013	Date of Redemption
1	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	60	60,000,000	15th March, 2016
2	12.75 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	15	15,000,000	28th March, 2016
3	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	75	75,000,000	28th March, 2016
4	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	60	60,000,000	15th March, 2017
5	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	15	15,000,000	28th March, 2017
6	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	75	75,000,000	28th March, 2017
7	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	80	80,000,000	15th March, 2018
8	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	20	20,000,000	28th March, 2018
9	12.75 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	100	100,000,000	28th March, 2018
10	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	20	20,000,000	28th September, 2014
11	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	20	20,000,000	28th March, 2015
12	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	20	20,000,000	28th September, 2015
13	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	20	20,000,000	28th March, 2016
14	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	30	30,000,000	28th September, 2016
15	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	30	30,000,000	28th March, 2017
16	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	30	30,000,000	28th September, 2017
17	12.25 Secured Redeemable Non convertible Debentures of ₹ 10,00,000/- each	30	30,000,000	28th March, 2018

According to the information & Explanation given to us during the period covered by our audit report ,the company had issued 700 debenture of ₹ 10 lac each. The Company is in process to creating Security in respect of Debenture issued. All the Debentures are secured by all the movable & Immovable assets Situated at Plot no E-22 & E-33,MIDC Tarapur

Notes to the financial statements

Note 2 Nature of Security and terms of repayment for Long Term secured borrowings

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31st March, 2013 (₹ in lacs)	Interest Rate at Period end	Nature of Securities	Repayment terms of interest and principal
1	Corporation Bank, IFB, Mumbai.	Term Loan of ₹ 1,237.00 lacs	464.00 (625.82)	13.35% (13.75%)	Secured by Hypothecation of Fixed Assets except vehicles at Peenya Ind. Area, Bangalore	32 equal quarterly installments of ₹ 38.65 lacs. Commencing from 30/04/2008, last instalment will fall due on 29/02/2016.
		Term Loan of ₹ 475.00 lacs	NIL (48.94)	NA (13.75%)		20 quarterly installments of ₹ 23.72 lacs commencing from 31-10-2007 last instalment will fall due on 31-07-2012
2	State Bank of Patiala, Nariman Point, Mumbai.	Term Loan of ₹ 7,095.00 lacs	1,989.00 (2,877.00)	13.50% (13.50%)	(Secured by Hypothecation of Plant & Machinery & Mortgage of immovable properties at C-2, MIDC, Tarapur)	32 equal quarterly installments of ₹ 222.00 lacs commencing from 30/09/2007 and last instalment of ₹ 213.00 lacs. will fall due on 30/06/2015.
		Term Loan of ₹ 660.00 lacs	261.00 (346.00)	13.50% (13.50%)		32 equal quarterly installments of ₹ 21.00 lacs commencing from 30/09/2008, last instalment will fall due on 30/06/2016.
		Term Loan of ₹ 4,125.00 lacs	2,319.00 (2,835.00)	13.25% (13.00%)		32 equal quarterly installments of ₹ 129.00 lacs Commencing from 31/12/2009, last instalment will fall due on 30/09/2017
		Term Loan of ₹ 8,250.00 lacs	7,218.72 (8,250.00)	13.25% (13.25%)		32 equal quarterly installments of ₹ 257.82 lacs Commencing from 30/06/2012, last instalment will fall due on 31/03/2020.
3	Bank of Maharashtra, Nariman Point, Mumbai	Term Loan of ₹ 1,485.00 lacs	NIL (787.58)	NA (14.00%)	(Secured by Hypothecation of Plant & Machinery & Mortgage of immovable properties at E-25, MIDC, Tarapur)	Repayable in 96 installments of ₹ 15.50 lacs per month, commencing from 15/10/2008, Last instalment will fall due on 15/07/2016.
		Term Loan of ₹ 578.00 lacs	NIL (402.75)	NA (14.00%)		Repayable within 8 years with a monthly instalment of ₹ 6.03 lacs commencing from 06/10/2009, last instalment will fall due on 06/09/2017.
		Term Loan of ₹ 413.00 lacs	NIL (344.20)	NA (14.00%)		Repayable within 8 years with a monthly instalment of ₹ 4.30 lacs commencing from 17/10/2010, last instalment will fall due on 17/09/2018

Notes to the financial statements

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31st March, 2013 (₹ in lacs)	Interest Rate at year end	Nature of Securities	Repayment terms of interest and principal
4	Axis Bank Limited	Term Loan of ₹ 5,000.00 lacs	3,750.00 (4,375.00)	13.50% (13.50%)	(Secured by Hypothecation of Plant & Machineries & Mortgage of immovable properties of fixed assets of the Company excluding Assets charged on exclusive basis)	Repayable in 32 quarterly instalments commencing from 31/12/2010 and last instalment will fall due on 30/09/2018.
	Bank of Baroda	Term Loan of ₹ 8,000.00 lacs	5,750.00 (7,000.00)	12.75% (13.25%)		
	Indian Bank	Term Loan of ₹ 1,250.00 lacs	937.46 (1,093.71)	13.50% (14.00%)		
	Punjab National Bank	Term Loan of ₹ 4500.00 lacs	3,374.63 (3,937.13)	14.00% (13.25%)		
	State Bank of India(erstwhile State Bank of Saurashtra) *	Term Loan of ₹ 1,500.00 lacs	1,077.58 (1,312.50)	13.95% (13.00%)		
5	Axis Bank Limited	Term Loan of ₹ 9,500.00 lacs (Inclusive of Buyer's Credit of ₹ 468.80 lacs)	7,350.29 (3,190.44)	13.50% (13.50%)	(Secured by Hypothecation of Plant & Machinery at Plot No. 17-20 & 34-39, Baramati Hitech Textile Park, MIDC, Baramati)	32 equal quarterly installments of ₹ 296.88 lacs Commencing from 31/12/2012 and last instalment will fall due on 30/09/2020.
		Term Loan of ₹ 5,000.00 lacs	3,212.56 (398.02)	13.00% (13.50%)	(Secured by Hypothecation of fixed assets procured for "Being Human" retail project.)	In 20 quarterly instalments commencing from 31/03/2014 and last instalment will fall due on 31/12/2019.
6	Bank of Baroda	Term Loan of ₹ 1,200.00 lacs (Inclusive of Buyer's Credit of ₹ 1074.99 lacs)	975.00 (1,125.00)	12.75% (13.25%)	(Secured by Hypothecation of specified plant & machinery installed at Plot No. E-33, MIDC, Tarapur)	In 32 quarterly instalments commencing from 31/12/2011 and last instalment will fall due on 30/09/2019.

Installments falling due in respect of all the above loans upto 31st December, 2013 (for Previous Year 31st December, 2012) have been grouped under "Current maturities of Long Term debt". (Refer Note 8)

Notes to the financial statements

(₹ in lacs)

Particulars	Deferred Tax Liability/ (Asset) as at 1st April, 2012	Current Year charge/(credit)	Deferred tax Liability/(Asset) As at 31st March, 2013
NOTE 4 DEFERRED TAX LIABILITIES			
Deferred Tax Liabilities:			
Difference between book and tax Depreciation	6717.39	634.62	7352.01
Deferred Tax Asset			
Interest on acquisition of Land disallowed U/S 36(1)(iii) of Income Tax Act	(9.61)	9.61	0.00
Adjustment on account of application of AS-15	(59.74)	(5.47)	(65.21)
TOTAL	6,648.04	638.76	7,286.80

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 5 OTHER LONG TERM LIABILITIES		
Vehicle loans from Banks / Finance Co.	44.91	83.21
TOTAL	44.91	83.21

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 6 LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity (unfunded)	125.82	189.61
TOTAL	125.82	189.61

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 7 "SHORT TERM BORROWINGS"		
Secured		
Loans repayable on demand		
From Banks	38,393.57	29,413.01
(Including ₹ 13,962.38 lacs (Previous year ₹ 11,860.16 lacs) in foreign currency)		
(The working capital loans / Packing Credit from Banks., are secured against hypothecation of present and future stock in trade and Book Debts)		
(Of the above ₹ Nil (Previous year Nil) are further Guaranteed personally by the Promoter Directors.)		

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 7 "SHORT TERM BORROWINGS" (CONTD.)		
Unsecured		
From Banks	1,750.00	1,794.48
Unsecured and Repayable in 1Year interest Rate @12.75%		
	40,143.57	31,207.49

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 8 "OTHER CURRENT LIABILITIES"		
Current Maturities of long-term debt	6,542.64	6,306.25
Deposits/Advances from Dealers, Agent etc.	248.10	232.60
Statutory Dues	200.32	109.86
Advance against Sales	113.29	74.40
Unearned premium on Forward premium	167.55	153.35
Salary Payable	401.29	128.58
Other Payables	202.30	247.04
	7,875.48	7,252.07

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 9 "SHORT TERM PROVISIONS"		
(a) Provision for employee benefits (Refer Note 34)		
Gratuity - Funded	72.95	-
Gratuity - Unfunded	2.63	
(b) Others		
Proposed Dividend	662.48	331.24
Tax on proposed Dividend	107.47	53.74
(C) Provision for Income Tax (Net of Advance Taxes)	822.83	69.58
	1,668.36	454.56

Notes to the financial statements

NOTE 10 "FIXED ASSETS"

Sr. No.	Description Of Asset	Gross Block			Cost as at 31st March, 2013	Depreciation			Net Block		
		Cost as at 31St March, 2012	Additions	Deletion / Adjustment		Up to 31st March, 2012	For the Year Ended	Deletion / Adjustment	Up to 31st March, 2013	As on 31st March, 2012	As on 31st March, 2013
(i)	Tangible Assets										
1	Lease Hold Land	1,430.52	-	-	1,430.52	70.24	15.14*	-	70.24	1,360.28	1,360.28
2	Freehold Land	340.57	-	-	340.57	-	-	-	-	340.57	340.57
3	Factory Building	13,471.11	3,207.24	-	16,678.35	1,571.82	466.81	-	2,038.63	14,639.72	11,899.28
4	Capital Expenditure On Rented Premises	21.26	899.40	-	920.67	21.26	6.04	-	27.31	893.36	-
5	Residential Building	1,839.89	182.33	-	2,022.22	33.36	11.07	-	44.44	1,977.78	1,806.52
6	Office Building	291.83	-	-	291.83	20.00	4.76	-	24.76	267.07	271.83
7	Plant & Machinery	40,647.80	2,040.85	141.41	42,547.24	7,441.33	1,950.33	16.74	9,374.92	33,172.32	33,206.47
8	Factory Equipment	16.31	18.78	-	35.09	5.16	1.86	-	7.02	28.07	11.15
9	Air Conditioner	96.06	63.50	-	159.56	19.98	5.09	-	25.07	134.49	76.08
10	Furniture & Fixtures	891.67	632.30	1.93	1,522.04	303.64	65.51	-	369.14	1,152.89	588.03
11	Motor Car & Bikes	372.66	38.21	24.78	386.09	100.26	34.50	10.20	124.55	261.54	272.40
12	Office Equipment	118.73	75.92	-	194.65	32.06	6.47	-	38.53	156.11	86.67
13	Electrical Installations	1.40	91.21	-	92.61	0.15	1.25	-	1.40	91.20	1.25
14	Computer Accessories	322.86	87.08	-	409.94	229.63	36.24	-	265.87	144.07	93.24
TOTAL :		59,862.66	7,336.83	168.12	67,031.37	9,848.89	2,605.07	26.94	12,427.02	54,604.35	50,013.78
Previous Year Total :		53,662.44	6,368.43	168.20	59,862.66	7,541.98	2,458.70	151.79	9,848.89	50,013.78	46,120.46

* This is debited to land premium W/off and hence not included in depreciation

Sr. No.	Description Of Asset	Gross Block			Depreciation			Net Block		
		Cost as at 31St March, 2012	Additions	Deletion / Adjustment	Cost as at 31st March, 2013	Up to 31st March, 2012	For the Year Ended	Up to 31St March, 2013	As on 31st March, 2012	As on 31st March, 2013
(II) Intangible Assets										
1	Computer Software	180.22	13.78	-	194.00	67.80	34.28	-	102.08	112.42
TOTAL :		180.22	13.78	-	194.00	67.80	34.28	-	102.08	112.42
Previous Year Total :		121.31	58.91	-	180.22	44.70	23.10	-	67.80	76.61

Notes to the financial statements

(III) Capital Work in Progress:

Particulars	Garment Unit - Tarapur		Garment Unit - Baramati		Being Human (MRV)		Total	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Opening Balance	2,296.11	1,621.04	549.87	434.30	240.11	150.12	3,086.09	2,205.46
Add: Investment During The Year	1,568.64	675.07	473.53	115.57	455.67	89.99	2,497.84	880.63
Less: Transfer To Fixed Assets	3,864.75	-	-	-	695.78	-	4,560.53	-
Closing Balance	-	2,296.11	1,023.40	549.87	-	240.11	1,023.40	3,086.09

The Above working excludes capital advances. Since the retail operations of Apparel Brand "Being Human" & Garment Unit at Tarapur has been commenced; hence all the expenditure incurred towards the same have been capitalised.

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 11 "LONG TERM LOANS AND ADVANCES"		
Capital Advances*		4,221.69
Unsecured, Considered Goods	3,792.93	
Security Deposits	3,342.67	2,320.50
Unsecured, Considered Goods		
	7,135.60	6,542.19

* Capital Advances Includes advance for Garment Project at Baramati

Notes to the financial statements

NOTE 12 "CURRENT INVESTMENTS"

A. Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount in Lacs	Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			31st March, 2013	31st March, 2012		31st March, 2013	31st March, 2012	
(a)	Investment Properties		-	-		-	-	
(b)	Investment in Equity Instruments							
1)	Sujana Tower Limited	Others	-	2,600,000	Quoted	Fully Paid	196.56	No Previous year at market value
2)	Mandhana Retail Venture Limited	Others	100	100	Unquoted	Fully Paid	0.01	Yes
(c)	Investments in Mutual Funds							
1)	HDFC MF Monthly Income Plan - Long Term - Growth		225,414	225,414		50	50	Yes
2)	Baroda Pioneer PSU Equity Fund		250,000	250,000		16.55	16.30	No Market Value
Total						66.56	262.87	

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 13 "INVENTORIES"		
Finished Goods	37,502.60	20,754.44
(Inclusive of Unsold Flats)		
Raw Materials	10,536.46	15,095.73
Store & Spares	1,028.53	895.06
Work in Process	608.18	1,458.73
TOTAL	49,675.77	38,203.95

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Details of Finished Goods		
Grey Fabric	10,930.05	3,333.94
Finish Fabric	21,847.36	14,695.74
Garments	4,713.01	2,712.59
Residential Flats	12.18	12.18
	37,502.60	20,754.44
Details of Raw Materials		
Yarn	1,672.99	735.38
Grey Fabric	5,469.14	6,609.68
Finish Fabric	3,394.33	7,750.67
	10,536.46	15,095.73
Details of Work in Progress		
Yarn	248.23	169.50
Finish Fabrics	-	515.69
Garments	359.94	773.54
	608.18	1,458.73

For Mode of Valuation, refer Annexure I

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 14 "TRADE RECEIVABLES"		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	27,095.80	17,548.57
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	300.96	503.45
Unsecured, considered doubtful	58.86	29.60
Less: Provision for Doubtful Debts	(58.86)	(29.60)
TOTAL	27,396.76	18,052.01

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 15 "CASH AND CASH EQUIVALENTS"		
(i) Cash and Cash Equivalents		
a. Balances with Banks	1,375.65	1.74
b. Cash on Hand	71.82	56.93
(ii) Other Bank Balances		
a. Balances with banks to the extent held as margin money*	797.21	233.69
TOTAL	2,244.68	292.35

* Margin Money of ₹ 60.95 lacs paid for Bank Guaranty to Sales tax Department & MSEB and remaining for LC Margin due course of Business.

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 16 "SHORT TERM LOANS AND ADVANCES"		
a. Loans and advances to related parties	3.74	3.74
Mandhana Retail Ventures Limited		
Unsecured, Considered Good		
b. Others	6,915.37	3,164.11
Unsecured, Considered Good		
TOTAL	6,919.11	3,167.85

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 17 "OTHER CURRENT ASSETS"		
a. Exports Incentives receivable	1,243.22	606.24
b. TUF Interest Subsidy Receivable	993.44	967.34
c. Claims and Other Receivable	35.45	862.90
d. Vat Refund Receivable	507.04	318.44
e. Forward Contract Premium /Translation Receivable	354.80	288.61
f. Pre Paid Expenses	119.70	134.64
TOTAL	3,253.64	3,178.18

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 18 "REVENUE FROM OPERATIONS"		
Sale of Products		
1) Local Sales	107,972.06	79,235.97
2) Export Sales	24,192.58	15,753.26
Sale of Services		
1) Processing & Services Charges	2,289.85	1,909.05
2) Duty Drawbacks & Other Export Entitlements	1,936.67	1,305.69
Less: Exice Duty	(84.81)	(189.16)
	136,306.36	98,014.81
Details of Sales of Prodcuts:		
Class of Goods		
Local Goods		
Fabrics	105,955.37	77,734.02
Garments	1,732.06	1,257.96
Yarn	284.63	243.99
(A) TOTAL	107,972.06	79,235.97
Exports		
Fabrics	3,286.78	1,105.27
Garments	20,905.81	14,647.99
(B) TOTAL	24,192.58	15,753.26

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 19 "OTHER INCOME"		
Interest Income	89.21	190.96
Foreign Exchange Fluctuation	(635.92)	(567.09)
Forward Contract Premium Income	51.99	77.95
Profit /(Loss) on Sale of Assets	(31.20)	(2.71)
Profit on sale of Mutual Fund & Shares	(25.64)	138.66
Provision for diminution in value of current investments	(8.45)	(472.55)
Prior Period Income*	-	604.64
Miscellaneous Income	105.40	116.63
	(454.62)	86.51

* Prior Period Income represents Additional compensation received during the year under review on sale of land at Yeshwanthpur which was effected during the Financial Year 2010-2011.

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 20 "COST OF MATERIAL CONSUMED"		
Opening Stock	15,095.73	6,878.78
Purchases	72,045.17	57,355.08
	87,140.90	64,233.85
Less: Closing Stock	10,536.46	15,095.73
TOTAL	76,604.44	49,138.12

(₹ in lacs)

Particulars	As at 31st March, 2013	% age	As at 31st March, 2012	% age
Imported and Indigenous Raw Materials Consumed				
Imported	211.73	0.28%	-	0.00%
Indigenous	76,392.71	99.72%	49,138.12	100.00%
	76,604.44	100.00%	49,138.12	100.00%

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Details of Raw Materials Consumed		
Class of Goods		
Fabric	64,016.81	43,576.92
Yarn	12,587.62	5,561.20
TOTAL	76,604.43	49,138.12

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 21 "PURCHASE OF STOCK IN TRADE"		
Fabrics	27,312.70	14,723.70
Garments	2,750.78	246.07
	30,063.48	14,969.77

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 22 “CHANGES IN INVENTORIES OF FINISHED GOOD WORK-IN-PROGRESS AND STOCK-IN-TRADE”		
Opening Stock		
Finished Goods	20,754.44	14,567.94
Work-in-Progress	1,458.73	5,218.84
TOTAL	22,213.16	19,786.78
Closing Stock		
Finished Goods	37,502.60	20,754.44
Work-in-Progress	608.18	1,458.73
TOTAL	38,110.78	22,213.16
TOTAL INCREASE IN STOCK	15,897.62	2,426.38

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 23 “MANUFACTURING AND OPERATING COSTS”		
Consumption of Auxilliary Materials	5,061.09	2,718.95
Packing Materials	648.88	464.16
Garment Stitching Charges	2,153.62	1,739.10
General Factory Expenses	111.97	116.98
Labour Charges	1,216.67	1,208.09
Power, Fuel and Water Charges	4,733.97	2,983.01
Repair and Maintenance to building	6.63	7.56
Repair and Maintenance to machinery	74.98	105.60
Testing & Inspection Fees	154.27	109.24
Yarn Winding, Sizing & Weaving Charges	130.71	191.75
TOTAL	14,292.78	9,644.45

Imported and Indigenous Auxiliary Materials Consumed

Particulars	As at 31st March, 2013	% age	As at 31st March, 2012	% age
Imported	360.02	7.11%	431.81	15.88%
Indigenous	4,701.07	92.89%	2,287.14	84.12%
	5,061.09	100.00%	2,718.95	100.00%

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 24 "EMPLOYEE BENEFIT EXPENSES "		
Salary & Wages (inclusive of Bonus, Gratuity & other Allowances)	5,987.99	4,264.08
Contribution to P.F, ESIC, etc	486.19	381.19
Employee's Welfare and amenities	177.03	125.91
TOTAL	6,651.21	4,771.18

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 25 "FINANCE COSTS"		
Banks/Financial Institutions for Term Loans (Net of interest subsidy of ₹ 1,872.51 (Previous year 1,547.66) Lacs under TUF scheme)	3,036.61	3,231.77
To Debenture 's Holder	52.26	-
Banks for Working Capital	3,586.09	2,122.66
Net Loss on Currency fluctuation and translation	328.71	546.08
Others	55.64	3.62
TOTAL	7,059.32	5,904.12

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 26 "OTHER EXPENSES"		
Auditor's Remuneration	13.48	13.48
Bank Charges & Commission	369.47	231.48
Bad Debts	36.21	29.60
Commission on Sales	268.74	119.95
Communication Expenses	74.59	69.15
Courier Charges	129.41	108.13
Director's Remuneration & Sitting Fees	380.90	348.70
Donations	6.87	2.45
Electricity Charges	42.03	20.61
Freight / Transportation (Net)	1,164.89	804.77
General Office Expenses	45.62	131.38
Insurance (Net)	92.99	42.95
Loss By Fire*	79.56	-
Land Premium W/off	15.14	10.68
Legal & Licence Fees	323.59	392.99
Printing & Stationary Charges	66.53	26.09
Repair & maintenance	49.80	27.78
Professional Fees	367.33	285.41

Notes to the financial statements

(₹ in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
NOTE 26 "OTHER EXPENSES" (CONTD.)		
Rent, Rates & Taxes	477.27	359.92
Sales Promotion Expenses	293.19	94.78
Travelling Expenses	275.95	150.49
Watch & Ward Exp.	77.13	66.51
Miscellaneous Expenses	187.53	111.56
TOTAL	4,838.21	3,448.84

Details of payments to auditors (included in Auditor's Remuneration)

a. Statutory Audit Fees	10.11	10.11
b. Tax Audit Fees	3.37	3.37
	13.48	13.48

* During the Previous year, there was a fire incident at Company's Garment Sampling unit at Sewree. The Company has lodged insurance claim with the insurance company after providing for salvage value and made a provision of ₹ 751.34 lacs on Account of Insurance Claim Receivable. In current financial Year Company has received The Insurance Claim of an amount of ₹ 581.78 lacs and after Deducting the salvage value of Fabric and Garment ₹ 90.00 lacs the net amount of ₹ 79.56 lacs booked on account of loss by fire

(₹ in lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
NOTE 27 VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS IN RESPECT OF:		
a Auxiliary Material & Yarn	571.75	431.81
b Capital Goods	790.82	1,594.62

(₹ in lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
NOTE 28 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:		
a Export Sales Commission	93.12	39.99
b Interest	967.27	327.78
c Foreign Travelling	33.20	48.03
d Others	208.76	3.55

Notes to the financial statements

(₹ in lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
NOTE 29 EARNINGS IN FOREIGN CURRENCY ON ACCOUNT OF:		
Export of Goods calculated on FOB Value	24,192.58	15,753.26

NOTE 30

- A. No interest is paid / payable during the year to any enterprise registered under the MSME.
 B. The quantum of dues to small scale industrial undertakings is not determined.

NOTE 31 DISCLOSURES IN RESPECT OF DERIVATIVE INSTRUMENTS.

(a) Derivatives instruments outstanding.

(Figures in lacs)

Sr. No.	Particulars	Currency	Forward Amount F.Y. 2012-2013	Forward Amount F.Y. 2011-2012	Type of Contract
1	Against Exports	USD/INR	USD 87.50	USD 156.61	Sale
		EUR/USD	NIL	EUR 12.50	Sale
		EUR/INR	EUR 22.50	EUR 5.00	Sale
		GBP/INR	GBP 1.00	GBP 2.00	Sale

- (b) All derivative and financial instruments acquired by the company are for hedging purpose only.
 (c) Foreign currency exposures that are not hedged by derivative instruments:

(Figures in lacs)

Particulars	Currency	F.Y. 2012-2013	F.Y. 2011-2012
Secured Loans	USD	USD 254.58	USD 227.56
Secured Loans	EURO	EUR 23.62	EUR 25.35
Outstanding Capital Commitments (Import LC)	USD	Nil	Nil
	EURO	Nil	Nil

NOTE 32 RELATED PARTY DISCLOSURES

1. Relationship :-

a)	Key Management Personnel and their Relatives	Relationship
	Shri Purushottam C. Mandhana	Chairman & Managing Director
	Shri Biharilal C. Mandhana	Executive Director
	Shri Manish B. Mandhana	Joint Managing Director
	Smt. Prema P. Mandhana	Wife of Mr. Purushottam Mandhana
	Mr. Priyavrat P. Mandhana	Son of Mr. Purushottam Mandhana
	Smt. Sudha B. Mandhana	Wife of Mr. Biharilal Mandhana
	Smt. Sangeeta M. Mandhana	Wife of Mr. Manish Mandhana
	Ms. Preeti P. Mandhana	Daughter of Mr. Purushottam Mandhana
b)	Entities over which key Management Personnel and their relatives are able To exercise significant influence	Mahan Synthetics Textiles Private Limited Balaji Corporation Golden Seam Textile Pvt. Ltd. Indus Fila Ltd. Mandhana Retail Venture Limited

Notes to the financial statements

2. Transactions with related parties :

(₹ in lacs)

Particulars	Referred in 1(a) Above	Referred in 1(b) Above
Purchases :		
Fabrics & Aux. Material		1,083.00
		(331.11)
Sales :		
Fabrics & processing chgs.		1,736.44
		(84.79)
Expenses :		
Directors Remuneration & Perquisites	413.66	
	(348.70)	
Rent To Directors & Relatives of Directors	130.86	
	(81.38)	
Deposits against premises:	2,881.25	
	(2,021.25)	
Outstanding :		
Advances	-	3.74
		(3.74)

Note:- Figures in brackets represents previous year's figure.

NOTE 33 OPERATING LEASE

The Company has entered in to non-cancelable operating lease. The tenure of such agreements ranges from thirty three month to one hundred twenty months. There are no purchase option in these agreements. Lease agreements provide the option to Company to renew the lease period at the end of lease period.

(₹ in lacs)

DUE	Total Minimum Lease Payments Outstanding	
	As at 31st March, 2013	As at 31st March, 2012
Not later than one year	697.24	317.44
Later than one year and not later than five year'	1,898.01	409.49
later than five year	295.36	NIL
TOTAL	2,890.61	726.93
Operating lease rentals debited to profit and loss accounts (net)	440.66	330.79
Operating lease capitalised to Fixed Assets	NIL	NIL

NOTE 34 DISCLOSURES PURSUANT TO ACCOUNTING STANDARD -15 "EMPLOYEE BENEFITS"

Consequent to the adoption of Accounting Standard on Employee Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard.

Notes to the financial statements

A) Defined Contribution Plans

The Company has recognised the following amounts in the Profit and Loss Account for Defined Contribution plans:

(₹ in lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
Provident Fund	393.42	301.81

The Company's provident Fund is administered by the Maharashtra & Karnataka State Governments.

B) State Plans

The Company has recognised the following amounts in the profit & loss account for contribution to state plans:

(₹ in lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
Employee's State Insurance	91.46	79.38

C) Defined Benefit Plans

Contribution to Gratuity Funds:

During the year under review company has made provision for gratuity plan for all its eligible employees based on actuarial valuation certified by the actuary as on 31st March, 2013. Company has already framed Gratuity scheme through trust fund managed by LIC for certain class of employees and for other employees provisions has been made in the books and fund for the same shall be set up in due course of time.

The details of the Company's Gratuity Fund for its employees are given below which is certified by the actuary and relied upon by the auditors.

(₹ in lacs)

Particulars	31st March, 2013			31st March, 2012		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Components of employer expenses						
1) Current Service Cost	7.17	48.16	55.34	4.41	49.41	53.81
2) Interest Cost	4.35	16.20	20.55	3.29	-	3.29
3) Expected Return on Plan Assets	(6.01)	-	(6.01)	(4.47)	-	(4.47)
4) Net Actuarial (Gain) /Loss	11.45	(45.39)	(33.94)	7.64	-	7.64
5) Total expense/(Gain) recognised in the Profit and Loss Account	16.96	18.97	35.93	10.87	49.41	60.28
Net Assets /Liability recognised in Balance Sheet						
1) Present Value of Defined benefit obligation	(72.96)	(208.58)	(281.54)	(54.41)	(189.61)	(244.02)
2) Fair Value of plan assets	80.14	-	80.14	59.88	-	59.88
3) Assets/ (Liability) recognised in Balance Sheet.	7.19	(208.58)	(201.40)	5.47	(189.61)	(184.14)
Change in Present Value of the Defined Benefit Obligation						
1) Opening Present Value of obligation	54.41	189.61	244.02	41.10	140.21	181.31
2) Interest Cost	4.35	16.20	20.55	3.29	-	3.29
3) Current Service Cost	7.17	48.16	55.34	4.41	49.41	53.81
4) Benefits Paid	(4.43)	-	(4.43)	(2.03)	-	(2.03)
5) Actuarial (Gain) /Loss	11.45	(45.39)	(33.94)	7.64	-	7.64

Notes to the financial statements

(₹ in lacs)

Particulars	31st March, 2013			31st March, 2012		
	Funded	Unfunded	Total	Funded	Unfunded	Total
6) Closing Present Value of obligation.	72.96	208.58	281.54	54.41	189.61	244.02
Change in the fair value of plan Assets						
1) Opening Value of plan assets	59.88	-	59.88	38.88	-	38.88
2) Expected return on plan Assets	6.01	-	6.01	4.47	-	4.47
3) Actual Company Contribution	18.68	-	18.68	18.56	-	18.56
4) Benefits Paid	(4.43)	-	(4.43)	(2.03)	-	(2.03)
5) Closing Fair Value of plan assets	80.14	-	80.14	59.88	-	59.88
Actuarial Assumption						
Discount rate (per annum)	8.00%	8.15%		8.00%	8.50%	
Expected rate of return on assets (per annum)	8.00%	9.00%		8.00%	8.50%	
Salary escalation rate*	4.00%	5.00%		4.00%	5.00%	
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	
Withdrawal Rate	1 %-3 % depending on age	1 %-5 % depending on age		1 %-3 % depending on age	1 %-5 % depending on age	

* takes into account the inflation, seniority, promotions and other relevant factors

NOTE 35 SEGMENTAL REPORTING FOR THE YEAR ENDED ON 31ST MARCH, 2013 IS AS UNDER.

(A) On the basis of Business Segments –

(₹ in lacs)

Particulars	F.Y. 2012-2013			F.Y. 2011-2012		
	Textiles	Garment	Total	Textiles	Garment	Total
External Revenues	111,813.11	22,556.57	134,369.69	80,973.02	15,925.26	96,961.69
Internal Segment Revenues	5,597.57		5,597.57	3,804.85	-	3,804.85
Other Allocable Income	166.74	1,769.93	1,936.67	43.49	1,073.04	1,116.53
Total Revenues	117,577.43	24,326.50	141,903.93	84,821.37	16,998.29	101,819.66
Less: Elimination	5,597.57	-	5,597.57	3,804.85	-	3,804.85
Net Revenue	111,979.86	24,326.50	136,306.36	81,016.51	16,998.30	98,014.81
SEGMENT RESULT	12,453.78	4,675.86	17,129.64	11,425.95	4,709.39	16,135.34
Other Non-allocable Income / (Exps)						
Other Income			(454.62)			86.51
Interest Cost			7,059.32			5,904.12
Provision for Taxes			3,081.89			3,007.62
NET PROFIT			6,533.82			7,310.11
OTHER INFORMATION						
Segment Assets	118,267.08	34,065.98	152,333.06	92,598.81	30,037.84	122,636.65

Notes to the financial statements

(₹ in lacs)

Particulars	F.Y. 2012-2013			F.Y. 2011-2012		
	Textiles	Garment	Total	Textiles	Garment	Total
Unallocable Corporate Assets			78.74			275.05
TOTAL ASSETS			152,411.79			122,911.70
Segment Liabilities	63,584.88	32,545.28	96,130.16	50,887.38	22,985.77	73,873.15
Unallocable Liabilities			8,311.03			7,292.21
TOTAL LIABILITIES			104,441.19			81,165.36
Segment Capital Expenditure	2,280.55	2,533.83	4814.39*	6,400.46	26.88	6427.34*
Unallocated Capital Expenses			473.53			880.62
TOTAL CAPITAL EXP.			5,287.92			7,307.96
Segment Dep. & Amort.	2,312.63	311.59	2,624.21	2,051.44	292.72	2,344.16
Unallocated Dep. & Amort.			-			-
TOTAL DEPRECIATION & AMORTISATION			2,624.21			2,344.16

(B) On the basis of Geographical Segments -

(₹ in lacs)

Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment Revenues	113,256.06	23,050.29	136,306.36	80,955.86	17,058.95	98,014.81
Internal Segment Revenues	5,597.57		5,597.57	3,804.85		3,804.85
TOTAL REVENUES	118,853.63	23,050.29	141,903.93	84,760.71	17,058.95	101,819.66
Less : Elimination	5,597.57		5,597.57	3,804.85		3,804.85
Net Revenues	113,256.06	23,050.29	136,306.36	80,955.86	17,058.95	98,014.81
Segment Result	12,453.60	4,676.04	17,129.64	11,317.47	4,817.87	16,135.34
Carrying Cost of segment assets	118,283.12	34,049.94	152,333.06	92,833.47	29,803.18	122,636.65
Addition to Fixed Assets	2,280.55	2,533.83	4814.39*	6,400.33	27.01	6427.34*

* Addition in Segment Capital expenditure is calculated according to addition in Fixed Assets during the Year net of CWIP Trf to Main Assets

Notes to the financial statements

(C) Other Disclosures -

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organisation structure as well as the differential risks and returns of these segments.
2. The Company has disclosed Business Segment as the primary segment.
3. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Note: - Above details compiled by the Management and relied upon by the Auditors

NOTE 36 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

- a) Export invoices backed by letter of credit purchased by the bank amounting to ₹ 76.60 lacs (Previous year ₹ 584.39 lacs)
- b) Sales invoices Discounted with the bank amounting to ₹ 256.18 lacs. (Previous Year 72.79 lacs)
- c) Claim against the Company not acknowledged as debts in respect of Income Tax demand amounting to ₹ 435.04 lacs (Previous Year ₹ 435.04 lacs) (Interest thereon not ascertainable at present.)
- d) Claim against the Company not acknowledged as debts in respect of Central Excise dues amounting to ₹ 290.58 lacs (Previous Year ₹ 485.20 lacs) (Interest thereon not ascertainable at present.)
- e) Bank guarantee given to Sales Tax , MSEB & Custom Department of ₹ 502.18 lacs. (Previous Year ₹ 606.58 lacs)

NOTE 37 CAPITAL COMMITMENTS:

The estimated amount of contracts remaining to be executed on capital account to the extent not provided for ₹ NIL. (Previous year ₹ NIL)

NOTE 38

The Income Tax Authorities carried out search and seizure operations on 11th and 12th January, 2012 on the premises of the Company. The Company co-operated with the authorities and has provided necessary details / information as and when asked by the tax authorities. Notice has been received by the Company for filing of tax return under Section 153A of the Income Tax Act, 1961 and Company is in Process of Complying with the same.

NOTE 39

Significant accounting policies and practices adopted by the Company, are disclosed in the statement annexed to these financial statements as Annexure I.

Annexure I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (annexed to and forming part of the financial statements for the year ended 31st March, 2013)

A. BASIS OF ACCOUNTING

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash equivalent the Company has ascertained its operating cycle to be less than 12 month.

B. RECOGNITION OF INCOME AND EXPENDITURE:

- (i) Revenues/Income and costs/Expenditure are generally accounted on accrual, as they are earned or incurred.
- (ii) Sale of Goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods.

C. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

D. FIXED ASSETS

- a. The Gross Block of Fixed asset is recorded at cost, which includes duties and other identifiable direct expenses up to the date of commissioning of the assets and wherever applicable is net of credits available under CENVAT and VAT schemes and 10% capital subsidy granted by the Central Government on processing and garmenting machinery.
- b. Incidental expenditure including interest on loans during construction period is capitalised up to the date of attainment of commercial production.
- c. Profit/ Loss on the sale of fixed assets is accounted for in the Profit and Loss Account and credited/debited respectively to profit and loss account.
- d. Intangible Assets are stated at cost of acquisition less accumulated amortisation.

E. DEPRECIATION

- a. Depreciation on fixed Assets is charged as follows
 - i) Premium on leasehold land is amortised in equal installments over the period of the lease.
 - ii) Capital expenditure on rented premises is amortised at the depreciation rate applicable to factory building under the Companies Act, 1956.
 - iii) Depreciation on Factory Buildings, Plant and Machinery, Electrical Installations, Vehicles, Computers, Furniture & Fixture and Equipment is provided on the straight Line method (S.L.M.) in accordance with the provisions of Section 205 (2)(b) of the Companies Act, 1956.
 - iv) Computer Software is amortised over a period of five years. Amortisation is done on straight line basis.
- b. On additions to the fixed assets made during the year, depreciation is provided on pro-rata basis, with reference to the date of addition.
- c. On deletion or sale of assets, no depreciation is provided.

Annexure I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (annexed to and forming part of the financial statements for the year ended 31st March, 2013)

F. INVESTMENT

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary in the value of Long-term Investments. However, fixed income long term securities are stated at cost, less amortisation of premium/discount and provision for diminution to recognise a decline, other than temporary.

G. INVENTORIES

- a. Finished goods are valued at cost or net realisable whichever is lower. The cost of finished goods is arrived after deducting estimated margin from the selling price of the goods.
- b. Work in progress valued at cost .Cost comprises all cost of materials, cost of conversion and any other cost incurred in the production process.
- c. Raw materials for weaving, shirting and fabric division is valued at cost following specific identification method. The stock of auxiliary material for process division is valued at landed cost on FIFO basis. The stock of Raw materials and auxiliary material for export division is valued at standard cost with appropriate application of variances to the stock of raw materials. The damaged, unserviceable and inert raw materials are valued at net realisable value.
- d. Stores and Spares and sample fabric purchases, are charged to profit and loss account in the year of purchase.
- e. Stock of unsold flats is valued at cost.

H. FOREIGN CURRENCY TRANSACTION

- a. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- b. Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end and the overall net gain / loss is adjusted to the profit & loss account.
- c. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expenses along with the exchange differences on the underlying assets/liabilities on the reporting date. Further, in case of other contracts with committed exchange rates, the underlying is accounted at the rate so committed. Profit or loss on cancellations/renewals of forward contracts is recognised during the year.

I. EMPLOYEE BENEFITS:

- a. Defined Contribution Plan:
Contribution to provident fund is accounted on accrual basis with corresponding contribution to recognised fund.
- b. Defined Benefit Plan:
Company's Liabilities towards defined benefit scheme is determined using the project unit credit method. Actuarial valuation under projected unit credit method is carried out at balance sheet date. Actuarial gains/losses are recognised in profit & Loss Account in the period of occurrence of such gains & losses. Gratuity scheme for certain class of employees is administered through trust and the trust funds are managed under the employee gratuity scheme of LIC.
- c. Company does not have any policy for Leave Encashment or any other pension plans/schemes. All the unused leaves outstanding as on 31st March gets lapsed and does not get accumulated.

Annexure I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (annexed to and forming part of the financial statements for the year ended 31st March, 2013)

J. BORROWING COST:

Interest and other cost in connection with the borrowing of funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and all other borrowings cost are charged to revenue.

K. OPERATIONAL LEASE:

Operational lease payments are recognised as an expense in Profit & Loss accounts on accrual basis. Lease payments relating to project under development are capitalised to respective projects.

L. GOVERNMENT GRANTS:

Grants in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS) and capital subsidy on processing and garmenting machinery are accounted for when it is reasonably certain that ultimate collection will be made.

M. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Contingent Liabilities are not recognised, but disclosed in the case of,

- a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, when the probability of outflow of resources is reasonably certain.

Contingent Assets are neither recognised, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

N. INCOME TAX

- a. **Current Tax :** Provision is made for Income tax under the tax payable method based on the liability as computed after taking credit for allowances and exemptions. Current Tax provided for the year is also net of MAT Credit available under the I.T Act.
- b. **Deferred Tax :** Consequent to the Accounting Standard 22- Accounting for Taxes on Income becoming mandatory effective from 1st April, 2002, the differences that result between the profit offered for income tax and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted regulations.

O. IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine,

- a) The provision for impairment loss, if any required or,
 - b) The reversal, if any, required of impairment loss recognised in previous periods.
- Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined,
- a) In the case of an individual asset, at the higher of the net selling price and the value in use.
 - b) In the case of a cash-generating unit, (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's selling price and the value in use.
- (Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

Notes

Notes

Notes

**IT'S NOT
ABOUT WHAT
YOU WEAR,**

**IT'S ABOUT
WHAT YOU
STAND FOR**



HELP



JOY



HOPE



LOVE



CARE



SHARE



www.mandhana.com



MANDHANA INDUSTRIES LIMITED

Plot no. C-3, MIDC, Tarapur Industrial Area, Boisar, Dist: Thane - 401506

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Mandhana Industries Limited will be held at the premises of the Company at Plot no. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, Thane – 401506 on Thursday, the 19th day of September, 2013 at 11:00a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, as at 31st March, 2013 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditors thereon.
2. To declare final dividend on equity shares for 2012-13.
3. To appoint Director in place of Mr. Khurshed M. Thanawalla, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Vishal H. Shah & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Dilip G. Karnik who was appointed as an Additional Director with effect from 5th November, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 178 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company who will be liable to retire by rotation."

RESOLVED FURTHER THAT any one Director of the Company or Company Secretary be and is hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."
6. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, and all other applicable provisions,

if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to approval of the members and subject to such permissions and consent, if any, from the Statutory Authorities, the Board hereby accords its approval to the re-appointment of Mr. Purushottam C. Mandhana as Chairman and Managing Director of the Company for a period of 3 (three) years with effect from 1st April, 2013 on the terms and conditions set out below:-

I. Remuneration :

a) Salary:

Rs. 2,000,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 2,500,000/- per month.

b) Commission:

Payment of commission of such amount for each Corporate Financial Year, as may be decided by the Board of Directors (which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Managing Director in any Corporate Financial Year shall not exceed 1% of the net profits of the Company as appearing in the Audited Annual Accounts.

c) Perquisites:

(i) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.

(ii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.

(iii) Club Free

Reimbursement of membership fee upto three clubs in India including admission and life membership fees.

Notice

(iv) Personal Accident Insurance

Personal Accident Insurance Policy of such amount as may be decided by the Managing Director, the premium of which shall not exceed Rs. 15,000/- per annum

(v) Contribution to Provident Fund, Superannuation Annuity Fund

Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.

(vi) Gratuity

Gratuity at the rate of half month's salary for each completed year of service.

(vii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

(viii) Electricity Expenses

Expenses pertaining to electricity at the residence of Mr. Purushottam C. Mandhana will be borne/ reimbursed by the Company.

(ix) Other perquisites

Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Purushottam C. Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.

d) Amenities :

(i) Conveyance facilities

The Company shall provide suitable conveyance facilities as may be required by Mr. Purushottam C. Mandhana and approved by the Board of Directors.

(ii) Communication facilities

The Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Purushottam C. Mandhana.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

II. Minimum Remuneration :

In the event of loss or inadequacy of profits in any corporate financial year during the currency of tenure of service of Mr. Purushottam C. Mandhana, the aforesaid remuneration shall be paid as a minimum remuneration as provided under Sections 198, 309 and all other applicable provisions if any of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Purushottam C. Mandhana shall be entitled to receive the enhanced remuneration with

retrospective effect from 1st April, 2013, after the same is approved by members in the ensuing General Meeting.

RESOLVED FURTHER THAT Mr. Purushottam C. Mandhana shall be entitled to be paid/ reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the aforesaid terms and conditions as may be allowed by the law and agreeable to Mr. Purushottam C. Mandhana."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to approval of the members and subject to such permissions and consent, if any, from the Statutory Authorities, the Board hereby accords its approval to the re-appointment of Mr. Manish B. Mandhana as Joint Managing Director of the Company for a period of 3 (three) years with effect from 1st April, 2013 on the terms and conditions set out below:-

I. Remuneration :

a) Salary :

Rs. 1,400,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 1,800,000/- per month.

b) Commission :

Payment of commission of such amount for each Corporate Financial Year, as may be decided by the Board of Directors (which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Whole Time Director in any Corporate Financial Year shall not exceed 1% of the net profits of the Company as appearing in the Audited Annual Accounts.

c) Perquisites :

(i) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.

(ii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not

exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.

(iii) Club Free

Reimbursement of membership fee upto three clubs in India including admission and life membership fees.

(iv) Personal Accident Insurance

Personal Accident Insurance Policy of such amount as may be decided by the Whole Time Director, the premium of which shall not exceed Rs.15,000/- per annum.

(v) Contribution to Provident Fund, Superannuation and Annuity Fund

Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.

(vi) Gratuity

Gratuity at the rate of half month's salary for each completed year of service.

(vii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

(viii) Electricity Expenses

Expenses pertaining to electricity at the residence of Mr. Manish B. Mandhana will be borne/ reimbursed by the Company.

(ix) Other perquisites

Subject to overall ceiling on remuneration mentioned here in below, Mr. Manish B. Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.

d) Amenities:

(i) Conveyance facilities

The Company shall provide suitable conveyance facilities as may be required by Mr. Manish B. Mandhana and approved by the Board of Directors.

(ii) Communication facilities

The Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Manish B. Mandhana.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

II. Minimum Remuneration:

In the event of loss or inadequacy of profits in any corporate financial year during the currency of tenure of service of Mr. Manish B. Mandhana, the aforesaid remuneration shall be paid as a minimum remuneration as provided under Sections 198, 309 and all other applicable provisions if any of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Manish B. Mandhana shall be entitled to receive the enhanced remuneration with retrospective effect from 1st April, 2013, after the same is approved by members in the ensuing General Meeting.

RESOLVED FURTHER THAT Mr. Manish B. Mandhana shall be entitled to be paid/ reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the aforesaid terms and conditions as may be allowed by the law and agreeable Mr. Manish B. Mandhana.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to approval of the members and subject to such permissions and consent, if any, from the Statutory Authorities, the Board hereby accords its approval to the re-appointment of Mr. Bihari Lal C. Mandhana as Executive Director of the Company for a period of 3 (three) years with effect from 1st April, 2013 on the terms and conditions set out below:-

I. Remuneration:

a) Salary:

Rs. 600,000/- per month with such increments as may be decided by the Board of Directors (which includes any committee thereof) from time to time, but subject to the maximum salary of Rs. 700,000/- per month.

b) Commission:

Payment of commission of such amount for each Corporate Financial Year, as may be decided by the Board of Directors (which includes any committee thereof) in its absolute discretion provided that aggregate commission paid to all the Whole Time Director in any Corporate Financial Year shall not exceed 1% of the net profits of the Company as appearing in the Audited Annual Accounts.

c) Perquisites:

(i) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.

Notice

(ii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the conditions that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two year.

(iii) Club Free

Reimbursement of membership fee upto three clubs in India including admission and life membership fees.

(iv) Personal Accident Insurance

Personal Accident Insurance Policy of such amount as may be decided by the Whole Time Director, the premium of which shall not exceed Rs. 15,000/- per annum

(v) Contribution to Provident Fund, Superannuation and Annuity Fund

Company's contribution to Provident Fund and Superannuation or Annuity Fund not exceeding 30% of salary in aggregate.

(vi) Gratuity

Gratuity at the rate of half month's salary for each completed year of service.

(vii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

(viii) Electricity Expenses

Expenses pertaining to electricity at the residence of Mr. Biharilal C. Mandhana will be borne/ reimbursed by the Company.

(ix) Other perquisites

Subject to overall ceiling on remuneration mentioned here in below, Mr. Biharilal C. Mandhana may be given any other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide and allowed under the provisions of the law.

d) Amenities:

(i) Conveyance facilities

The Company shall provide suitable conveyance facilities as may be required by Mr. Biharilal C. Mandhana and approved by the Board of Directors.

(ii) Communication facilities

The Company shall provide telephone, telefax and other communication facilities at the residence of Mr. Biharilal C. Mandhana.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

II. Minimum Remuneration:

In the event of loss or inadequacy of profits in any corporate financial year during the currency of tenure of service of Mr. Biharilal C. Mandhana, the aforesaid remuneration shall be paid as a minimum remuneration as provided under Sections 198, 309 and all other applicable provisions if any of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Biharilal C. Mandhana shall be entitled to be paid/ reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the aforesaid terms and conditions as may be allowed by the law and agreeable Mr. Biharilal C. Mandhana."

By Order of the Board of Directors

for **MANDHANA INDUSTRIES LIMITED.**

VINAY SAMPAT

(Vice President- Legal & Company Secretary)

Registered Office:

Plot no. C-3, MIDC,
Tarapur Industrial Area,
Boisar, Dist: Thane - 401506
Dated: 6th August, 2013

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

- 2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 13th day of**

September, 2013 to Thursday, the 19th day of September, 2013 (both days inclusive).

- 3. If the Dividend on equity shares, as recommended by the Directors is approved at the meeting, payment of such dividend will be made to those members, whose names appear on the Company's Register of Members on the 19th September, 2013.**

4. Members holding Share in electronic form are hereby informed that the particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form and any change are to be communicated only to the Depository Participants of the members.

Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Link Intime India Private Limited.

5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. Any Member desirous of getting any information on the accounts or operations of the Company is requested to

forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available the meeting.

7. Members, who hold Shares in dematerialized form, are requested to get their Client ID and DP ID Nos. for easy identification of attendance at the meeting.
8. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.
9. Members who have not encashed their Interim/Final Dividend for the financial year ended, 31st March, 2010, 31st March, 2011 and 31st March, 2012 are requested to write to the R & T Agent/ the Company giving necessary details. Giving below is table of dates by which Members can claim the respective unclaimed dividend and dates by which such unclaimed amount shall be transferred to the Investor Education and Protection Fund.

Equity Dividend for Financial year	Date of Declaration of Dividend	Dividend	Date by which unclaimed dividend can be claimed	Proposed transfer of Unclaimed Dividend Equity Dividend to IE & PF
2009-10	27th September, 2010	7.5%	1st November, 2017	2nd November, 2017
2010-11	29th September, 2011	20%	3rd November, 2018	4th November, 2018
2011-12	20th February, 2012	10%	26th March, 2019	27th March, 2019
2011-12	24th September, 2012	10%	30th October, 2019	31st October, 2019

10. Ministry of Corporate Affairs (MCA), Government of India, has taken Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies after considering provisions of Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through Electronic Mode. Vide Circular no. 17/2011 dated 21st April, 2011, MCA has provided that the Company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode provided the Company has obtained email addresses of its members for sending the notice/documents through email by giving an advance opportunity to every member who has not registered his/her email address and changes therein from time to time with Company. In cases where any member has not registered his/her email address with the Company the service of notice/documents etc. will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956. Those members, who desire to receive notice/documents through email, are requested to communicate their email ID and changes thereto from time to time to his/her Depository participant/

the Company's Registrar and Share Transfer Agent, M/s Link Intime India Private Limited, as the case may be. In case you desire to receive the notice/documents in physical form, you are requested to send email to cs@mandhana.com or mandhanagreen@linkintime.co.in, to register for physical copies.

By Order of the Board of Directors
for **MANDHANA INDUSTRIES LIMITED.**

VINAY SAMPAT
(Vice President- Legal & Company Secretary)

Registered Office:
Plot no. C-3, MIDC,
Tarapur Industrial Area,
Boisar, Dist: Thane - 401506
Dated: 6th August, 2013

Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

Appointment of Mr. Dilip G. Karnik as a Director on the Board of the Company Mr. was appointed as Additional Director of the Company with effect from 5th November, 2012, pursuant to provisions of Section 260 of the Companies Act, 1956.

Under Section 257 of the Companies Act 1956, a notice in writing has been received from a member signifying his intention to propose Mr. Dilip G. Karnik, as a Director of the Company along with a deposit of Rs. 500/- as required under the aforesaid Section.

Except Mr. Dilip G. Karnik, none of the other Directors of the Company is in any way concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 6:

Mr. Purushottam C. Mandhana will be re-appointed as the Chairman and Managing Director of the Company for a period of 3 years from 1st April, 2013 to 31st March, 2016 on terms and conditions and remuneration as set out in the resolution hereinabove.

The Remuneration and perquisite payable to Mr. Purushottam C. Mandhana are in conformity with per the applicable provisions of the Companies Act, 1956 read with it Schedule XIII to the said Act.

The approval of the Members is being sought for the appointment and remuneration payable to Mr. Purushottam C. Mandhana, as listed in the proposed resolution.

This Explanatory statement together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

A copy of the Draft Agreement between proposed between the Company and Mr. Purushottam C. Mandhana is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day of the Company.

The Directors recommend the Ordinary Resolution for acceptance by the members.

None of the Directors of the Company other than Mr. Purushottam C. Mandhana, Mr. Biharilal C. Mandhana and Mr. Manish B. Mandhana is concerned or interested in the Resolution.

Item No.7:

Mr. Manish B. Mandhana will be re-appointed as the Joint Managing Director of the Company for a period of 3 years from 1st April, 2013 to 31st March, 2016 on terms and conditions and

remuneration as set out in the resolution hereinabove.

The Remuneration and perquisite payable to Mr. Manish B. Mandhana are in conformity with per the applicable provisions of the Companies Act, 1956 read with it Schedule XIII to the said Act.

The approval of the Members is being sought for the appointment and remuneration payable to Mr. Manish B. Mandhana, as listed in the proposed resolution.

This Explanatory statement together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

A copy of the Draft Agreement between proposed between the Company and Mr. Manish B. Mandhana is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day of the Company.

The Directors recommend the Ordinary Resolution for acceptance by the members.

None of the Directors of the Company other than Mr. Purushottam C. Mandhana, Mr. Biharilal C. Mandhana and Mr. Manish B. Mandhana is concerned or interested in the Resolution.

Item No. 8:

Mr. Biharilal C. Mandhana will be re-appointed as the Joint Managing Director of the Company for a period of 3 years from 1st April, 2013 to 31st March, 2016, on terms and conditions and remuneration as set out in the resolution hereinabove.

The Remuneration and perquisite payable to Mr. Biharilal C. Mandhana are in conformity with per the applicable provisions of the Companies Act, 1956 read with it Schedule XIII to the said Act.

The approval of the Members is being sought for the appointment and remuneration payable to Mr. Biharilal C. Mandhana, as listed in the proposed resolution.

This Explanatory statement together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

A copy of the Draft Agreement between proposed between the Company and Mr. Biharilal C. Mandhana is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day of the Company.

The Directors recommend the Ordinary Resolution for acceptance by the members.

None of the Directors of the Company other than Mr. Purushottam C. Mandhana, Mr. Biharilal C. Mandhana and Mr. Manish B. Mandhana is concerned or interested in the Resolution.



MANDHANA INDUSTRIES LIMITED

Plot no. C-3, MIDC, Tarapur Industrial Area, Boisar, Dist: Thane - 401506

ATTENDANCE SLIP

NAME :	FOLIO / DP AND CLIENT ID NO.
ADDRESS :	

Please complete this attendance slip in full. I hereby record my presence at the Annual General Meeting held on Thursday, 19th September 2013 at 11:00 a.m. at the premises of the Company at Plot no. C-2, M.I.D.C, Tarapur Industrial Area, Boisar, Dist. Thane - 401 506

Shareholder's	
Proxy's _____ (Surname) _____ (First Name) _____ (Second Name)	
Signature of _____	Shareholder
_____	Proxy



MANDHANA INDUSTRIES LIMITED

Plot no. C-3, MIDC, Tarapur Industrial Area, Boisar, Dist: Thane - 401506

FORM OF PROXY

I/We _____ of _____ being a member/members of MANDHANA INDUSTRIES LIMITED hereby appoint _____ of _____ or failing him _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company on Thursday, 19th September, 2013 at 11:00 a.m. or any adjournment thereof

As WITNESS my/our hand(s) this _____ day of _____, 2013

Signed by the said



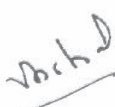


Affix 1 ₹
Revenue
Stamp

NOTE: The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.



FORM A

Format of covering letter of the annual audit report to be filed with Stock Exchange

1.	Name of the Company	Mandhana Industries Limited
2.	Annual financial Statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time: <u>N.A.</u> / repetitive: <u>N.A.</u> / Since how long period : <u>N.A.</u>
5.	MANAGING DIRECTOR:	For Mandhana Industries Limited  Purushottam G. Mandhana (Chairman & Managing Director)
	CFO:	For Mandhana Industries Limited  Purushottam G. Mandhana (Chairman & Managing Director)
	Auditor of the Company :	 
	Audit Committee Chairman:	Mandhana Industries Limited  Director



MANDHANA INDUSTRIES LTD.

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