



**MANDHANA**



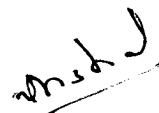


*a whirlpool of ideas!*

CIN: L17120MH1984PLC033553

Registered Office: Plot No. C-3, M.I.D.C., Tarapur Industrial Area, Boisar, Thane- 401 506

**FORM A**

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

1	Name of the Company	Mandhana Industries Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
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	To be signed by :	<div><div>For Mandhana Industries Limited</div><div> Purushottam C. Mandhana (Chairman &amp; Managing Director)</div></div> <div><div>For Mandhana Industries Limited</div><div> Purushottam C. Mandhana (Chairman &amp; Managing Director)</div></div> <div><div></div><div></div></div> <div><div>Mandhana Industries Limited</div><div> Director.</div></div>



## MANDHANA INDUSTRIES LIMITED

CIN: L17120MH1984PLC033553

Registered Office: Plot No. C-3, M.I.D.C., Tarapur Industrial Area, Boisar, Dist. Thane - 401 506.

Tel: +91 2525 272 228/29 • Fax: +91 2525 260 251 • E-mail: info@mandhana.com

Website: www.mandhana.com

### NOTICE

**NOTICE** is hereby given that the Thirtieth 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 – 401 506 on Thursday, the 18th day of September, 2014 at 11:00 a.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, 2014 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 Financial Year 2013-14.
3. To appoint Director in place of Mr. Biharilal C. Mandhana (DIN No.00025605), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and fix their remuneration in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any of the Companies Act, 2013, M/s Vishal H. Shah & Associates, Chartered Accountants (Firm Registration No. 116422W) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for 3 (three) years from the conclusion of this Annual General Meeting until the conclusion of the 33rd Annual General Meeting (subject to ratification by the shareholders at every Annual General Meeting) at a remuneration to be decided by the Chairman and Managing Director in consultation with the Auditors plus applicable Service Tax and re-imbursement of travelling and out-of pocket expenses, if any, incurred by them for audit purpose.”

#### 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** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 and subject to Clause 49 of the Listing Agreement, Mr. Khurshed Thanawalla (DIN: 00201749) who holds office as a Non-Executive and Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature

for the office of Director of the Company, be and is hereby appointed as a Non-Executive and Independent Director to hold office for five consecutive years with effect from the conclusion of 30th Annual General Meeting.

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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 and subject to Clause 49 of the Listing Agreement, Mr. Sanjay Asher (DIN: 00008221) who holds office as a Non-Executive and Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive and Independent Director to hold office for five consecutive years with effect from the conclusion of 30th Annual General Meeting.

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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 and subject to Clause 49 of the Listing Agreement, Mr. Ghyanendra Nath Bajpai (DIN: 00946138) who holds office as a Non-Executive and Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive and Independent Director to hold office for five consecutive years with effect from the conclusion of 30th Annual General Meeting.

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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies

Act, 2013 and subject to Clause 49 of the Listing Agreement, Mr. Dilip G. Karnik (DIN: 06419513) who holds office as a Non-Executive and Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive and Independent Director to hold office for five consecutive years with effect from the conclusion of 30th Annual General Meeting.

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

**"RESOLVED THAT** pursuant to provisions of Section 152, 160 and other applicable provisions of the Companies Act, 2013, Company do appoint Mrs. Sangeeta M. Mandhana (DIN No.: 06934972) as a Non-Executive Director of the Company being 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."

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

**"RESOLVED THAT** pursuant to Section 61 and other applicable provisions if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded for increase in Authorised Share Capital of the Company from ₹ 40,00,00,000/- (Rupees Forty Crores Only) divided into 3,99,90,000 (Three Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each to ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,99,90,000 (Four Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, any one Director of the Company and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things as may be necessary in this respect including filing necessary forms with the Registrar of Companies, all other statutory bodies and stock exchanges as may be required."

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

**"RESOLVED THAT** pursuant to Section 13, 61 and other applicable provisions if any, of the Companies Act, 2013, consent of the Members be and is hereby accorded for alteration in clause V of the Memorandum of Association of the Company, and the same shall now be read as follows:

*"V. The Authorized Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,99,90,000 (Four Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each with such rights privileges and conditions attached thereto as are provided by the Articles of*

*Association of the Company. The Company shall have power to increase and reduce the capital, to divide the same into the shares of several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions as may be permitted by the Companies Act, or provided by the Articles of Associates of the company for the time being."*

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, any one Director of the Company and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things as may be necessary in this respect including filing necessary forms with the Registrar of Companies, all other statutory bodies and stock exchanges as may be required."

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the consent of the Members be and is hereby accorded for substituting Clause 3 of the Articles of Association of the Company with the following clause:

*"3. The Authorized Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,99,90,000 (Four Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each with such rights privileges and conditions attached thereto as are provided by the Articles of Association of the Company. The Company shall have power to increase and reduce the capital, to divide the same into the shares of several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions as may be permitted by the Companies Act, or provided by the Articles of Associates of the company for the time being."*

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, any one Director of the Company and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things as may be necessary in this respect including filing necessary forms with the Registrar of Companies, all other statutory bodies and stock exchanges as may be required."

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto, statutory modifications or re-enactment thereof) ("Act") and the applicable provisions of the Foreign Exchange Management Act, 1999 ("FEMA") including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as

amended ("FCCB Scheme"), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, amended upto date ("SEBI ICDR Regulations") and in accordance with all other applicable laws, rules, regulations, guidelines, policies, notifications, circulars and clarifications issued/ to be issued thereon from time to time by the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), Secretariat for Industrial Assistance ("SIA"), Foreign Investment Promotion Board ("FIPB"), Ministry of Finance (Department of Economic Affairs) and/or any other ministry/department of the Government of India ("GOI") and/ or any other regulatory and statutory authorities (hereinafter singly or collectively referred to as the "Appropriate Authorities") and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to required approvals, consents, permissions and/ or sanctions of the Appropriate Authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include Managing Committee and/ or any other committee constituted and empowered by the Board for the purpose of exercising the powers conferred on them by this resolution), consent of the members of the Company be and is hereby accorded to create, offer, issue and allot (including any provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons/bodies corporate as may be permitted), in the course of one or more offering(s) with or without green shoe option, whether by way of a qualified institutional placement or not, to eligible investors (whether or not such investors are the members of the Company, or whether or not such investors are Indian or foreign nationals, including Qualified Institutional Buyers such as public financial institutions, scheduled commercial banks, mutual funds, foreign institutional investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, pension funds and provident funds), whether by way of a public offering or by way of a private placement of securities (including equity shares or any convertible instruments such as warrants, convertible debentures, Foreign Currency Convertible Bonds (FCCBs) with or without detachable/non-detachable warrants, Foreign Currency Convertible Notes (FCCNs), Global Depository Receipts (GDRs), Global Depository Shares (GDS), American Depository Shares (ADS), American Depository Receipts (ADRs), Secured Premium Notes (SPNs) and/or other financial instruments (OFIs) convertible into Equity Shares to raise an aggregate amount not exceeding ₹ 300 Crores (inclusive of such premium as may be determined by the Board) or its equivalent in any other currency (hereinafter referred to as "Securities") whether denominated in any foreign currency or Indian rupees, in the course of international and/ or domestic offering(s) in one or more foreign markets/ domestic market, secured or unsecured or any combination thereof, in registered or bearer form, as the case may be, and such issue and allotment may be made in one or more tranches, on such terms and conditions and at such time that the Board may in its absolute discretion deem fit and appropriate at the time of such issue or allotment of Securities and

where necessary, in consultation with lead manager/s and/ or other advisors or otherwise, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors, wherever necessary ("Issue").

**RESOLVED FURTHER THAT** in relation to the Issue, the Board be and is hereby authorized to issue and allot such number of Securities as may be required to be issued and allotted, including redemption or cancellation of any such securities in accordance with the terms of the Issue in respect of the Securities or any subsequent amendment to the terms of the Issue as the Board may decide subsequent to the Issue and to exercise all powers relating to the Issue and all such equity shares shall rank pari passu with the then existing Equity Shares in all respects including dividend except as provided otherwise under the terms of Issue and in the offer document / offer letter / offering circular and / or listing particulars.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Securities may have such features and attributes or any terms or combination of terms to provide for the tradability on stock exchanges whether in India/ abroad and free transferability thereof as per the prevailing practices and regulations in the capital markets and the Board be and is hereby authorized to do all such acts, deeds, matters and things and to enter into and execute all such arrangements/ agreements as the case may be with any lead manager, manager, underwriters, advisors, guarantors, depositories, custodians, trustees and all such agencies as may be involved or concerned in such offerings of securities and to remunerate all such agencies including the payment of commission, brokerage, fees or payment of their remuneration for their services or the like.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable including, but not limited to, finalization and approval of the preliminary and final offer documents, determining the form, manner and terms of the Issue in accordance with applicable regulations and prevalent market practices, class of Investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium payable on issue/ conversion of Securities/ exercise of warrants/ redemption of Securities, rate of interest, redemption period, number of equity shares to be issued upon conversion/ redemption/ cancellation of the Securities, listings on one or more stock exchanges in India/ or abroad and any other terms and conditions of the issue including any alterations or modifications to the terms of the Securities and any agreement or document (including any alteration or modification, after issue of Securities) and to settle any questions, difficulties or doubts that may arise in regard to the issue, offer and allotment of the Securities and utilization of the Issue proceeds, accept any modifications in the proposal as may be required by the Appropriate Authorities as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that the members shall be deemed to have given their approval thereto for all such acts, deeds, matters and things expressly by the authority of this resolution.



**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any one or more Directors with power to delegate to any officer(s) of the Company.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to appoint Mr. Priyavrat P. Mandhana, son of Mr. Purushottam C. Mandhana - Chairman and Managing Director and related to Mr. Manish B. Mandhana - Joint Managing Director, Mr. Biharilal C. Mandhana - Executive Director and Mrs. Sangeeta Mandhana - Non - Executive Director, to hold an office or place of profit in the Company as “Vice President - Corporate Affairs” (or any other designation and the role which the Board/ Committee of the Board may decide from time to time) on such terms and conditions and remuneration as set out in the explanatory statement attached to this notice.

**RESOLVED FURTHER THAT** the appointment shall be upto the retirement age as per the policy and rules of the Company with effect from 1st August, 2014.

**RESOLVED FURTHER THAT** Mr. Priyavrat P. Mandhana shall be entitled to receive the remuneration with effect from 1st August, 2014, after the same is been approved by members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to such appointment and to execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

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: 5th August, 2014

**NOTES:**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 4 to 14 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors under Item No. 3 and Item Nos. 5 to 9 of the Notice, are also annexed.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Register of Members and Transfer Books of the Company will remain closed from Saturday, 13th day of September, 2014 to Thursday, 18th day of, September, 2014, both days inclusive (Book Closure Dates) for determining the names of the members eligible for final dividend on equity shares, if declared, at the meeting.
4. If the Final Dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made on or after Tuesday, 23rd day of September, 2014 as under :
  - a. To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on Friday, 12th day of September, 2014;
  - b. To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company/RTA on or before the close of business hours on Friday, 12th day of September, 2014.
5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to M/s. Link Intime India Private Limited.

Members holding Shares in physical form are requested to communicate any change in address immediately to the Company's Registrar and Share Transfer (R&T) Agent, M/s. Link Intime India Private Limited.
6. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
7. 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 at the meeting.

8. Members who have not encashed their Interim / Final Dividend for the financial year ended, 31st March, 2010, 31st March, 2011, 31st March, 2012 and 31st March, 2013 are requested to write to the R & T Agent of the Company giving necessary details. Given 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 date of 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
2012-13	19th September, 2013	20%	25th October, 2020	26th October, 2020

9. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

10. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with R & T Agent/ Depositories.

11. (I) **Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited CDSL:

The e-voting period commences on Wednesday, 10th day of September, 2014 (10:00 am) and ends on Friday, 12th day of September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 8th day of August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on Friday, 12th day of September, 2014. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

**The instructions for e-voting are as under:**

- Open your web browser and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- Click on "Shareholders" tab.
- Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company) and Image Verification Code as displayed and then Click on "Login".

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

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

- a) Now, fill up the following details in the appropriate boxes

	For Members holding shares in Demat Form and Physical Form
<b>PAN *</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)
<b>DOB #</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account in DD/MM/YYYY format.
<b>Dividend Bank Details #</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account.

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

# Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

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

- c) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the demat holders for voting on resolutions of any other company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- d) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Now, select the "Electronic Voting Sequence Number (EVSN) - 140818005 alongwith "MANDHANA INDUSTRIES LIMITED". This will take you to the voting page.
- (vi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
- (vii) If you wish to view the entire Resolutions, click on the "Resolutions File Link".
- (viii) After selecting the resolution if you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (ix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xi) If Demat account holder has forgotten the changed password then enter the User ID and image verification code, click on Forgot Password & enter the details as prompted by the system.
- (xii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast

their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- (xiii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://www.evotingindia.co.in> under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## (II) Voting through Physical Ballot Form:

In terms of Clause 35B of the Listing Agreement, the members who do not have access to e-voting, are requested to fill in the Physical Ballot Form enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be rejected. The ballot must be received by the Scrutinizer at his address mentioned in Sr. No. III below on or before Friday, 12th September, 2014 (6.00 p.m). The Scrutinizer's decision on the validity of the forms will be final. Members are required to vote only through the electronic system or through ballot and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.

- III. Mr. Nitin R. Joshi, Practising Company Secretary (Membership No. FCS: 1884) (Address: 415, Marathon Max, Next to Udyog Shetra, Junction of L.B.S. Marg and Goregaon Link Road, Mulund (W), Mumbai 400 080) has been appointed as the Scrutinizer to scrutinize the voting process (including the physical ballots received from members who don't have access to the e-voting process) in a fair and transparent manner. Scrutinizer's email address is: [n\\_r\\_joshi@yahoo.com](mailto:n_r_joshi@yahoo.com)
- IV. You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of Friday, 8th day of August, 2014.
- VI. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.mandhana.com](http://www.mandhana.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10:30 am to 2:30 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

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: 5th August, 2014

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 3:**

Brief Resume of Mr. Biharilal C. Mandhana seeking re-Appointment as Director at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Mr. Biharilal C. Mandhana has till date been a non-retiring director. However, in terms of the provisions of the Companies Act, 2013, the Board in its meeting held on 5th August, 2014 categorized him as a director liable to retire by rotation and he is now due for re-appointment at this annual general meeting. Being eligible, he offers himself for reappointment.

A brief profile of proposed director liable to retire by rotation, including nature of his expertise, is as follows:

<b>Name of the Director</b>	<b>Mr. Biharilal C. Mandhana</b>
<b>Director Identification Number</b>	00025605
<b>Date of joining Board</b>	25th July, 1984
<b>Profile of Director</b>	Mr. Biharilal Mandhana, age 69, is founder and promoter of the Company. He holds a Bachelor's Degree in Commerce from the University of Rajasthan and has almost four decades of experience in the textile industry. His experience in the industry serves our company in a big way. He has successfully introduced various varieties of fabric for our Company and has ensured a good market position in the industry. He currently overseas the raw material requirements of our company and is also in charge of fabric division of the Company.
<b>No. of Shares held in Company</b>	16,82,000 equity shares of ₹ 10/- each.
<b>Directorships and Committee memberships in other Companies (excluding Foreign and Private Companies)</b>	Mandhana Retail Ventures Limited Mandhana - WD Limited

The other terms and conditions of his appointment as Executive Director, as approved by the members at the Annual General Meeting held on 19th September, 2013 will remain unchanged for the remainder of his tenure.

The Board recommends the resolution for members' approval.

None of the directors except Mr. Biharilal C. Mandhana himself, Mr. Purushottam C. Mandhana, Mr. Manish B. Mandhana and Mrs. Sangeeta M. Mandhana, is concerned or interested in the said resolution.

**Item No. 4:**

This explanatory statement is provided though strictly not required as per section 102 of the Act.

M/s Vishal H. Shah, Chartered Accountants, Mumbai were appointed as the statutory auditors of the Company at the Annual General Meeting (AGM) of the Company held on 19th September, 2013 for conducting audit of the account of the Company for financial year 2013-14.

As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a transition period of three years from the date of commencement of the Act to comply with this requirement, for the Companies wherein the firm of Chartered Accountants has already completed a term of 10 years or more.

M/s Vishal H. Shah, Chartered Accountants have been the Auditors of the Company for more than 10 years.

In view of the above, M/s Vishal H. Shah, Chartered Accountants, being eligible for re-appointment and based on the recommendation of the Audit Committee and the Board of Directors have, at its meeting held on 5th August, 2014, proposed the appointment of M/s Vishal H. Shah, Chartered Accountants, the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the thirty-third AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).



The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**Item No. 5 to 8:**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyanendra Nath Bajpai and Mr. Dilip G. Karnik, Independent Directors were appointed / re-appointed by the Members of the Company in the earlier AGMs. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

It is necessary to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. In view of provisions of Companies Act, 2013, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. Also those Independent Directors who have already served for five or more years will serve for a maximum period of one term of five years. These provisions are effective from 1st April, 2014. In view of Amended Listing Agreement effective from 1st October, 2014, those Independent Directors who have already served for five or more years will serve for a maximum period of one term of five years. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years.

Hence, the term of appointment under the erstwhile applicable provisions of the Companies Act, 1956 of Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyanendra Nath Bajpai and Mr. Dilip G. Karnik will conclude at the ensuing AGM. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyanendra Nath Bajpai and Mr. Dilip G. Karnik, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyanendra Nath Bajpai and Mr. Dilip G. Karnik, as Independent Directors on the Board of the Company for a term upto five consecutive years, commencing from date of AGM.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyanendra Nath Bajpai and Mr. Dilip G. Karnik fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolutions as set out at item no. 5 to 8 for approval of the Members.

A brief profile of proposed Independent Directors, including nature of their expertise, is as follows:

<b>Name of the Director</b>	<b>Mr. Khurshed M. Thanawalla</b>
<b>Director Identification Number</b>	00201749
<b>Date of joining Board</b>	4th December, 2007
<b>Profile of Director</b>	<p>Mr. Khurshed M. Thanawalla aged 71, 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.</p> <p>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 Private Limited. In 2004 he became Managing Director of Saurer India Private Limited and later in 2007 he was made Managing Director of Oerlikon Textile India Private Limited – Mainly engaged in Sales and Service of textile machinery. He has over 4 decades of experience across the spectrum of the textiles industry.</p> <p>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.</p> <p>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.</p> <p>Mr. Thanawalla is also a committee member of a Charitable Public Trust devoted to the promotion of Education, Art and Culture.</p>
<b>No. of Shares held in Company</b>	NIL

<b>Directorships and Committee Memberships in other Companies</b>	Stove Industries Limited - Audit Committee (Chairman) - Shareholder Grievance Committee (Member)
<b>Name of the Director</b>	<b>Mr. Sanjay Asher</b>
<b>Director Identification Number</b>	00008221
<b>Date of joining Board</b>	16th May, 2007
<b>Profile of Director</b>	Mr. Sanjay Asher, Age 49, has completed Bachelors in Commerce and Bachelors of Law from Mumbai University. He is also a qualified Chartered Accountant. He has been a practicing Advocate since 1989 with M/s. Crawford Bayley & Co. He was admitted as a Solicitor in the year 1993 and is a partner of M/s. Crawford Bayley & Co., since 2000.
<b>No. of Shares held in Company</b>	40,000 equity shares of ₹ 10/- each.
<b>Directorships and Committee Memberships in other Companies</b>	Ashok Leyland Limited - Audit Committee (Member) - Shareholders and Investor Grievance Committee (Chairman) Finolex Cables Limited - Audit committee (Chairman) - Share Transfer and Investor Grievance Committee (Member) Repro India Limited - Audit Committee (Member) Sharp India Limited - Audit Committee (Member) - Share Transfer and Investor Grievance Committee (Chairman) Shree Renuka Sugars Limited - Audit Committee (Chairman) - Share Transfer and Investor Grievance Committee (Chairman) Bajaj Allianz General Insurance Company Limited Bajaj Allianz Life Insurance Company Limited Balkrishna Industries Limited Finolex Industries Limited Innovative Industries Limited Kryfs Power Components Limited Sanghvi Movers Limited Sudarshan Chemicals Industries Limited Tribhovandas Bhimji Zaveri Limited
<b>Name of the Director</b>	<b>Mr. Ghyanendra Nath Bajpai</b>
<b>Director Identification Number</b>	00946138
<b>Date of joining Board</b>	16th May, 2007
<b>Profile of Director</b>	Mr. Ghyanendra Nath Bajpai, Age 72, holds a Master's degree in Commerce from University of Agra and a Degree in Law from the University of Indore. He has been the Chairman of Securities Exchange Board of India (SEBI) and also Chairman of the Life Insurance Corporation of India (LIC). He has been the Chairman of Corporate Governance Task Force of International Organization of Security Commissions and Chairman of Insurance Institute India as well. He was the Non- Executive Chairman of the National Stock Exchange (NSE) Stock Holding Corporation of India, LIC Housing Finance Limited, LIC International EC Bahrain and LIC Nepal Limited. Currently, he is on the Board of Advisors of Indian Army Group Insurance Fund and is on the Governing Board of National Insurance Academy. He is also a Chairman of India's National Pension Trust and has served on the Governing Board of Indian Institute of Management, Lucknow. Mr. Bajpai is visiting faculty at leading Institutes of Management and Training. He has delivered lectures at London School of Economics (LSE), Harvard University and MIT. He has also addressed OECD and IMF Seminars. He is author of three books namely "The Security Market", "Marketing of Insurances" and "How to become a Super Successful Salesman". Mr. Bajpai has also received "Outstanding Contribution to the Development of Finance Award" from the Prime Minister of India.
<b>No. of Shares held in Company</b>	20,000 equity shares of ₹ 10/- each.

<b>Directorships and Committee Memberships in other Companies</b>	<p>Future Generali India Insurance Company Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Chairman)</li> <li>- Shareholders' Grievance Committee (Chairman)</li> </ul> <p>Future Generali India Insurance Company Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Chairman)</li> <li>- Shareholders' Grievance Committee (Chairman)</li> </ul> <p>Future Consumer Enterprise Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Chairman)</li> </ul> <p>Dalmia (Cement) Bharat Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Member)</li> </ul> <p>Nitesh Estates Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Member)</li> </ul> <p>Unites Spirits Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee (Member)</li> <li>- Shareholders' Grievance Committee (Member)</li> </ul> <p>Micromax Informatics Limited</p> <p>PNB Housing Finance Limited</p> <p>Shriram New Horizons Limited</p> <p>Usha Martin Limited</p> <p>Walchandnagar Industries Limited</p>
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<b>Name of the Director</b>	<b>Mr. Dilip G. Karnik</b>
<b>Director Identification Number</b>	06419513
<b>Date of joining Board</b>	5th November, 2012
<b>Profile of Director</b>	<p>Mr. Dilip G. Karnik, Age 64, has accomplished Bachelor of Science from University of Pune in the year 1969 and is Gold medalist in LL.B. from University of Pune, in the year 1972. He was elevated as Additional Judge of Hon'ble Bombay High Court on 12th October, 2001 and was sworn in as permanent Judge on 4th October, 2004. He retired on 10th May, 2012 and is presently practising as Arbitration and Legal Consultant. Mr. Karnik had been former President of Pune Bar Association, former member of Defaults Committee of the Pune Stock Exchange as Public representative appointed by SEBI and former member of Disciplinary Committee of the Pune Stock Exchange as Public representative.</p> <p>Mr. Karnik had been Director of Kalyani Forge Limited and United Western Bank Limited. He was also trustee/member of managing committee/ board of control/ governing council of Public/ charitable/ Educational institutions like Karmayogi Trust, The Society for Educational Improvement and Innovation, Dr. N. B. Parulekar Sakal Charity Trust, Maharashtra Technical Education Society, ILS Law Society, KEM Hospital Society, KEM Research Society. He was also nominated as Chairman of one of the Disciplinary Committees of Bar Council of Maharashtra.</p>
<b>No. of Shares held in Company</b>	NIL
<b>Directorships and Committee Memberships in other Companies</b>	NIL

\*Directorships and Committee memberships in Mandhana Industries Limited and its Committees are not included in the aforesaid disclosure. Also, alternate directorship, directorships in Private Limited Companies, Foreign Companies and Section 8 Companies and their Committee memberships are excluded.

**Item no. 9:**

The Board of Directors at their meeting held on 5th August, 2014 appointed Mrs. Sangeeta M. Mandhana (relative of Mr. Manish B. Mandhana, Mr. Purushottam C. Mandhana and Mr. Biharilal C. Mandhana) as an Additional Director in terms of Section 161 of the Companies Act, 2013 who holds office upto the date of this Annual General Meeting. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from a member proposing the appointment of Mrs. Sangeeta Mandhana as Non-Executive Director.

<b>Director Identification Number</b>	<b>06934972</b>
<b>Date of joining Board</b>	5th August, 2014
<b>Profile of Director</b>	<p>Mrs. Sangeeta M. Mandhana, age 44, has completed Bachelor of Commerce from Calcutta University. She has also done International Montessori course from London Montessori Centre, Calcutta and was into teaching profession for few years. With her aptitude for designing apparels and outfits which she eventually turned into her expertise, currently she is heading Design Department of Golden Seams Industries Private Limited as Vice-President - Designs from July, 2011.</p> <p>Mrs. Sangeeta Mandhana is also accomplished teacher in Meditation techniques. She is member of Maharashtra State Women Council and in association with the Council she works for rehabilitation of destitute women and traumatized children amongst the other activities carried out by the Council.</p>
<b>No. of Shares held in Company</b>	12,86,160 equity shares of ₹ 10/- each.
<b>Directorships and Committee Memberships in other Companies</b>	-

The Board of Directors proposes the appointment of Mrs. Sangeeta M. Mandhana as the Non-executive Director and recommends the resolution as set out in Item No. 9 for the approval of the shareholders at the ensuing Annual General Meeting.

Except Mrs. Sangeeta M. Mandhana, herself, Mr. Manish B. Mandhana, Mr. Purushottam C. Mandhana and Mr. Biharilal C. Mandhana, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolution as set out in Item No. 9 of this Notice.

#### **Item no. 10 to 12**

The Board of Directors of your company has undertaken to improve the infrastructure and existing processes. Further the Board has decided to expand its retail division operations more effectively and speedily. The Board requires infusion of funds for its expansion plans, to augment its working capital requirement and for the abovementioned projects.

To accommodate the above requirement of funds/resources, the Board of Directors at their meeting held on 5th August, 2014 proposed to increase Authorized Share Capital. Your consent is hereby sought under Section 13, 14 and 61 of the Companies Act, 2013 for increasing the share capital from ₹ 40,00,00,000/- (Rupees Forty Crore Only) divided into 3,99,90,000 (Three Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each to ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,99,90,000 (Four Crores Ninety Nine Lacs Ninety Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 10,000/- (Ten Thousand) 0% Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each.

The alterations proposed in the Memorandum and Articles of Association of the Company are consequential to reflect the increase of the Authorized Share Capital of the Company.

Hence, the Board recommends the said resolution for your approval as Special Resolution.

None of the Directors, key managerial personnel and their relatives are considered to be concerned or interested in the said Resolution.

#### **Item No. 13**

The Company has significant growth plans for expanding its presence not only in India but also in outside the Country. With a view to garner long term resources for meeting the fund requirements of the Company for capital expenditure relating to improving capacity of existing manufacturing facilities in India and/ or setting up of new facilities in India, overseas direct investment, general corporate expenditure, investments as the Company may deem appropriate and for other purposes as permitted under the prevailing guidelines in this regard, the Company is proposing to raise funds by issue of Securities whether denominated in any foreign currency or Indian Rupees, in the course of international and/ or domestic offering(s) in one or more foreign markets/ domestic market, secured or unsecured or any combination thereof, in registered or bearer form, as the case may be, and such issue and allotment may be made in one or more

tranches, on such terms and conditions and at such time that the Board may, in its absolute discretion, deem fit and appropriate at the time of such issue or allotment of Securities.

The Company for the purpose of this issue/offering may have to seek approval from relevant regulatory authorities being; the SEBI, the RBI, FIPB, Ministry of Finance (Department of Economic Affairs) and/ or any other ministry/ department of the GOI.

The pricing of the Securities/equity shares to be issued upon exercise of the option of conversion of the Securities will be as per the pricing formula as prescribed under applicable laws including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and the circulars issued by the Ministry of Finance (Department of Economic Affairs) the policy framework as announced by the Department of Industrial Policy and Promotion and the terms of the offering and in terms of the other applicable statutes / regulations.

The conversion of Securities held by the foreign investors into equity shares of the Company shall be subject to applicable sectoral foreign investment cap, if any.

Securities, as per the applicable laws, may be listed on stock exchanges outside India and/ or stock exchanges in India where equity shares of the Company are listed. The equity shares issued and allotted upon exercise of the option of conversion of the Securities shall be listed on NSE and BSE where the Company's equity shares are listed.

The said resolution is also an enabling resolution conferring authority on the Board to do all acts and deeds, which may be required to issue/offer Securities of appropriate nature at such appropriate time, including the size, structure, price and timing of the issue(s)/offer(s) at the appropriate time(s). The detailed terms and conditions of the domestic/international offering will be determined in consultation with the lead managers, merchant bankers, global business coordinators, book runners, guarantors, consultants, advisors, underwriters and/or such other intermediaries as may be appointed for the Issue/offer.

#### **Item no. 14:**

It is proposed to appoint Mr. Priyavrat Mandhana as Vice President - Corporate Affairs or at such designation as is appropriate for the functions assigned from time to time.

Mr. Priyavrat Mandhana, aged 25 years, is commerce graduate from Mumbai University and possesses more than 4 years of experience and exposure in the Company. Mr. Priyavrat Mandhana has also completed 'Masters of Innovation and Entrepreneurship' from University of Warwick, United Kingdom.

#### **Brief details of his experience are given below:**

- Played vital role in strategizing and monitoring Retail business of the Company with the brand "Being Human".
- Assisted in overall business affairs of the Company.



The Board of Directors recommended the appointment of Mr. Priyavrat P. Mandhana on the terms and conditions as mentioned herein below:

<b>1. Date and period of appointment</b>	From 1st August, 2014 upto the date of retirement as per Company policy.
<b>2. Notice Period</b>	The employment may be terminated giving one month's notice by either parties.
<b>3. Salary Details</b>	The present cost to Company will be ₹ 3,00,000/- (Rupees Three Lacs only) per month, subject to a maximum increase in remuneration to ₹ 6,00,000/- (Rupees Six Lacs only) per annum during his current term of appointment and such increase may be by way of increments, incentives, bonus, ex-gratia and same be approved by the Board of Directors or Committee or delegate the same to a Director.
<b>4. Perquisites and re-imbursement</b>	Reimbursement of telephone and communication charges incurred in official capacity. Reimbursement of fuel charges incurred in official capacity. Such other benefits, perquisite, facilities and amenities as may be applicable to the managerial personnel in his grade, from time to time.

Information in compliance with Section 188 of the Companies Act, 2013 and Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 is as stated below:

<b>a. Name of the Related Party</b>	<b>Mr. Priyavrat P. Mandhana</b>
<b>b. Name of the Director or Key Managerial Personnel who are related, if any</b>	Mr. Purushottam Mandhana, Chief Financial Officer, Chairman and Managing Director Mr. Manish B. Mandhana, Joint Managing Director Mr. Biharilal C. Mandhana, Executive Director Mrs. Sangeeta M. Mandhana, Non-Executive Director
<b>c. Nature of Relationship</b>	Mr. Priyavrat P. Mandhana is <ul style="list-style-type: none"> <li>- son of Mr. Purushottam Mandhana, Chief Financial Officer, Chairman and Managing Director</li> <li>- Cousin of Mr. Manish B. Mandhana, Joint Managing Director</li> <li>- Nephew of Mr. Biharilal C. Mandhana, Executive Director</li> <li>- Brother-in-law of Mrs. Sangeeta M. Mandhana, Non-Executive Director</li> </ul>
<b>d. Nature, material terms, monetary value and particulars of the contract or arrangement</b>	Mr. Priyavrat P. Mandhana is proposed to be appointed at an office or place of profit in the Company. Conditions of the appointment are mentioned above. Copy of the draft letter for appointment of Mr. Priyavrat P. Mandhana as Vice President – Corporate Affairs, setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.
<b>e. Any other information relevant or important for the members to take a decision on the proposed resolution:</b>	It is proposed to appoint Mr. Priyavrat P. Mandhana at a salary range of ₹ 3,00,000/- (Rupees Three Lacs only) per annum, subject to a maximum increase in remuneration to ₹ 6,00,000/- (Rupees Six Lacs only) per annum. His annual increments will be as determined by the Board of Directors (or the Committees / Officers so authorised) within the aforesaid salary range.

The Board recommends the resolution at Item No. 14, in relation to the appointment of Mr. Priyavrat P. Mandhana at an office or place of profit in the Company, for your approval. Mr. Priyavrat P. Mandhana is a 'related party' within the meaning of Section 2(76) of the Companies Act, 2013, and thus the transaction requires the approval of members by a special resolution under Section 188 of the Companies Act, 2013.

None of the other Directors or other Key Managerial Personnel (KMP) of the Company or their relatives, except Mr. Purushottam C. Mandhana, Chief Financial Officer, Chairman and Managing Director, Mr. Manish B. Mandhana, Joint Managing Director, Mr. Biharilal C. Mandhana, Executive Director and Mrs. Sangeeta M. Mandhana, Non – Executive Director, who are relatives of

Mr. Priyavrat P. Mandhana, are in any way concerned or interested in the resolution.

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: 5th August, 2014



**Mandhana Industries Limited**

CIN: L17120MH1984PLC033553

Registered Office: Plot No. C-3, M.I.D.C., Tarapur Industrial Area, Boisar, Dist. Thane - 401 506.

Tel: +91 2525 272 228/29 • Fax: +91 2525 260 251 • E-mail: info@mandhana.com

Website: www.mandhana.com

**PHYSICAL BALLOT FORM FOR VOTING ON AGM RESOLUTIONS**

Name of the member (s)	
Registered Address	
E-mail Address	
Folio/Client ID	
DP ID	

I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated 5th August, 2014, by conveying my / our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

Item No.	Resolutions	No. of Shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
	<b>Ordinary Business</b>			
1.	Ordinary resolution for adoption of Audited Financial Statements for the financial year ended 31st March, 2014			
2.	Ordinary resolution to declare dividend on equity shares for the financial year ended 31st March, 2014			
3.	Ordinary resolution for appointment of a Director in place of Mr. Biharilal C. Mandhana, (holding DIN 00025605), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment			
4.	Ordinary Resolution under Section 139 of the Companies Act, 2013 for appointment of M/s. Vishal H. Shah & Associates (Firm Registration No. 116422W), Chartered Accountants as Statutory Auditors of the Company and fixing their remuneration			
	<b>Special Business</b>			
5.	Ordinary Resolution for Appointment of Mr. Khurshed Thanawalla (DIN: 00201749) as an Independent Director of the Company under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013			
6.	Ordinary Resolution for Appointment of Mr. Sanjay Asher (DIN: 0008221), as an Independent Director of the Company under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013			
7.	Ordinary Resolution for Appointment of Mr. Ghyanendra Nath Bajpai (DIN: 00946138), as an Independent Director of the Company under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013			
8.	Ordinary Resolution for Appointment of Mr. Dilip G. Karnik (DIN: 06419513), as an Independent Director of the Company under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013			
9.	Ordinary Resolution for Appointment of Mrs. Sangeeta M. Mandhana (DIN No.: 06934972), as a Non-Executive Director of the Company being liable to retire by rotation			
10.	Special Resolution for Increase in Authorised Capital of the Company			



Item No.	Resolutions	No. of Shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
11.	Special Resolution for alteration of clause V of the Memorandum of Association of the Company			
12.	Special Resolution for alteration of Clause 3 of the Articles of Association of the Company			
13.	Special Resolution for raising of funds by way of Qualified Institutions Placement (QIP)/ External Commercial Borrowings (ECBS) with Rights of Conversion into Shares/ Foreign Currency Convertible Bonds (FCCBS)/American Depository Receipts (ADRS) / Global Depository Receipts (GDRS) / Follow-On Public Offer (FPO) / Composite Issue for an aggregate amount not exceeding ₹ 300 Crores			
14.	Special Resolution for appointment of Mr. Priyavrat P. Mandhana as Vice President - Corporate Affairs pursuant to Section 188 of the Companies Act, 2013			

Place :

Date :

.....  
Signature of the Member or  
Authorised Representative

#### Notes:

- If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- Last date for receipt of Physical Ballot Form: 12th September, 2014 (6.00 p.m.)
- Please read the instructions printed overleaf carefully before exercising your vote.

## INSTRUCTIONS

#### General Instructions

- Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for Physical Ballot Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both Physical Ballot form and e-voting, then vote cast through e-voting mode shall be considered and vote cast through Physical Ballot form shall be ignored.
- The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on 8th August, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
- Voting through Physical Ballot form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorised representatives with proof of their authorization, as stated below.

#### Instructions for voting physically on Form

- A Member desiring to exercise vote by Physical Ballot should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Shri Nitin R. Joshi, Practising Company Secretary, by post at their own cost to reach the Scrutinizer at the address: 415, Marathon Max, Next to Udyog Shetra, Junction of L.B.S.Marg and Goregaon Link Road, Mulund (W), Mumbai - 400 080, on or before the close of working hours i.e. 6.00 p.m. on 12th September, 2014. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
- This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
- In respect of shares held by corporate and institutional shareholders (companies, trusts, societies, etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant board resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
- The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark in the appropriate column in the Form. The Assent / Dissent received in any other form shall not be considered valid.
- Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- There will be one Ballot Form for every Folio / Client ID irrespective of the number of joint holders.
- A Member may request for a duplicate Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
- Members are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything in the Ballot Form except giving their assent or dissent and putting their signature. If any such other paper is sent the same will be disregarded by the Scrutinizer.
- The Scrutinizers' decision on the validity of the Ballot Form will be final and binding.
- Incomplete, unsigned or incorrectly ticked Ballot Forms will be rejected.



**Mandhana Industries Limited**  
Plot No.C-3, M.I.D.C, Tarapur Industrial Area, Boisar, Dist. Thane – 401 506  
(CIN: L17120MH1984PLC033553)

## ATTENDENCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall

For Demat Shares	For Physical Shares
DP ID:	Regd Folio No.:
Client ID:	No. of Shares Held:

Full name of the Member: .....

Name of Proxy: .....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 30th Annual General Meeting held on Thursday, 18th day of September, 2014 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.

.....  
Member's / Proxy's Signature  
(To be signed at the time of handing over this slip)

Note: Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.



**Mandhana Industries Limited**  
Plot No.C-3, M.I.D.C, Tarapur Industrial Area, Boisar, Dist. Thane – 401 506  
(CIN: L17120MH1984PLC033553)

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

Name of the member (s)	
Registered Address	
E-mail Address	
Folio/Client Id	
DP ID	

I/We, being the member (s) holding.....Shares of the above named company, hereby appoint:

Name : ..... Email ID.....  
Address : ..... Signature.....

or failing him

Name : ..... Email ID.....  
Address : ..... Signature.....

or failing him

Name : ..... Email ID.....  
Address : ..... Signature.....





as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on the on Thursday, 18th day of September, 2014 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions
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14.	Special Resolution for appointment of Mr. Priyavrat P. Mandhana as Vice President - Corporate Affairs pursuant to Section 188 of the Companies Act, 2013

Signed this .....day of....., 2014.

Affix  
Revenue  
Stamp  
Re 1/-

Signature of Member (s)

Signature of Proxy holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



CONSUMERS. STAKEHOLDERS. EMPLOYEES. SOCIETY

# Contents

<b>1</b>	<b>Company Overview</b>	
	Because people matter, our business matters	<b>02</b>
	Our Business at a Glance	<b>04</b>
	Because people matter, our stakeholders matter even more	<b>06</b>
	Chairman & Managing Director's Address	<b>08</b>
<b>2</b>	<b>Strategic Review</b>	
	Because people matter, our brand matters	<b>10</b>
	Because consumers matter, our online outreach matters	<b>12</b>
	Because people matter, the media to reach them matters	<b>14</b>
	Because people matter, our business competencies matter	<b>16</b>
	Because business competencies matter, our future plans matter	<b>18</b>
	Because people matter, our value chain to reach them matters	<b>19</b>
	Because people matter, geographies matter	<b>20</b>
	Because people matter, our employees matter	<b>22</b>
	Because people matter, sustainability matters	<b>23</b>
	Board of Directors	<b>24</b>
	Corporate information	<b>26</b>
<b>3</b>	<b>Statutory Reports</b>	
	Management Discussion and Analysis	<b>29</b>
	Directors' Report	<b>35</b>
	Corporate Governance Report	<b>39</b>
<b>4</b>	<b>Financial Statements</b>	
	Independent Auditors' Report	<b>52</b>
	Balance Sheet	<b>56</b>
	Statement of Profit and Loss	<b>57</b>
	Cash Flow Statement	<b>58</b>
	Notes	<b>60</b>

## 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.



It is a business with a human heart. A heart that **cares, loves, shares, spreads joy, helps and enables** hope amongst people who need it most.

It is a business that pursues profit for a purpose. The purpose being the fulfilment of the potential, capabilities, and expectations of its core constituency of consumers, stakeholders, employees and the society.

It is a business that believes that people matter. Because there is no business without people.

This is a story about a Company that has decisively proven that there is more to apparel than what you wear.

People wearing the brand are expressing a humane concern for the less privileged, while financing initiatives that will help them in education and healthcare.

**What they wear is tantamount to what they care.**



# Because people matter, our business matters

## People are the purpose behind our business.

In the textile and the garments industry, we are the human face of style that caters to a global customer base that covets human values as much as it does fashion and style.

Mandhana Industries Ltd. (MIL) is a fully integrated global player in high street fashion with significant capabilities in the manufacture of textiles and garments as well as retailing.

Our flagship brand 'Being Human' is an expression of our belief in fashion with a heart for our consumers and the underprivileged in our society, while our efforts towards being responsible to our employees, and stakeholders complete our circle of commitment.

The Company's Competencies in production come from its five state-of-the art manufacturing facilities in MIDC Tarapur that undertakes yarn dyeing, weaving, fabric processing & garmenting in tandem with five garments units in Bengaluru. We are also setting up another garment unit at Baramati in the Hi Tech Textile Park.



Because people matter, our business matters



MIL has domestic sales offices across Delhi, Bengaluru, Mumbai and Chennai, and tie-ups with best-in-class companies around the world.

Our products and brands are marketed through a network of exclusive Brand Stores, Franchisees, Store-in-Store Formats including overseas selling outlets.

Our business philosophy revolves around the three concentric circles of

**CREATING, SHARING AND DISTRIBUTING.**

- We are consumer and employee focused while we create value.
- We are stakeholder focussed in our sharing of our profits, and
- We are society focussed when it comes to distributing the income from our licensing.

Our concerns also permeate the environment and we promote the use of organic cotton and eco-friendly manufacturing.

At Mandhana, our purpose consistently drives our business.



## Our Business at a Glance

### Textiles



1,22,195

Lacs of Turnover

↑ 9.12%

growth over last year

### Garments



29,598

Lacs of Turnover

↑ 21.67%

growth over last year

## Our Business at a Glance

## Product Range

## Textiles



- 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.

## Garments



- 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 to over **25** countries worldwide.



- Over **75%** of the garments produced are exported to **25** countries.

## Post Expansion Capacities



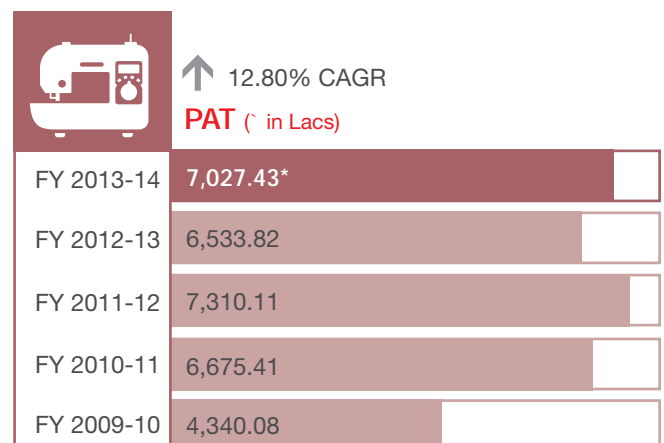
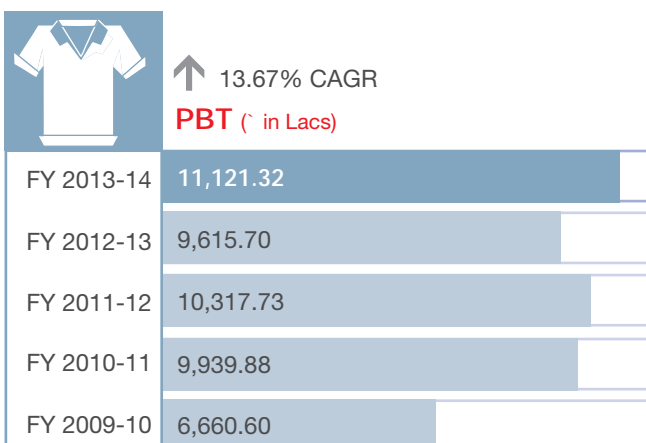
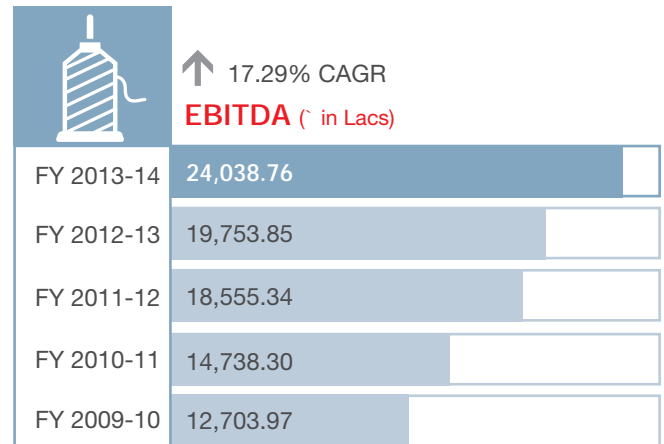
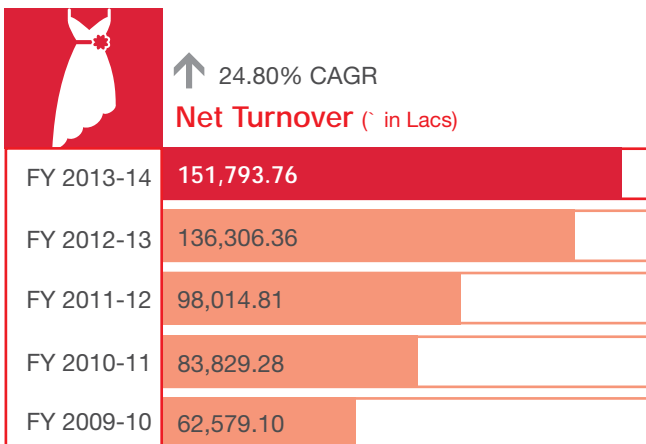
- Yarn Dyeing - **4.3 million** kgs per annum
- Weaving - **39 million** metres per annum
- Fabric Processing - **72 million** metres per annum



- Garment Stitching - **7.6 million** pieces per annum

# Because people matter, our stakeholders matter even more

Rewarding our stakeholders is our first step in being relevant to our people. Our stakeholders provide us with the wherewithal to accomplish our every other concern, be it for the consumer, our employee and for the society. Our results are a showcase of our stakeholder dedication and focus.



\* Profit for the year



Because people matter, our stakeholders matter even more



### EBITDA Margin (%)

FY 2013-14	15.84	
FY 2012-13	14.49	
FY 2011-12	18.93	
FY 2010-11	17.58	
FY 2009-10	20.30	



### Debt - Equity Ratio

FY 2013-14	0.93	
FY 2012-13	0.97	
FY 2011-12	0.93	
FY 2010-11	1.06	
FY 2009-10	1.55	



### Net Profit Margin (%)

FY 2013-14	4.63*	
FY 2012-13	4.79	
FY 2011-12	7.46	
FY 2010-11	7.96	
FY 2009-10	6.94	

\* Profit for the year



### EPS (₹)

FY 2013-14	17.89	
FY 2012-13	19.73	
FY 2011-12	22.07	
FY 2010-11	20.74	
FY 2009-10	18.21	

# Chairman & Managing Director's Address



Dear Friends,

The year started off with six months of sluggish growth. The second half witnessed a modest recovery, with much of the actual growth being recorded in the advanced economies of the West.

In the emerging markets, there were issues with an unfavourable external financial climate with infrastructure related bottlenecks, labour market issues and subdued investment climate during the year. Yet, the good news is that growth is expected to pick up albeit moderately in the coming year, on the back of a new government and improved initiatives in governance and policy.

Against this backdrop, your Company recorded a healthy growth which clocked a turnover of ₹ 1,517.93 crores as against ₹ 1,363.06 crores in the previous year. The textiles segment grew by 9.12% to reach ₹ 1,221.95 crores, whereas the garments segment grew by 21.67% from ₹ 243.26 crores to ₹ 295.98 crores in the current year.

Through the year, our focus was on our people, who we believe are the source of our strength, and the vital differentiator in our business. Our performance is in fact a reflection of our people strengths.

Chairman &amp; Managing Director's Address

# ₹ 1,517.93 crores

Your Company recorded a healthy growth which clocked a turnover of ₹ 1,517.93 crores as against ₹ 1,363.06 crores in the previous year.

# 21.67%

The garments segment grew by 21.67% from ₹ 243.26 crores to ₹ 295.98 crores in the current year.

# ₹ 70.27 crores

The Company reported a PAT of ₹ 70.27 crores for the year FY 2013-14, as compared to ₹ 65.34 crores in FY 2012-13.

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Through the year, our focus was on our people, who we believe are the source of our strength, and the vital differentiator in our business. Our performance is in fact a reflection of our people strengths.

We were also equally focussed on changing our textiles to garments proportion of our business to improve our EBITDA. During the year, the textile garment mix improved from 82:18 to 80:20. This resulted in an improved EBITDA of ₹ 240.39 crores as compared to ₹ 197.54 crores in the previous year.

EBITDA margin has improved from 14.49% to 15.84%.

Our improved EBITDA margin benefits from the increase in the sales of our Being Human garments which showed a strong tripling of growth from ₹ 45 crores in FY 2012-13 to ₹ 131 crores in FY 2013-14.

The Company did well on the exports front which accounts for 20% of our total business. Backed by the strong brand equity of our brand ambassador Salman Khan, the unique CSR and people-friendly character of the brand that promotes fashion for a cause and well priced great designed products, the brand has found great acceptance in export markets.

We are investing in creating a larger retail network to take the brand to people, and during the year we expanded our store count. Today, we have 17 Company-owned Being Human Stores, 6 franchised outlets, 99 store-in-stores, 6 e-commerce portals, 60 distributors that feature the brand and 100 international outlets that stock and sell the Being Human brand. The increasing relevance of our brand and its global acceptance is a outcome of our belief that fashion for a cause is a people friendly proposition that will find far reaching acceptance.

Our people concerns are enshrined in our belief that people matter.

With improved people, innovative designs, improved integrated manufacturing, memorable marketing and an expanded network of retail outlets, we are sure that the future bodes nothing but glad tidings for our stakeholders and us.

I take this opportunity to thank our Board of Directors, our investors, our team members, and our customers for their continued support and encouragement.

We will continue to work single-mindedly to ensure that we sustain your continued trust and faith in us.

Thanking You,

Yours Truly,

**Purushottam C. Mandhana**  
Chairman & Managing Director

# Because people matter, our brand matters



## The relevance of any brand is gauged by its people connect.

Brands that are an accurate outward expression of people's innate concerns become popular and iconic.

Fashion has always been believed to be connected to one's personal sense of style.

By building a fashion brand with a human heart, that combines style with substance, we expanded the circle of influence of our Brand "Being Human"

and created a franchise that not only supports the style quotient of people, but address their inner core concerns for society.

Help and Hope to the deprived even as it caters to the innate desire of the consumer to be well turned out in the latest fashion. It is fashion with a heart.

Mandhana Industries is the global licensee for the brand, having the exclusive global rights to design, manufacture and retail its products. The proceeds from the licensing of

the brand are used exclusively for the charity initiatives of the Foundation. Our excellent and talented team of designers create and sustain the appeal for the entire apparel range of the brand that comprises shirts, ladies tops, dresses, skirts, kids wear and sportswear.

Because people matter, our brand matters



# 99

The brand is also marketed through a network of 99 shop-in-shops, a network that we are constantly expanding.

## Taking the brand to the people - our retail thrust

With a background in the textile industry for over three decades, the tie-up with Being Human commenced our retail foray. Starting with 5 stores that we operationalised in 2012-13, we have expanded to 17 stores during the year. The Company is also seeking to forge franchisee tie-ups to extend its reach to Tier II and III cities where

demand for the brand exists. The brand is also marketed through a network of 99 shop-in-shops, a network that we are constantly expanding. We also have retail tie-ups with chains like Shoppers Stop, Lifestyle, Splash, Jade Blue, All that Jazz, My Store and Wardrobe among others.

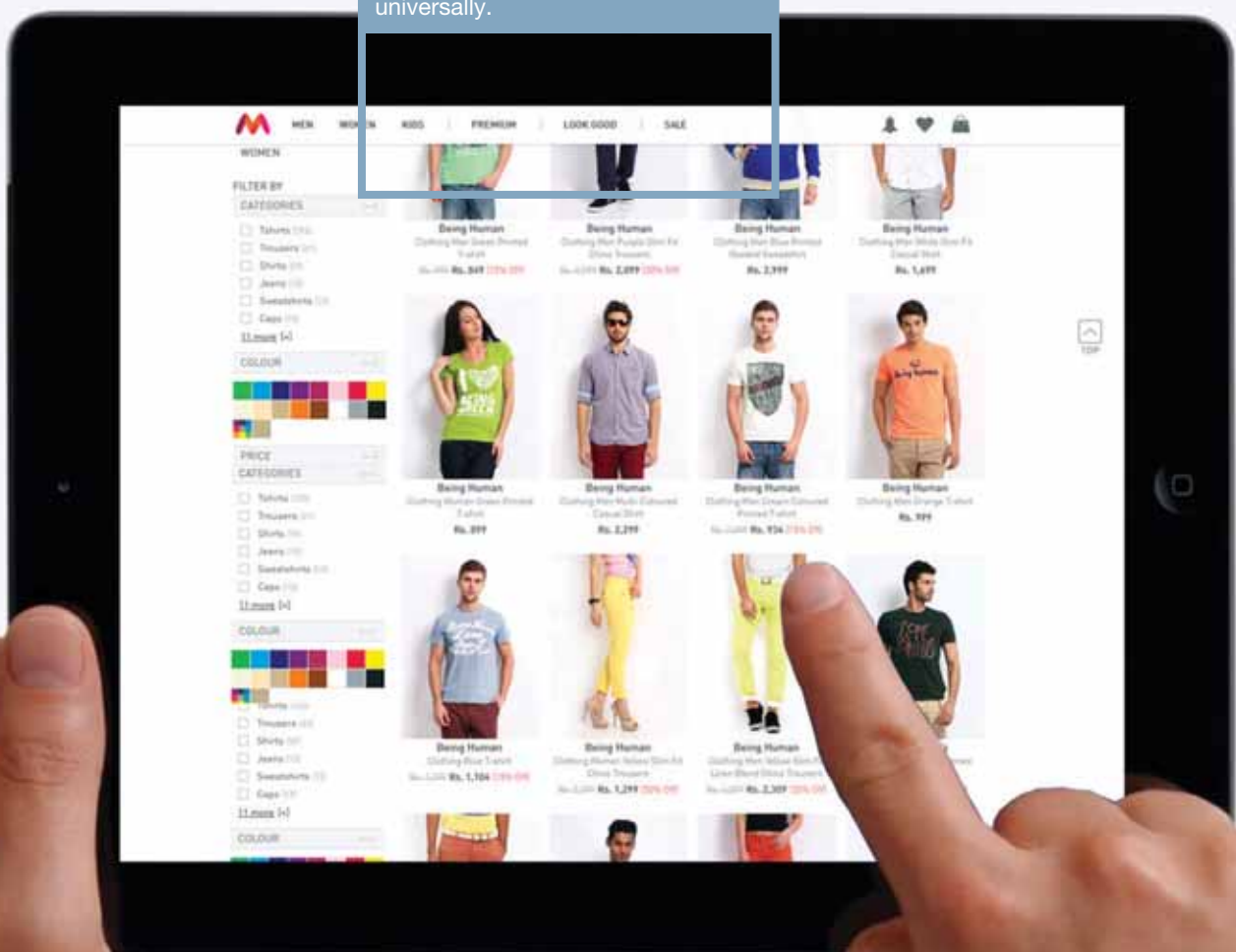


# Because consumers matter, our online outreach matters

For brands like Being Human, the online media is a great equalizer. While we are building our physical presence across markets, the online media enables us to fulfill the aspirations of those living in areas where we are not physically present to order and wear the brands. Our desire is to reach every

consumer that is interested in the brand and make it available universally. Online media enables us to virally spread our market reach.

Our desire is to reach every consumer that is interested in the brand and make it available universally.



Because consumers matter, our online outreach matters

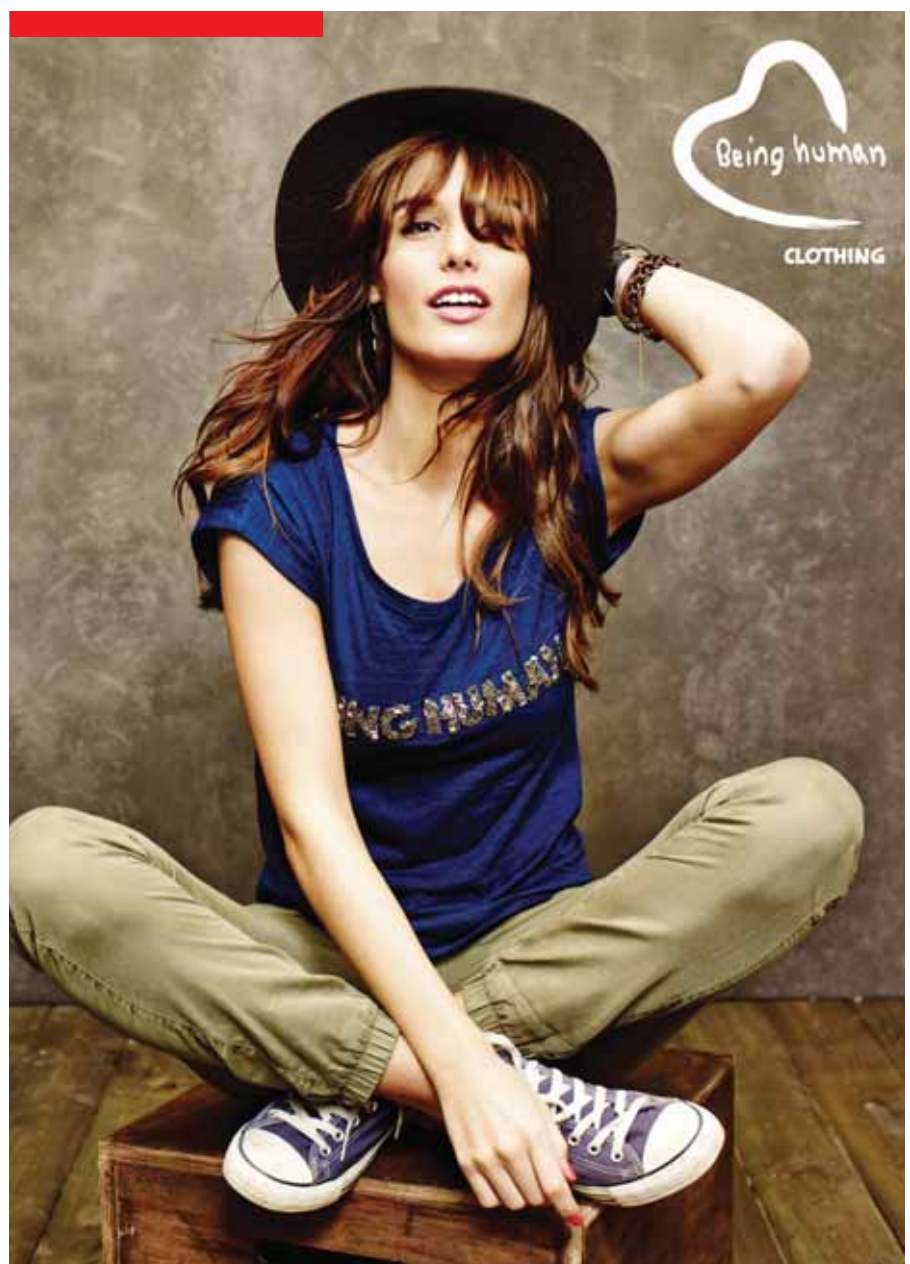


# 480

towns and cities that  
the site caters to.

Being Human has tied up with Myntra.com, India's leading online fashion store and through this channel we reach 480 towns and cities that the site caters to.

We are also pushing our own online presence through our website [beinghuman.com](http://beinghuman.com), through a third party partner to handle the logistics.



## Because people matter, the media to reach them matters

With the Superstar Salman Khan as its patron and brand ambassador, Being Human is a high profile brand. The brand leverages Salman Khan's popularity and is visible, audible and readable to the audience through a variety of media including Social Media, PR activities, hoardings,

print campaigns, events, contests, workshops, mall activations, celebrity involvement and digital marketing measures such as mobile marketing, radio, and placement in movies and TV shows etc.





Because people matter, the media to reach them matters



# Because people matter, our business competencies matter

Even a business with a heart cannot operate without efficient processes, empowered people, inspired ideas, and integrated infrastructure and quality processes.

Our success is not to be measured by favourable circumstances, but our performance against odds. It should be measured by our performance in less than ideal circumstances.

**Our results are driven by several factors which together orchestrate our performance.**

These include:

- Vertically integrated operations with a presence in each aspect of the value chain
- Long-standing and proven execution capabilities
- Excellence in design, technology and marketing





Because people matter, our business competencies matter



- Fully equipped and staffed style lab and design studio
- Fastest turnaround time
- Diversified customer base across India and globally
- Enduring and strong relationships with global retailers and top fashion brands
- Extensive product baskets that make us relevant in both textile and garment segments
- Blend of young and experienced personnel
- Excellent financial record with sustained high realisations
- Our ability to stay relevant with changing fashion trends globally
- Quality products that exceed expectations

# Because business competencies matter, our future plans matter

We are forward-looking when it comes to strategic initiatives that will increase our competencies, improve our capabilities and deliver more value to our core constituencies.

Our strategic endeavours for the future revolve around:

## Expanding and modernising our infrastructure

During the year, we continued our ongoing initiative to take maximum benefit from government incentives that enable us to improve and modernise our manufacturing infrastructure.

## Focus on improving our operational efficiencies

During the year, we continued efforts on gaining operational efficiencies by identifying cost centres and implementing cost rationalisation. We control our raw material costs through bulk purchases, supplier negotiation and cutting down on wasteful consumption.

## Enhancing our product and design development process

The ability to anticipate changing fashions, design according to expectations and fast track these designs into products in time to meet

the fashion season is one of our core competencies. Our designers are well travelled, and exposed to trends and major fashion events around the world to capture emerging trends in fashion and style. We are also continually investing in infrastructure and capabilities to fast track our time to market.

## Expanding our market, catering to consumers in varied countries

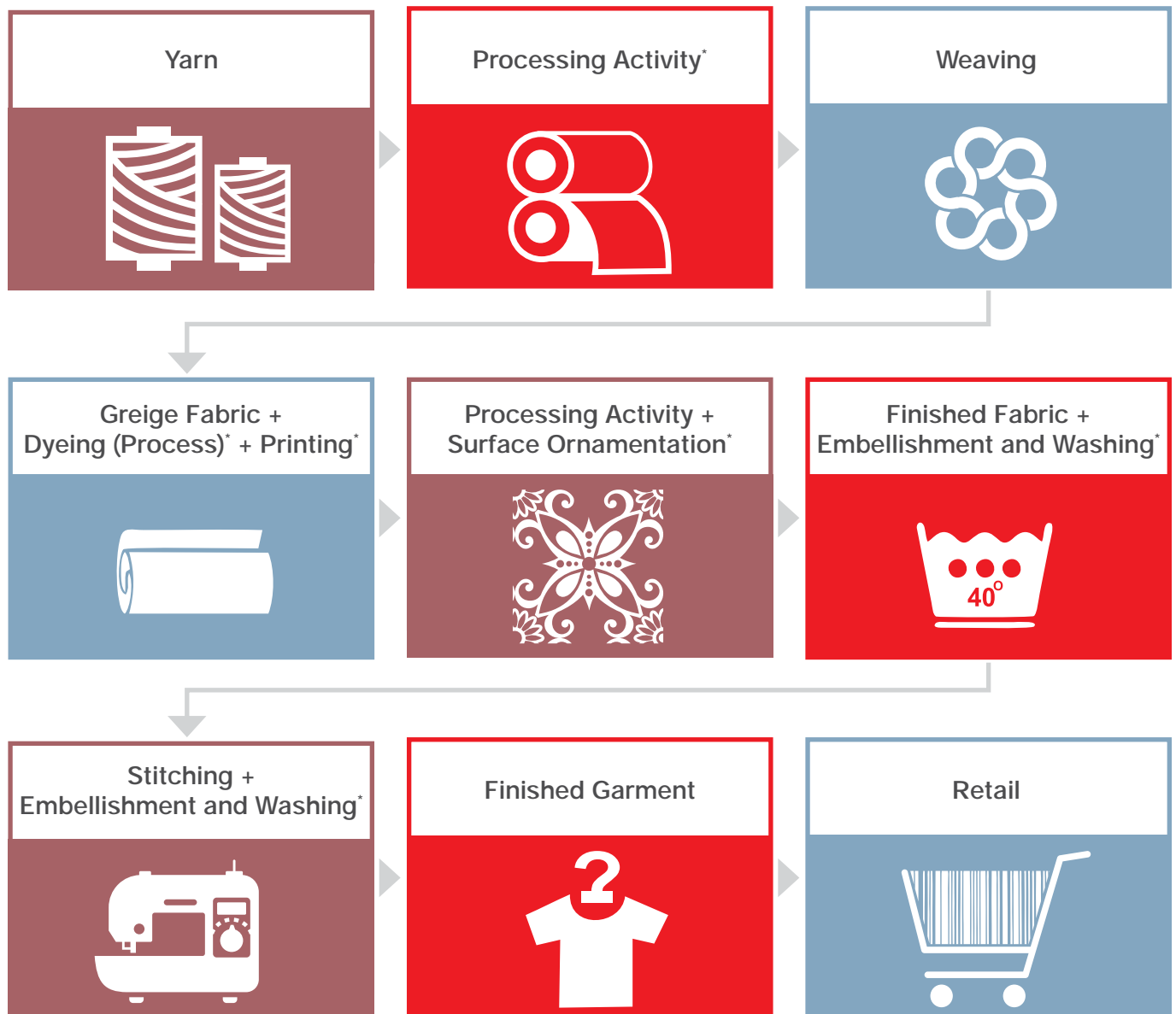
We are constantly working on accessing new markets where latent demand for our brand exists. Our focus is to concentrate on markets where a demand for value-added fashion and textile products.



Because business competencies matter, our future plans matter | Because people matter, our value chain to reach them matters

# Because people matter, our value chain to reach them matters

MIL has one integrated value chain that connects the people who manufacture the textile, the design and the garment to people who wear them and those who benefit from them.



\* Optional / Value-added processes

# Because people matter, geographies matter

Our textiles and our garments attract consumers and fashion brands across the world.

Being Human, our brand is also increasingly finding an international appeal.

## In the domestic market, our clientele include:

- Allen Solly
- Louis Philippe
- Van Heusen
- Pantaloons
- Indian Terrain
- Pepe Jeans
- Wills Lifestyle
- Shoppers Stop
- Raymonds

## Our international clientele includes:

### Jeans and high-street wear

- H & M
- Colin's
- New Look
- HE by Mango
- U.S. Polo Assn.
- River Island

- Lee Cooper
- Hilfiger Denim
- Desigual
- Mango
- GAP
- C&A
- JC Penny
- M & S
- ESPRIT
- S Oliver
- Marc O Polo
- G-Star
- Express
- Gymboori
- American Eagle
- Ann Taylor
- Next

### Retailers

- New Yorker
- Tally Weijl
- Falabella
- Splash
- Kaufland

### Corporate Brands

- Switcher





Because people matter, geographies matter



Map not to scale



# Because people matter, our employees matter

No ambition of ours, be it concerned with our stakeholders, our consumers and the society will come to fruition without our employees, the creator of values. We treasure our people, value their contribution and work towards their progress and growth.

We do through a series of employee engagements that include:

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



Because people matter, our employees matter | Because people matter, sustainability matters

# Because people matter, sustainability matters

At MIL, we look at sustainability as part of our business. Sustainability for us includes sustainability of our business, our manufacturing systems that need to be eco-friendly, as well as being contributors to our society.

The initiatives that we have taken in this direction has made us certified by the Switzerland-based NGO ISCOM for social code of conduct.

Some of the activities that we have undertaken towards our sustainability practice 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

## Board of Directors

**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 the then 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. Dilip G. Karnik**

*Non-Executive and Independent Director*

**Mrs. Sangeeta M. Mandhana**

*Non-Executive Director*

*(Appointed as Director w.e.f.*

*5th August, 2014)*

## BOARD COMMITTEES

### 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

**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. Saharsh Daga**

*Sr. Vice President - Finance*

**Mr. Nayan Kambli**

*Vice President - Finance & Corporate Affairs*

**Mr. Pushpendra Tyagi**

*Vice President - Marketing (Fabric Division)*

**Mr. Ritesh Bhardwaj**

*Vice President - Commercial*

**Ms. Varsha Raghuram**

*Vice President - Merchandising & Business  
Development*

**Mr. Gopal Shah**

*Vice President - Marketing (Export Division)*

**Mr. Uday Kulkarni**

*Vice President - Processing (Unit-1)*

**Mr. Nileshkumar Modi**

*Vice President - Weaving*

**Mr. Jagjit Singh**

*Vice President - Yarn Dyeing*

**Mr. Prasad R.V.R**

*Vice President - Apparel Production*

**Mr. Narinder Marve**

*Vice President - I.T.*

**Mr. Datar Malpani**

*Associate Vice President - Accounts*

**Mr. Bhavin Patel**

*Associate Vice President - Finance*

**Mr. Arvind Shikarkhane**

*Project Head (Technical)*

**Mr. Rahul Anand**

*Creative Head - Design*

## Corporate information

**RETAIL TEAM****Mr. Sanjay Mehra***Vice President - Operations & Administration (BH)***Ms. Purvi Joshi***Vice President - International Business & Sourcing (BH)***Mr. Kunal Mehta***Vice President - Business Development & Marketing (BH)***Mr. Jagdish Pamwani***Vice President - Sales (BH)***AUDITORS****M/s. Vishal H. Shah & Associates**  
Chartered Accountants**SOLICITORS****M/s. Crawford Bayley & Co.**  
Advocates & Solicitors**INTERNAL AUDITORS****M/s. Hinesh R. Doshi & Co.**  
Chartered Accountants  
(For Corporate Office, Mumbai & Tarapur)**M/s. SGCO & Co.**  
Chartered Accountants  
(For Retail Division)**M/s. B. Choraria & Mates**  
Chartered Accountants  
(For Bengaluru)**BANKERS**Bank of Baroda  
Corporation Bank  
State Bank of Patiala  
Allahabad Bank  
Punjab National Bank  
Indian Bank  
Karur Vysya Bank  
State Bank of India  
Indian Overseas Bank  
Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
Standard Chartered Bank  
Union Bank of India**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  
email : [info@mandhana.com](mailto:info@mandhana.com)  
Web: [www.mandhana.com](http://www.mandhana.com)**REGISTRAR AND SHARE  
TRANSFER AGENT**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  
email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)**BRANCH OFFICES****Bengaluru**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)*

Plot No. 31, Survey No. 161,  
Laggare Village, Yeshwanthpura,  
Hobli, Bangalore North Taluka,  
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 global textile and apparels market is slated to cross USD 1 trillion-mark by the year 2022 and touch USD 1,130 billion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW

#### Global Economy

The global economy continued to exhibit significant sluggishness in the first half of FY 2013-14. A modest recovery was witnessed in the second half of the year, with much of the growth impetus provided by the advanced economies. Supported by encouraging monetary policies and a smaller drag from fiscal consolidation, annual growth in the United States is further projected to rise above the trend, and remain close to the trend in the core Eurozone economies. However, in other stressed-out Eurozone economies, the growth is likely to continue to remain weak on account of high debt and financial fragmentation holding back the domestic demand. Overall, the global recovery is expected to accelerate in the current fiscal, especially in the advanced economies led by the US, the UK and Germany.

On the other hand, the emerging market economies faced unfavourable external financial climate, along with infrastructure bottlenecks, labour market issues and subdued investment climate, during the year. As a result, the financial conditions in these economies have further tightened, while the climate is broadly stable in the advanced economies.

The growth in emerging market economies is expected to pick up, albeit moderately, as the current vulnerabilities mostly appear to be internal to them. These economies will have to be ready to weather internal market turmoil and reduce external vulnerabilities to reduce the impact from a further slowdown which may be witnessed on account of reversal or slowing down of capital flows from the advanced economies.

The downside risks, including low inflation and possibility of protracted slower growth, will continue to dominate the global growth outlook, especially in EU and Japan. The output gaps (difference between actual GDP and potential GDP) are likely

to remain negative, but easing the monetary policy stance to accommodate and continue fiscal consolidation will be the need of the hour.

Overall, the world GDP growth is projected to reach 3.6% in 2014 and 3.9% by 2015 (Source: IMF - WEO Report, April 2014).

#### Indian Economy

India faced multiple challenges, ranging from capital outflows, intense exchange rate pressures, executive inaction and slowing down of investments, to policy paralysis, volatile current account movement, etc. The growth in domestic demand was hampered due to financial imbalances, external sector vulnerabilities and dampening of investments. For the second year in a row, the GDP growth rate was recorded at sub-5% levels. The financial market conditions stabilised in the last few months of FY 2013-14, on account of focussed efforts of the Government and the RBI. The Indian rupee, which had plunged to levels of ₹ 68 per dollar, stabilised to around ₹ 59.5 towards the end of the fiscal. An uptick in exports and measures to curb gold imports brought down the current account deficit levels.

FY 2014-15 is likely to witness recovery, supported by slightly stronger external growth, improved export competitiveness and implementation of recently approved investment projects. Consumer Price Inflation, which witnessed a clampdown from its peak levels in Q2 FY 2013-14, is expected to go down further on account of various measures likely to be taken by the new government formed at the Centre.

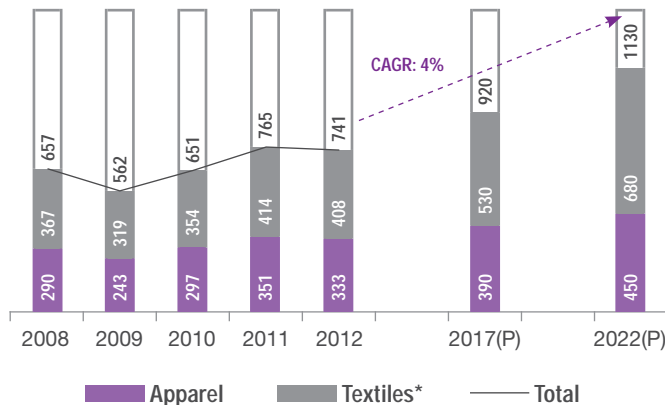
### GLOBAL TEXTILE AND APPAREL INDUSTRY

As per the FICCI-Technopak report on textile and apparel industry, 2013, the size of the global textile and apparels market was estimated at USD 741 billion in 2012. It is slated to cross USD 1 trillion-mark by the year 2022 and touch



USD 1,130 billion. The industry growth rate has seen a decline in developed markets. The developing economies are likely to take the growth forward on account of robust demand from these markets.

Exhibit: Global Textile and Apparel Trade (USD billion)



Source: Building Competitive Advantage-Challenges & Way forward - FICCI Technopak, 2013; ITC Calculations based on UN Comtrade statistics, Technopak analysis

\* Textiles include Fibres, Yarn, Fabrics & Made-ups

P- Projected Figures

The market for global textile and apparel industry is currently evolving through distinctive consumption and production hubs. The developed economies were the major production hubs earlier. This trend has, however, reversed, with the global production hubs shifting to developing economies due to their low cost advantage. This has led to the emergence of developed economies as major consumption hubs, while the developing economies are still evolving in this regard.

Going further into the global textile and apparel industry, the size of the fabric industry is projected to reach USD 81 billion by 2021 from USD 74 billion in 2011. Further in terms of volumes, the global fabric demand was estimated at 477 billion sq. metres in 2012, growing at a rate of 3% over 2011.

### INDIAN TEXTILE AND APPAREL INDUSTRY

India is a major textile and garment sourcing hub. With ample availability of raw materials such as cotton, wool, silk and jute, along with skilled workforce, it is one of the largest sourcing hubs in the world. The textile and apparel industry contributes heavily to the national economy through generation of direct and indirect employment and foreign exchange earnings.

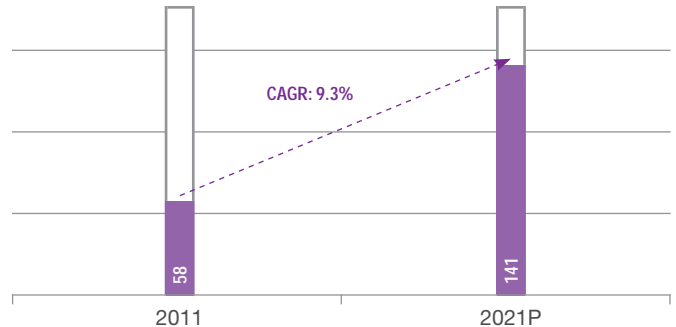
**Quick facts** (Source: IBEF, Textile and Apparel Presentation, March 2014)

- World's second largest producer of textiles and garments
- 24% of the world's spindle capacity and 8% of global rotor capacity
- Contributes about 14% to industrial production, 4% to Gross Domestic Product (GDP), 27% to the country's foreign exchange inflows
- Second largest employment provider with 45 million people directly employed
- Potential to reach USD 223 million by 2021 (Source: IBEF; other sources including Technopak, Ministry of Textiles, Aranca Research)

### Market Size

The domestic textile and apparel industry is expected to grow from USD 58 billion in 2011 to USD 141 billion in the year 2021. (Source: IBEF)

Exhibit: Domestic Textile and Apparel Industry



### Domestic Textile and Apparel Industry (USD Billions)

Source: IBEF; other sources including Technopak, Ministry of Textiles, Aranca Research

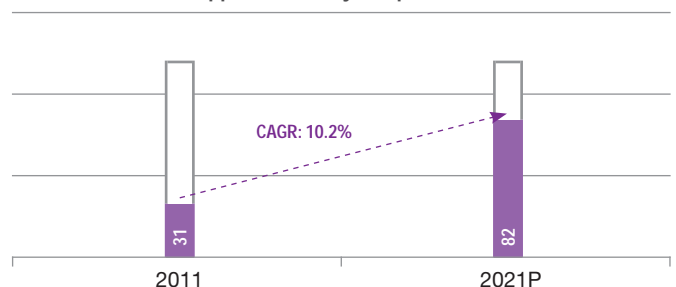
### Export Scenario

India commands about 5.2% share of the total global textile and apparel exports of USD 772 billion. India's growing share is primarily attributable to the apparel and clothing sector that accounts for almost 43% of the textile and apparel exports. Apparels exports constitute about 3.7% share of the global readymade garment exports.

India's share in global textiles grew by 17.5% in CY 2013, compared to the previous year. It has grown from USD 31 billion in 2011 to USD 40.2 billion in CY 2013. The country registered a phenomenal growth of 23% in 2013, over the previous year, outpacing the global textile growth rate of 4.7% and the growth rates of 11.4% and 15.4% recorded by China and Bangladesh, respectively. (Source: UN Comtrade)

As per the latest estimates provided by IBEF, the size of the textile and apparel exports is projected to touch USD 82 billion in 2021.

Exhibit: Textile and Apparel Industry - Exports



### Textile and Apparel Industry Export (USD Billions)

Source: IBEF; other sources including Technopak, Ministry of Textiles, Aranca Research

### RAW MATERIAL SCENARIO

#### Cotton Yarn

Cotton and yarn are the raw materials for all fabrics and garments manufactured by Mandhana. Therefore, it is

## Management Discussion and Analysis

necessary to study the impact of the raw material scenario, which effectively forms the base in the value chain.

India has been heavily dependent on China for its cotton yarn exports. The share of Indian cotton yarn exports to China has grown from about 4% in FY 2007-08 to about 33% in FY 2013-14. This has aided better capacity utilisation levels of about 90% for Indian spinners. The increased export demand, coupled with stability in international cotton and yarn prices and the depreciation of the Indian rupee, has led to improved realisation levels. The impact of improved realisation of yarn prices by spinners was in turn offset by improved realisation on fabric sales by the Company from its customers.

(Source: India Spinning Report, ICRA, December 2013)

### Man-made Fibres

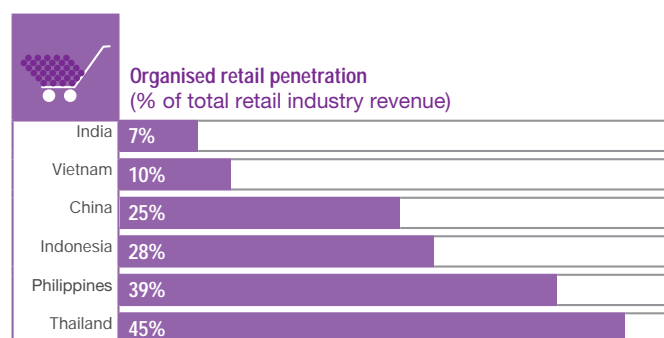
Mandhana has the capability to produce multiple products in textile set-ups. With a unique ability to process multiple fabrics, it is a frontrunner in the manufacture of such products. The Company began production of viscous fabrics in 2013. Viscous fabric is not a natural fibre, rather is a man-made one. The advent of man-made fibres and various innovations have successfully placed India on the world textile map. According to the Ministry of Textiles, production of man-made fibres in India increased from 0.95 million tonnes for the period April 2012-Dec 2012 to 0.98 million tonnes for the period April 2013-Dec 2013. This is on account of higher demand for India's man-made textile products.

### RETAIL SCENARIO

India is the fifth largest retail market in the world. India's retail industry has witnessed high growth over the past decade, with higher organised retail penetration. The modern retail concept is taking shape. In developed countries, the organised and the unorganised retail trade constitutes 80% and 20%, respectively.

Among emerging nations, even countries like Vietnam and Indonesia which have a smaller market than India, have a higher organised retail penetration. As per a JLL report, published in 2013, the unorganised retail in India constitutes majority of the retail share, at 93%, with the retail trade constituting merely 7%. This highlights the scope for further penetration of organised retail in the country.

#### Exhibit: Organised retail penetration



Source: Industry Sources; The Associated Chambers of Commerce and Industry of India (for India)

According to IBEF, the Indian retail market is expected to grow at the rate of 7 percent from 2010 to 2020, touching USD 850 billion. Traditional retail market is expected to reach USD 650 billion, whereas organised retail is expected to touch USD 200 billion by 2020.

### Market Structure

The retail segment is broadly bifurcated into value retailing (primarily food and groceries, which is a low margin-high volume market) and lifestyle retailing (apparel and footwear, which is a high margin-low volume market).

Mandhana is in the business of lifestyle retailing, catering to the apparel market in the country. The apparel sold through the Being Human brand primarily forms the Company's domestic garmenting business. Increased consumerism, changing consumer preferences, growing middle class, inclined disposable income, increased preference for luxury goods are expected to drive the transition from traditional to organised retail.

### Government Initiatives

In FY 2013-14, the Union Cabinet approved 51% Foreign Direct Investment (FDI) in multi-brand retail and raised the cap on FDI in single brand retail from 51% to 100%. Opening up of the retail sector unfolds vast opportunities to tap the retail potential that India has to offer.

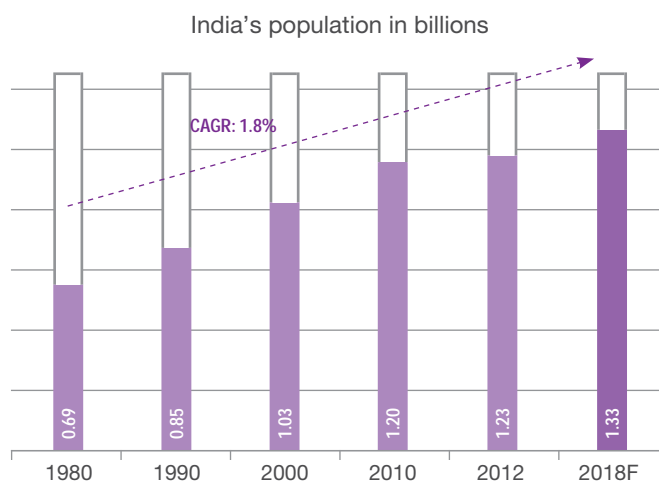
FDI in retail is a very positive step for India as it is likely to build healthy capabilities through inflow of knowledge from international experts. Along with financial investments, it can provide impetus to the industry.

### KEY INDUSTRY GROWTH DRIVERS

#### Favourable Demographic Profile

By 2012, India's population had almost doubled compared to 1980. As per the IMF report, the country's population increased from 0.69 billion to 1.23 billion in the corresponding period, and is further slated to rise to 1.33 billion by 2018, which will drive the textile and apparel consumption in the country.

#### Exhibit: India's population



Source: IMF, Aranca Research

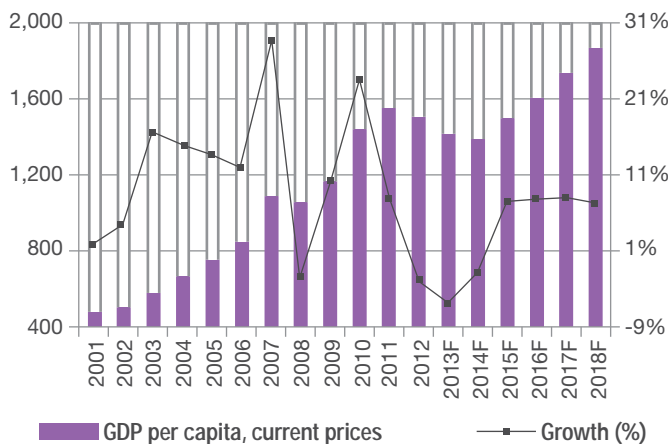
The urban population is also on a rise. A favourable demography, along with rising urban population and income

levels, will act as key growth factors for the Indian textile and apparels industry.

#### Rising Disposable Income

The demand for high quality fashion products has increased over the years because of the rising disposable incomes. It is further driven by the increased purchasing power parity and increasing income levels of the middle class population. Along with this, the increasing incomes in the rural economy are likely to push the demand upwards.

Exhibit: Trends in per-capita income in India (USD)



Source: IMF, McKinsey Global Institute April 2010, Aranca Research

This, complemented by a high percentage of young earning population in the entire matrix, is likely to drive the growth forward. This young population will be exposed to changing fashion and trends.

#### Increasing Women Workforce

With a growing working women population and higher earning capacity, the demand for fashion products is also on a rise. According to a Technopak white paper on the textile and apparel sector, the urban areas will have an estimated 40-50 million by 2015-16, all in the age group of 20-40 years. The spending power has increased and so has women's decision making power in a household. This has also given rise to the number of double income households, leading to higher demand for better products.

#### Changing Consumer Preferences

The consumer preferences are changing. The modern Indian consumer is highly brand, fashion, and image conscious. Increased need for better retail experience is enticing retailers to offer enhanced retail experience to its customers.

#### Increased Retail Penetration

The Indian consumers' convenience of shopping with multiplicity of choice under one-roof (shop-in-shop formats) and augmented mall culture are expected to drive retail penetration over the long run. The expansion of organised retail will increase competitiveness, ultimately resulting in higher customer satisfaction.

### SCOT ANALYSIS

STRENGTHS	Ability to do multi-products in textile set-ups
	Strong in-house design team
	Sophisticated plant and machinery
	Huge percentage of exports
	Large domestic market
CHALLENGES	Fluctuating cost of yarns
	Currency fluctuations
	Lack of availability of skilled labour, with new generation workforce not getting into this industry
	Retention of manpower
	Size of the unorganised market
	Regulatory challenges
OPPORTUNITIES	Shifting consumer preferences and improved socio-economic factors
	Transition from unorganised retail to organised retail
	Government's impetus towards the growth of the sector, leading to a healthy regulatory environment
	Increasing labour costs in competing countries like China and Bangladesh
THREATS	Unorganised sector
	Competitive market
	International competition from other developing countries

### GOVERNMENT INITIATIVES

#### RR-TUFS

- TUFS scheme was implemented in 1999, and restructured in April 2011, and further revised again to Revised Restructured Textile Upgradation Fund Scheme (RR-TUFS) in October 2013. Investment was made to incentivise and promote modernisation and upgradation of the downstream sectors of the textile industry through provision of credit at reduced rates.
- Total budget allocation for the 12th Plan towards RR-TUFS is ₹ 119.52 billion. Out of this, ₹ 24 billion had been allocated towards FY 2013-14.

#### Scheme for Integrated Textile Parks

- The Cabinet Committee on Economic Affairs (CCEA) approved continuation of the Scheme for Integrated Textile Parks (SITP) for the 12th Five Year Plan period. FY 2013-14 witnessed an approval of projects worth ₹ 717 crores to utilise the balance left in the plan allocation, post meeting committed liabilities of the sanctioned 61 parks. The main objective of this scheme is to provide the industry with world-class infrastructure facilities for setting up their textile units.

## Management Discussion and Analysis

## Integrated Skill Development Scheme (ISDS)

- With an objective to build the capabilities of those institutions that currently provide training and skill development programmes in the textile and apparels sectors, Integrated Skill Development Scheme (ISDS) was launched.
- The scheme is aimed at developing skills of around 30 lakh persons.

## Foreign Direct Investment

- The Indian Government has initiated a number of export promotion policies in the textiles sector. It has allowed 100 per cent FDI in the Indian textiles sector under the automatic route.
- In addition to this, the proposed hike in multi-retail FDI limit is likely to attract more players and pull investments to the entire value chain - from agricultural production to final manufactured goods. With this, global outsourcing activities are likely to rise on account of global retail brands being assured of a domestic foothold.

## Exemption of Excise Duty

- FY 2013-14 budget announced the resumption of zero excise duty on readymade garments to fuel recovery in the apparel demand in the country.

## COMPANY OVERVIEW

Mandhana Industries Ltd. (MIL) is one of India's leading textiles and garments manufacturing company with state-of-the-art infrastructure. **Mandhana is a diversified and multi-locational Company with a defined presence across India and in over 25 countries across the globe.** The Company is vertically integrated, having presence across the entire spectrum comprising designing, yarn dyeing, weaving, processing, dyeing and garment manufacturing.

## Financial Overview

Particulars	(` crore)	
	2014	2013
Total income from operations	1,517.93	1,363.91
Total Expenditure	(1,306.73)	(1,191.76)
Profit (+) / Loss (-) from Operations Before Other Income and Finance Costs	211.20	171.29
Profit (+) / Loss (-) from Ordinary Activities before Finance	208.18	166.75
Finance Costs	(96.97)	(70.59)
Profit (+)/Loss (-) from Ordinary Activities after Finance Costs	111.21	96.16
Tax (Current + Deferred)	41	31
Net Profit (+)/Loss (-) from Ordinary Activities after Tax	70.27	65.54
Income Tax paid of Earlier Year	(11.03)	(0.20)
Net Profit (+)/Loss (-)	59.24	65.34
Earnings Per Share of ` 10/- each: Basic & Diluted (`)	17.89	19.73
Debt Equity Ratio	0.93	0.97
Debt Service Coverage Ratio (DSCR)	1.28	1.25
Interest Service Coverage Ratio (ISCR)	2.15	2.36

## Sales

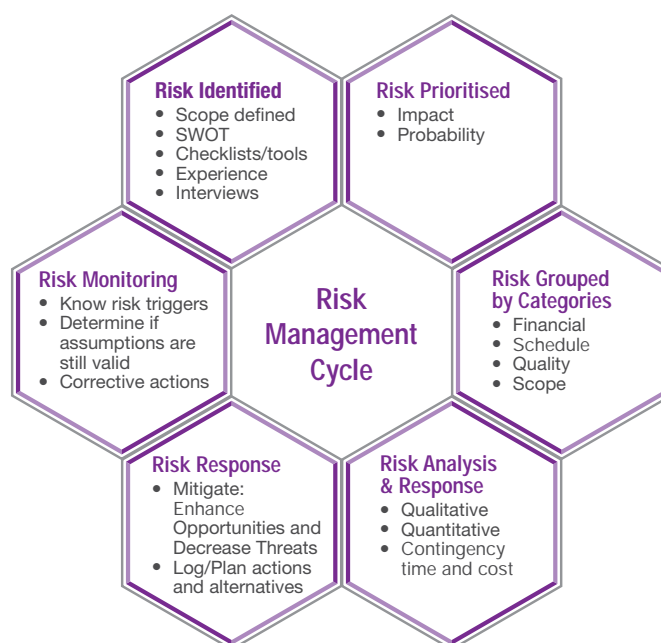
The Company recorded a healthy revenue growth - from ` 1,363.91 crores in FY 2012-13 to ` 1,517.93 crores in FY 2013-14. The textiles segment grew by 4.73% to reach ` 1,231.40 crores (including inter-segment revenues) over the previous year, whereas the garments segment grew by 21.67% from ` 243.26 crores to ` 295.98 crores in the current year. The growth can be attributed to Company's superior quality offerings in the fabrics segment and higher sales in Being Human garments due to increased number of customer touch points and an enhanced customer base.

## PAT

The Company reported a PAT of ` 70.27 crores for FY 2013-14, which was higher than PAT of ` 65.53 crores for FY 2012-13, mainly on account of improved EBITDA realisations attributing to lower cost of goods sold vis-à-vis last year. However, the PAT margin reduced marginally by 16 basis points from 4.79% to 4.63% over the same period due to an increase in finance costs mainly attributable towards expansion of Being Human brand.

## RISK MANAGEMENT

Risk occurrence is a never ending cycle. Since risks are unavoidable, Mandhana understands that they have to be mitigated, which can be only done if they are brought to acceptable levels. The Company has developed general response strategies for management of risks, which are categorised. Based on the categorisation, the Company takes informed decisions to either avoid or transfer or reduce or accept the risk, and mitigate the same. These strategies help the Company to optimise costs that are involved in managing the risk, along with making informed decisions on core issues critical to the success of the organisation.





Nature of Risk	Definition	Mitigation Technique
Changing Fashion Trends	Fashion trends change every season and, being in this business, Mandhana is subjected to uncertainties related to the fast-changing market trends.	Mandhana has an in-house design studio that continuously works to strengthen in-house design capabilities. These capabilities are backed by an experienced team of designers from reputed fashion institutes, who have the ability to predict trends and come up with new set of designs every season.
Forex	Foreign exchange risk arises from fluctuation of currency rates, which may have a negative impact on operations.	The Company enters into forward and derivative contracts to hedge risk of this nature.
Raw Material Sourcing	Non-availability and volatility in raw material prices impair operations and affect production schedules.	The Company has an efficient supply chain management system in place, which ensures uninterrupted raw material supply.
Competition	Growing presence of many Indian and International brands, along with the unorganised market, increases the competition.	Mandhana optimises its costs in order to pass onto the consumers without any compromise on quality.

## HUMAN RESOURCES

Human capital forms the most significant part of an organisation's charter. Recognising this fact, the Company has continuously invested towards development of Human Resources.

The Company's HR policies are directed towards development of a healthy, high-performance work culture.

Merit forms the basis of recruitment processes at Mandhana. Regular trainings and performance reviews form a part of the employee nurturing and supporting growth of talent.

### Employee Motivation

The Company acknowledges performance, which is duly appreciated and rewarded. The workers in the factories are motivated through incentives, better working conditions, clean and hygienic canteens and toilets. Similarly, other employees working in offices are incentivised appropriately for outstanding performance to inculcate a sense of achievement in them.

### Health and Safety

Measures towards health and safety of employees are imperative to create a healthy working environment. Mandhana believes that taking initiatives of this nature are its primary responsibilities. It, therefore, takes care of all the health and safety needs of all its employees.

### Employee Strength

The Company is highly determined to attract a talent pool through right mix of recruitment and retention strategies and become an employer of choice. The Company's employee strength stands at 5,127 as on 31st March, 2014.

## 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 STATEMENTS

*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



During the year under review, the textiles and garments segment grew at a balanced rate of 9.12% and 21.67%, which resulted in your company achieving sales of ₹ 151,793.76 lacs.

## DIRECTORS' REPORT

Dear Shareholders,

The Directors have the pleasure in presenting the 30th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2014.

### FINANCIAL HIGHLIGHTS

	(₹ in Lacs)	
	2014	2013
Total Turnover	151,793.76	136,306.36
Other Income	(301.51)	(454.62)
Profit Before Interest, Depreciation and Taxation	23,737.24	19,299.23
Less: 1. Interest	9,697.21	7,059.32
2. Depreciation	2,918.71	2,624.21
<b>Profit Before Taxation</b>	<b>11,121.32</b>	<b>9,615.70</b>
Less: Provision for Taxation		
Current Tax	3,292.46	2,423.05
Deferred Tax	801.43	638.76
Net Profit for the Year	7,027.43	6,553.90
Less: Income Tax paid for earlier year	1,103.17	20.08
<b>Profit after Taxation</b>	<b>5,924.26</b>	<b>6,533.82</b>
Add : Balance of Profit from earlier years	27,450.65	24,236.81
Amount available for Appropriations	33,374.91	30,770.63
Less: Dividend (Proposed)	662.48	662.48
Tax on distributed Profits	112.59	107.47
Transfer to Debenture Redemption Reserve	250.00	1,750.00
Transfer to General Reserve	800.00	800.00
<b>Balance carried forward</b>	<b>31,549.84</b>	<b>27,450.67</b>

The Companies Bill 2012 got its assent in the Lok Sabha on 18th December, 2012 and in the Rajya Sabha on 8th August, 2013 and after receiving the assent of the President of India on 29th August, 2013, it has now become the Companies Act, 2013 ("the Act") which replaced the Companies Act, 1956. However, this report pertains to financial year that commenced prior to 1st April, 2014, the contents therein are governed by the

relevant provisions / schedules / rules of the Companies Act, 1956, in compliance with General Circular No. 08/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs.

### COMPANY PERFORMANCE AND BUSINESS OVERVIEW

During the year under review, the textiles and garments segment grew at a balanced rate of 9.12% and 21.67%, which

resulted in your company achieving sales of ₹ 151,793.76 lacs, reflecting a growth of approximately 11.36% over the last fiscal. EBITDA margin increased to 15.83% vis-à-vis 14.49% due to sustained expansion of Brand “Being Human” in the product sales mix and therefore garment segment rising faster than textiles. The net profit for the year increased from ₹ 6,535.89 lacs last year, to ₹ 7,027.43 lacs this year. The slender increase of 4.63% in net profit was mainly attributable to various factors especially the income tax paid in this fiscal for the earlier years. Also, the rupee and the commodity price fluctuation alongwith interest rates have impacted the net profit. The margins for both the segments have become more competitive.

The management has taken several measures to ensure better management of working capital, monitoring of project performance on continuous basis and completion of projects as per schedule to avoid cost and time over run.

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, 2014. The final dividend will absorb an amount of ₹ 662.48 Lacs (excluding Dividend Distribution tax of ₹ 112.59 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 Directors’ Report and Auditors’ Certificate regarding compliance of the Corporate Governance is made part of Annual Report.

All Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2013-14. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this annual report.

SEBI vide its Circular No.CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 has notified the revised Clause 49 of the Listing Agreement to be applicable with effect from 1st October, 2014. This Report therefore stands complied against the previous Clause 49 of the Listing Agreement.

## PUBLIC DEPOSIT

Your Company has not accepted any fixed deposits. Hence, there is no outstanding amount as on the Balance Sheet date.

## NON CONVERTIBLE DEBENTURES (NCDs)

The Company has issued and allotted 100 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 10,00,00,000/-. The same are listed on the Wholesale Debt Market segment of BSE Limited (BSE) on 21st October, 2013.

The Company had issued and allotted 200 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 20,00,00,000/- and 500 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 50,00,00,000/- on a private placement basis on 15th March, 2013 and 28th March, 2013, respectively in the previous financial year. The same are listed on the Wholesale Debt Market segment of BSE Limited (BSE) on 3rd April, 2013 and 10th April, 2013, respectively.

IDBI Trusteeship Services Limited is the Debenture Trustee for the Debenture holders whose details are provided in the Corporate Governance Section of the Annual Report.

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

## DIRECTORS

Mr. Khurshed M. Thanawalla, Mr. Sanjay K. Asher, Mr. Ghyandendra Nath Bajpai and Mr. Dilip G. Karnik were appointed as Independent Directors of the Company under the provisions of the Companies Act, 1956 and were liable to retire by rotation.

However pursuant to section 149(4) of the Companies Act, 2013 (Act), which came into effect from 1st April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors. The Board already has half of its directors in the category of Independent Directors in terms of the provisions of Clause 49 of the Listing Agreement. The Board therefore, in its meeting held on 5th August, 2014 appointed the existing Independent Directors under Clause 49 as ‘Independent Directors’ pursuant to provisions of the said Act, subject to the approval of shareholders at the ensuing annual general meeting. Necessary details have been annexed to the notice of the meeting in terms of Section 102(1) of the said Act.

The Independent Directors have submitted the Declaration of Independence, as required under Section 149(6) of the Act, declaring that they meet the criteria of independence.

In view of the provisions of the Companies Act, 2013 (‘Act’), Mr. Biharilal C. Mandhana has now become retiring director and retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed under Clause 49 of the Listing Agreement in case of re-appointment of directors is provided in the notice of the ensuing annual general meeting.

In view of second proviso to Sub section 1 of Section 149 of Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the amended clause 49 of the Listing Agreements effective from 1st October, 2014, the Company has appointed Mrs. Sangeeta M. Mandhana as an additional Non - Executive Director on the Board of the Company at its meeting held on 5th August, 2014. Necessary details have been annexed to the notice of the meeting in terms of Section 102(1) of the said Act.

## Directors' Report

**STATUTORY AUDITORS**

M/s. Vishal H. Shah & Associates, Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Vishal H. Shah & Associates, Chartered Accountants as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the thirty third AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

**COST AUDIT REPORT**

The Cost Audit report for the year ended 31st March, 2013 was due on 30th September, 2013 and was filed by M/s. Joshi Apte and Associates, Cost Accountants, on 27th September, 2013.

M/s Joshi Apte and Associates, Cost Accountants had been appointed as Cost Auditor for the financial year ended 31st March, 2014. The Cost Audit Report and compliance report for the financial year ended 31st March, 2014 is expected to be filed within the prescribed time.

**CORPORATE SOCIAL RESPONSIBILITY**

Your Company welcomes the initiative taken by the Ministry of Corporate Affairs with an aim to embrace responsibility for the corporates actions and encourage a positive impact through its activities on the environment, consumers, communities including employees and all other members of the public sphere who may also be considered stakeholders.

Section 135 of the Companies Act, 2013 speaks of Corporate Social Responsibility (CSR) alongwith the Rules thereunder and revised Schedule VII were notified on 27th February, 2014 to come into effect from 1st April, 2014. As the Company being covered under the provisions of the said Section, it has formed a Committee of Directors, titled "Corporate Social Responsibility Committee" at its Board Meeting held on 20th May, 2014.

Now the Committee has put in place a CSR Policy and the said Committee would be continuously monitoring the said Policy of the Company. However, the said Section being enacted with effect from 1st April 2014, necessary details as prescribed under the said Section shall be presented to the members in the annual report for the year 2014-15.

Even when the said provisions were not mandated by the Ministry of Corporate Affairs, your company demonstrated a sense of responsibility towards society and environment. The Company has made green thinking a part of its business agenda to reduce its carbon footprint, energy & water conservation, waste reduction and product innovation.

**SUBSIDIARIES**

The Company has no subsidiary as on 31st March, 2014.

**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, 2014, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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; and
- iv) The Directors have prepared the accounts for the financial year ended 31st March, 2014 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, 2014, are annexed to this report.

**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: 5th August, 2014



## 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	Yearly Remuneration Received (₹)	Qualification and Experience	Date of commencement of employment	Previous Employment
Mr. Purushottam C. Mandhana (Chairman and Managing Director)	59	2,76,28,800/-	B.Com (34 Years)	01-04-1994	-
Mr. Manish B. Mandhana (Joint Managing Director)	45	1,93,48,800/-	B.Com (17 Years)	30-09-1995	Mandhana Exports Private Limited
Mr. Biharilal C. Mandhana (Executive Director)	69	86,68,800/-	B.Com (39 Years)	25-07-1984	-

### 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 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 has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this initiative. Various energy conservation measures have been taken at all the plants and offices. 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-organizing 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:

	2013-2014	2012-2013
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>a. Purchased units</b>		
Total Amount	51,241,368	39,906,896
Rate / Unit	390,742,480	220,045,655
<b>b. Own Generation</b>		
Units	7.63	5.51
Units per Litre Of Diesel oil	617,005	577,043
Cost Unit	6.18	6.27
	Not Accessible	Not Accessible
<b>2. Coal</b>		
Quantity (in M.T.)	26,095	14,723
Total Cost	159,666,177	72,661,847
Average Rate (Per M.T.)	6,119	4,935
<b>3. Furnace Oil</b>		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate (Per Litre)	Nil	Nil
<b>4. Consumption per unit of processing</b>		
Product Unit		
Electricity	Not Accessible	

### 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. Research & Development has been implemented with objectives like continual efficiency enhancement, reductions in material costs, improving speed and quality of processes and innovation. 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. The Company has always been conscious of the need for

conservation of energy and has been sensitive in making progress towards this initiative.

#### 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 and international market.

### Foreign Exchange Earnings and Outgo

Earnings	:	₹ 26,044.06 Lacs
Out go	:	₹ 2733.39 Lacs



Your Company believes in adopting the well accepted Corporate Governance practices and benchmarks the same and strives to improve them continuously.

## 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 believes in adopting the well accepted Corporate Governance practices and benchmarks the same and strives to improve them continuously.

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.

### Corporate Governance Structure

The Company has three tiers of Corporate Governance structure, viz.:

- (i) Strategic Supervision – by the Board of Directors comprising the Executive and Non-Executive Directors.
- (ii) Executive Management – by the Corporate Management comprising the Executive Directors.
- (iii) Operational Management – by the Operational Heads of Business Divisions.

The three-tier corporate governance structure not only ensures greater management accountability and credibility but also facilitates increased business autonomy, performance, discipline and development of business leaders.

### I. BOARD OF DIRECTORS

#### Composition:

The strength of Board of Directors as at 31st March, 2014 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 also 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:

According to Clause 49, as the Company has Executive Chairman, at least half of the Board should comprise of independent directors. The table below shows that the Company is in compliance with the said requirements.

The following table gives the detail of category of Directors and the number of other Directorship and Committee Membership as on 31st March, 2014.

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	8	-	1
Mr. Biharilal C. Mandhana	Executive	4	-	-
Mr. Manish B. Mandhana	Executive	5	-	1
Mr. Ghyanendra Nath Bajpai	Non - executive and Independent	16	5	4
Mr. Sanjay K. Asher	Non - executive and Independent	37	4	6
Mr. Khurshed M. Thanawalla	Non - executive and Independent	8	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 4 times during the financial year under review on the following dates:

- |                      |                        |
|----------------------|------------------------|
| (1) 7th May, 2013    | (3) 30th October, 2013 |
| (2) 6th August, 2013 | (4) 5th February, 2014 |

#### Attendance

The following table gives the number of Board Meeting attended during financial year 2013-14 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 19th September, 2013
Mr. Purushottam C. Mandhana	4	Yes
Mr. Biharilal C. Mandhana	3	Yes
Mr. Manish B. Mandhana	4	Yes
Mr. Ghyanendra Nath Bajpai	4	Yes
Mr. Sanjay K. Asher	3	No
Mr. Khurshed M. Thanawalla	4	No
Mr. Dilip G. Karnik	4	No

#### Notes:

Mrs. Sangeeta M. Mandhana has been appointed as Additional Director with effect from 5th August, 2014.

#### 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](http://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.

## Corporate Governance Report

## Remuneration of Directors

Remuneration paid/payable to the Directors for the year ended 31st March, 2014:

Name of the Director	Salaries and Perquisites (₹)	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Purushottam C. Mandhana	2,76,28,800/-	Nil	Nil	2,76,28,800/-
Mr. Biharilal C. Mandhana	86,68,800/-	Nil	Nil	86,68,800/-
Mr. Manish B. Mandhana	1,93,48,800/-	Nil	Nil	1,93,48,800/-
Mr. Ghyanendra Nath Bajpai	Nil	Nil	1,20,000/-	1,20,000/-
Mr. Sanjay K. Asher	Nil	Nil	90,000/-	90,000/-
Mr. Khurshed M. Thanawalla	Nil	Nil	1,30,000/-	1,30,000/-
Mr. Dilip G. Karnik	Nil	Nil	1,40,000/-	1,40,000/-

## Notes:

- Salaries and Perquisites include Salary, allowances, company's contribution to provident fund and monetary value of perquisites, if any.
- 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.

## 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, 2014:

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, 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) 7th May, 2013    | (3) 30th October, 2013 |
| (2) 6th August, 2013 | (4) 5th February, 2014 |

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

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:

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

## (B) Role of the Audit Committee:

- 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.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in



the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;

- Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to the financial statements;
  - Disclosure of any related party transactions; and
  - 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 minimizing 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, 2014:

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

Mr. Vinay Sampat, 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

No Remuneration Committee meeting held during the year.

#### Terms of Reference

1. 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.);

## Corporate Governance Report

2. To be authorized 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; and
3. 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, 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, 2014:

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

#### 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
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.
29th AGM (2013-14)	19th September, 2013	C-2, 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.

There were 2 meetings of the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee held during the year on 14th August, 2013 and 8th January, 2014.

During the year the Company received one grievance from the Shareholder and the same was resolved within 30 days.

The SCORES website of SEBI for redressing of grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the financial year ended 31st March, 2014.

There are no pending cases of share transfer as on 31st March, 2014.

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).

## b) Particulars of the Extra-ordinary General Meeting

No Extra-Ordinary General Meeting was held during the year 2013-14.

## c) Postal ballot:-

During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956.

**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. 33 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.

**VIII. MEANS OF COMMUNICATION**

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

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](http://www.mandhana.com) within the time frame prescribed in this regard.

**IX. GENERAL SHAREHOLDERS' INFORMATION:**

The Company is registered in the state of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L17120MH1984PLC033553.

<b>1. Annual General Meeting</b>	
- Date and Time	: 18th September, 2014 at 11:00 am
- Venue	: Plot No. C-2, M.I.D.C. Tarapur Industrial Area, Boisar, Dist: Thane – 401 506.
<b>2. Financial Calendar (tentative)</b>	:
a) Unaudited First Quarter Results	: On or before 14th August, 2014
b) Unaudited Second Quarter Results	: On or before 14th November, 2014
c) Unaudited Third Quarter Results	: On or before 14th February, 2015
d) Annual Results (Audited)	: On or before 30th May, 2015
<b>3. Face Value of equity Shares</b>	: ₹ 10/- per equity share
<b>4. Date of Book Closure</b>	: Saturday, 13th September, 2014 to Thursday, 18th September, 2014 (both days inclusive)
<b>5. Dividend Payment Date</b>	: the Final Dividend for 2013-14 will be paid on or after 23rd September, 2014
<b>6. Listing on Stock Exchanges</b>	: The Equity Shares of the Company are listed on (1) BSE Limited (BSE) (2) National Stock Exchange of India Limited (NSE) The Company has paid the listing fees to the Stock Exchanges within the prescribed time.
<b>7. Stock Code/ Symbol</b>	
- ISIN	: INE087J01010
- Script Code for BSE	: 533204
- Script Code for NSE	: MANDHANA

## Corporate Governance Report

## 8. Market price Data

The Market price data covering period April 2013 to March 2014 is given below:

Month	BSE				NSE			
	High	Date	Low	Date	High	Date	Low	Date
April 2013	268.00	23.04.2013	200.15	22.04.2013	264.30	22.04.2013	195.00	22.04.2013
May 2013	255.00	22.05.2013	244.00	31.05.2013	252.50	02.05.2013	244.00	31.05.2013
June 2013	252.95	03.06.2013	232.50	25.06.2013	250.00	24.06.2013	231.50	25.06.2013
July 2013	245.00	03.07.2013	230.00	31.07.2013	246.00	26.07.2013	230.00	31.07.2013
August 2013	238.00	13.08.2013	230.00	23.08.2013	245.05	19.08.2013	230.00	23.08.2013
September 2013	244.90	19.09.2013	230.00	03.09.2013	243.80	19.09.2013	229.90	03.09.2013
October 2013	250.00	31.10.2013	215.00	31.10.2013	278.90	31.10.2013	215.05	31.10.2013
November 2013	245.80	25.11.2013	232.00	29.11.2013	240.00	03.11.2013	232.00	29.11.2013
December 2013	244.00	26.12.2013	231.50	11.12.2013	249.00	02.12.2013	231.50	11.12.2013
January 2014	240.00	31.01.2014	231.95	31.01.2014	237.00	23.01.2014	231.95	31.01.2014
February 2014	240.00	12.02.2014	231.50	20.02.2014	253.90	12.02.2014	231.50	19.02.2014
March 2014	239.00	28.03.2014	222.00	25.03.2014	239.60	24.03.2014	229.00	25.03.2014

## Trading Volumes

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

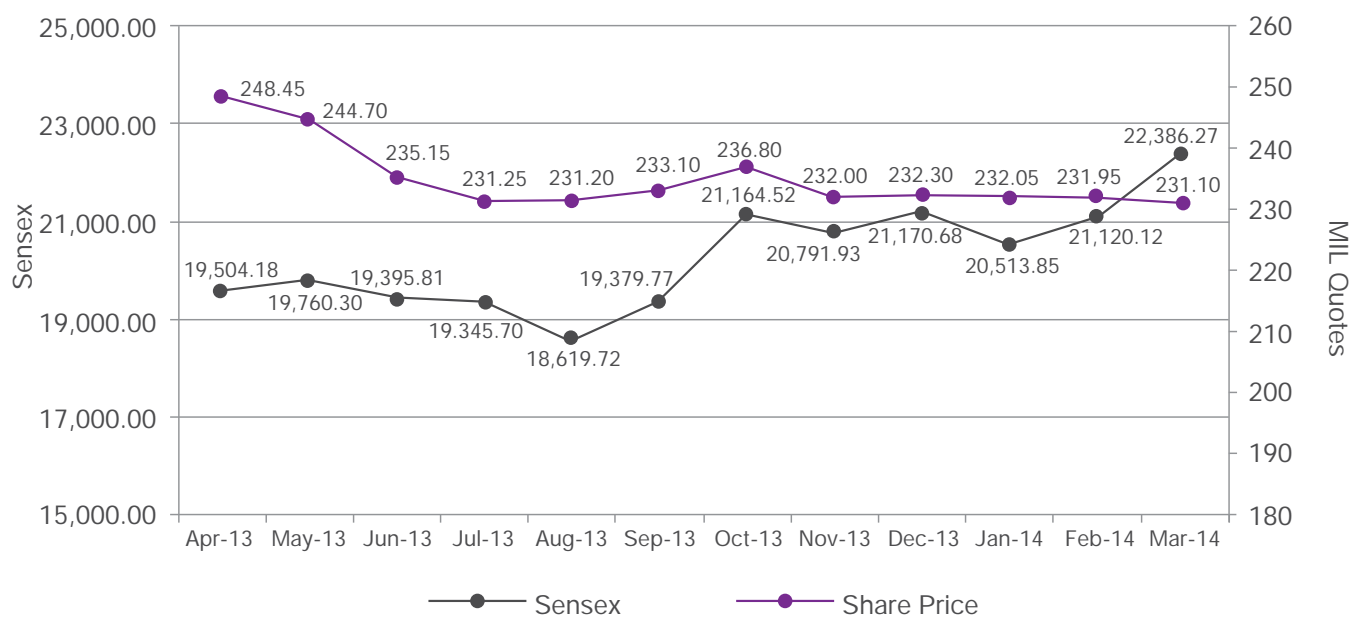
Month	BSE (Shares)	NSE (Shares)	Total (Shares)
April 2013	828,159	929,991	1,758,150
May 2013	755,899	566,994	1,322,893
June 2013	729,566	448,577	1,178,143
July 2013	1,733,383	1,174,222	2,907,605
August 2013	1,167,221	649,929	1,817,150
September 2013	513,964	369,751	883,715
October 2013	377,671	411,405	789,076
November 2013	321,289	285,628	606,917
December 2013	643,946	513,476	1,157,422
January 2014	310,048	300,392	610,440
February 2014	438,635	478,403	917,038
March 2014	1,107,732	976,167	2,083,899

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

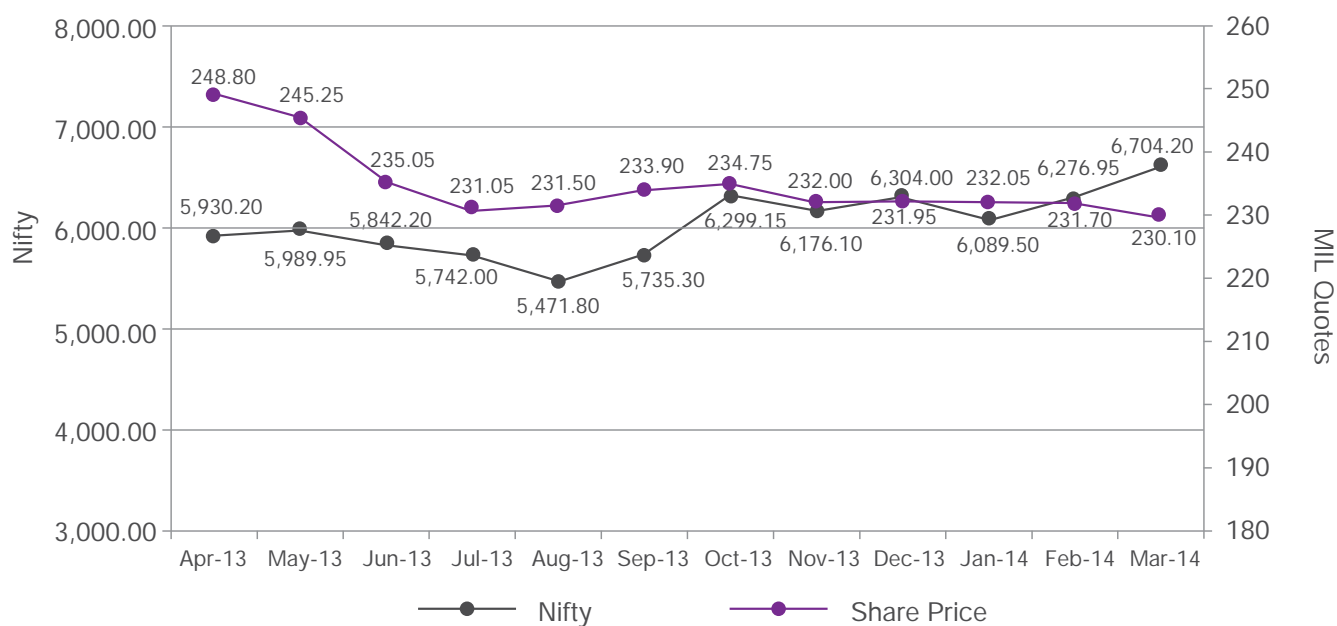
Month	BSE		NSE	
	Share Price	Sensex	Share Price	S&P CNX Nifty
April 2013	248.45	19,504.18	248.80	5,930.20
May 2013	244.70	19,760.30	245.25	5,989.95
June 2013	235.15	19,395.81	235.05	5,842.20
July 2013	231.25	19,345.70	231.05	5,742.00
August 2013	231.20	18,619.72	231.50	5,471.80
September 2013	233.10	19,379.77	233.90	5,735.30
October 2013	236.80	21,164.52	234.75	6,299.15
November 2013	232.00	20,791.93	232.00	6,176.10
December 2013	232.30	21,170.68	231.95	6,304.00
January 2014	232.05	20,513.85	232.05	6,089.50
February 2014	231.95	21,120.12	231.70	6,276.95
March 2014	231.10	22,386.27	230.10	6,704.20



Month end MIL Share Price/BSE Sensex (Sensex)



Month end MIL Share Price/NSE S&amp;P CNX Nifty (Nifty)

**9. Registrar and Share Transfer Agent**

Link Intime India Private Limited  
 (Unit : Mandhana Industries Limited)  
 C/13, Pannalal 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](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**10. Debenture Trustee**

IDBI Trusteeship Services Limited  
 Asian Building, Ground Floor,  
 17, R. Kamani Marg, Ballard Estate,  
 Mumbai - 400 001.  
 Tel : +91 22 4080 7000  
 Fax : +91 22 6631 1776  
 E-mail: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
 Website : [www.idbitrustee.co.in](http://www.idbitrustee.co.in)

## Corporate Governance Report

**11. 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.

**12. 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 BSE Limited and the National Stock Exchange of India Limited and hence have good liquidity.

**13. Voting through electronic means**

Pursuant to Section 108 of the Companies Act, 2013 and the rules made thereunder, every listed company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with CDSL, the authorized agency for this purpose, to facilitate such e-voting for its members. The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of AGM, through such e-voting method.

e-Voting shall be open for a period of three days, i.e. from Wednesday, 10th day of September, 2014 to Friday, 12th day of September, 2014 (both days inclusive) and Mr. Nitin R. Joshi, Practising Company Secretary shall act as the scrutinizer for the e-voting process.

Detailed procedure is given in the Notice of the AGM and also placed on the website of the Company.

Shareholders may get in touch with the Company Secretary for further assistance.

**14. (a) Distribution of Shareholding as on 31st March, 2014**

No. of Shares	No. of Holders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	1426	87.06	139,967	0.42
501 - 1,000	37	2.26	31,428	0.09
1,001 - 2,000	29	1.77	46,888	0.14
2,001 - 3,000	14	0.85	32,019	0.10
3,001 - 4,000	6	0.37	22,325	0.07
4,001 - 5,000	10	0.61	47,992	0.14
5,001 - 10,000	20	1.22	167,369	0.51
10,001 & Above	96	5.86	32,635,925	98.53
<b>Total</b>	<b>1638</b>	<b>100.00</b>	<b>33,123,913</b>	<b>100.00</b>

## (b) Shareholding pattern as on 31st March, 2014

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(A)	<b>Shareholding of Promoter and Promoter Group</b>			
(1)	<b>Indian</b>			
(a)	Individual/Hindu/Undivided Family	12	12,555,012	37.90
(b)	Central Government/ State Government	-	-	-
(c)	Bodies Corporate	1	1,462,621	4.42
(d)	Financial Institutions/ Banks	-	-	-
(e)	Any Other (specify) Relative of Director	18	8,805,354	26.58
	<b>Sub Total (A) (1)</b>	<b>31</b>	<b>22,822,987</b>	<b>68.90</b>
(2)	<b>Foreign</b>			
(a)	Individual (Non-Resident Individual/ Foreign Individuals)	-	-	-
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Other (specify)	-	-	-
	<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>31</b>	<b>22,822,987</b>	<b>68.90</b>
(B)	<b>Public Shareholding</b>			
(1)	<b>Institutions</b>			
(a)	Mutual Funds/ UTI	1	205	0.00
(b)	Financial Institutions/ Banks	2	604,229	1.82
(c)	Central Government/ State Government	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	3	1,430,000	4.31
(f)	FII's	5	1,167,530	3.52
(g)	Foreign Venture Capital Investors	-	-	-
(h)	Qualified Foreign Investors	-	-	-
(i)	Any Other (specify)	-	-	-
	<b>Sub Total (B) (1)</b>	<b>11</b>	<b>3,201,964</b>	<b>9.67</b>
(2)	<b>Non-Institutional</b>			
(a)	Bodies Corporate	95	5,536,084	16.71
(b)	Individuals			
	i. Individual shareholders holding nominal share capital upto ` 1 Lac	1,440	326,182	0.98
	ii. Individual shareholders holding nominal share capital in excess of ` 1 Lac	18	915,565	2.76
(c)	Any Other (specify)			
	i. Director's relative	-	-	-
	ii. Clearing Member	22	275,549	0.83
	iii. Directors	2	43,500	0.13
	iv. Office Bearers	-	-	-
	v. NRIs	15	1,370	0.00
	vi. NRN	4	712	0.00
	<b>Sub Total (B) (2)</b>	<b>1,596</b>	<b>7,098,962</b>	<b>21.43</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1,607</b>	<b>10,300,926</b>	<b>31.10</b>
	<b>TOTAL (A) + (B)</b>	<b>1,638</b>	<b>33,123,913</b>	<b>100.00</b>
(C)	<b>Shares held by Custodian and against which Depository Receipts have been issued</b>	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1,638</b>	<b>33,123,913</b>	<b>100.00</b>

## Corporate Governance Report

**(c) Dematerialization of shares and liquidity**

Out of 3,31,23,913 equity shares 3,30,72,860 equity shares representing 99.85% are in dematerialized form as on 31st March, 2014. The equity shares of the Company are traded at BSE 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 2013-14**

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:**

- The Company, being a listed public limited company as on 31st March, 2014, attracts provisions of Clause 49 of the Listing agreement. The Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement.
- Adoption/non-adoption of non-mandatory requirement as on 31st March, 2014.

- The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utilized 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.
- 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.
- The Company has set up a Remuneration Committee consisting of Three Non-Executive Directors and Independent Directors.
- 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 specialization.
- 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.
- Presently the Company does not have a whistle blower policy in place. But the employees are encouraged to report any contravention or suggestion for improved working of the Company.
- 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.

**XI. ADDRESS FOR CORRESPONDENCE**

M/s Link Intime India Private Limited  
(Unit : Mandhana Industries Limited)  
C/13, Pannalal 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: 5th August, 2014

**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, 2014 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 hereby declare that all the members of the Board of Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) 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.
- e) 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

Place: Mumbai  
Date : 5th August, 2014

**Purushottam C. Mandhana**  
(Chairman and Managing Director)

## 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, 2014, 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, 2014.

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 : 5th August, 2014

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, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 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, 2014;
- (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.

### 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 sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of the written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Vishal H. Shah & Associates**

Chartered Accountants

FRN -116422W

**Vishal H. Shah**

Proprietor

Membership No.-101231

Place: Mumbai

Date : 20th May, 2014

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the financial statement of Mandhana Industries Limited for the Year ended on 31st March, 2014,

### 1. In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

### 2. In respect of its inventories:

We have relied on the Inventory Audit carried out by M/S Nilesb Dhamecha & Associates Chartered Accountants for verification and valuation of inventory of the Company as on 31st March 2014. We have framed our opinion on various areas of Inventory as mentioned below based on Inventory Audit Report submitted by the said Chartered Accountants Firm.

- a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the 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.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- 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 ` 4.24 Lacs and the year-end balance of loans granted to the party was ` 4.24 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.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and 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.

5. In respect of the contracts or arrangements referred to in Section 301 of The Companies Act, 1956:

- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of The Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ` 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the financial statement of Mandhana Industries Limited for the Year ended on 31st March, 2014,

6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of The Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.
  - b) The disputed statutory dues aggregating ₹ 664.28 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

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	54.79	A.Y-2008-09	Commissioner of Income Tax (Appeal)
2	Income Tax Act, 1961	Income Tax	315.91	A.Y-2009-10	Commissioner of Income Tax (Appeal)
3	Central Excise Act, 1944	Excise Duty	290.58	May'01 to May'03	Mumbai High Court & Settlement Commission

Refer Note No. 36 forming part of the Financial Statements.

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has given guarantees for loans taken by Others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the financial statement of Mandhana Industries Limited for the Year ended on 31st March, 2014,

funds raised on short-term basis that have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of The Companies Act, 1956.
19. According to the information & explanation given to us during the year, the Company had issued 100 Debenture of ₹ 10 Lacs each and created the security in respect of debenture issued.
20. The Company has not raised any monies by way of public issues during the year.

21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **Vishal H. Shah & Associates**  
Chartered Accountants  
FRN -116422W

**Vishal H. Shah**  
Proprietor  
Membership No.-101231

Place : Mumbai  
Date : 20th May, 2014

## BALANCE SHEET as at 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As At 31st March, 2014	As At 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	1	3,312.39	3,312.39
b) Reserves & Surplus	2	49,037.44	43,888.27
		<b>52,349.83</b>	<b>47,200.66</b>
<b>2 Non-current Liabilities</b>			
a) Long-Term Borrowings	3	38,401.09	39,136.59
b) Deferred Tax Liabilities(Net)	4	8,088.23	7,286.80
c) Other Long Term Liabilities	5	26.70	44.91
d) Long Term Provisions	6	62.71	125.82
<b>Total Non Current Liabilities</b>		<b>46,578.73</b>	<b>46,594.13</b>
<b>3 Current Liabilities</b>			
a) Short-Term Borrowings	7	44,982.64	40,143.57
b) Trade Payables		9,120.19	8,929.60
c) Other Current Liabilities	8	11,251.77	7,707.93
d) Short Term Provisions	9	3,104.26	1,668.36
<b>Total Current Liabilities</b>		<b>68,458.87</b>	<b>58,449.46</b>
<b>Total Equity and Liabilities</b>		<b>167,387.42</b>	<b>152,244.24</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
a) Fixed Assets	10		
i) Tangible Assets		54,679.78	54,604.35
ii) Intangible Assets		71.97	91.93
iii) Capital work in progress		1,812.44	1,023.40
<b>Sub Total</b>		<b>56,564.20</b>	<b>55,719.67</b>
b) Long Term Loans and Advances	11	6,784.23	7,135.60
<b>Total Non-Current Assets</b>		<b>63,348.42</b>	<b>62,855.27</b>
<b>2 Current Assets</b>			
a) Current Investments	12	78.97	66.56
b) Inventories	13	53,838.53	49,675.77
c) Trade Recievables	14	38,990.50	27,396.76
d) Cash and Cash Equivalents	15	1,080.86	2,244.68
e) Short-term loans and advances	16	5,876.13	6,919.11
f) Other Current Assets	17	4,174.01	3,086.09
<b>Total Current Assets</b>		<b>104,039.00</b>	<b>89,388.97</b>
<b>Total Assets</b>		<b>167,387.42</b>	<b>152,244.24</b>

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

As per our report of even date attached

For **Mandhana Industries Limited**

**Vishal H. Shah & Associates**

Chartered Accountants

FRN -116422W

**Vishal H. Shah**

PROPRIETOR

Membership No:101231

**Purushottam C. Mandhana**

Chairman & Managing Director

**Biharilal C. Mandhana**

Director

Place : Mumbai

Date : 20th May, 2014

**Manish B. Mandhana**

Joint Managing Director

**Vinay Sampat**

Company Secretary

Balance Sheet | Statement of Profit and Loss

# STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Notes	For Year Ended 31st March, 2014	For Year Ended 31st March, 2013
<b>I INCOME</b>			
Revenue From Operations	18	151,793.76	136,306.36
<b>II Other Income</b>	19	(301.51)	(454.62)
<b>III TOTAL REVENUE (I + II)</b>		<b>151,492.25</b>	<b>135,851.74</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	20	56,216.34	76,604.44
Cost of goods Traded	21	42,656.90	30,063.48
Changes in inventories of finished good work-in-progress and Stock-in-Trade	22	(1,295.46)	(15,897.62)
Manufacturing and Operating Costs	23	15,443.62	14,292.78
Employee Benefit Expenses	24	7,661.87	6,651.21
Finance Costs	25	9,697.21	7,059.32
Depreciation & Amortisation Expenses	10	2,918.71	2,624.21
Other Expenses	26	7,071.73	4,838.21
Total Expenses		<b>140,370.93</b>	<b>126,236.04</b>
<b>V PROFIT BEFORE TAX (III - IV)</b>		<b>11,121.32</b>	<b>9,615.70</b>
<b>VI TAX EXPENSE</b>			
Current Tax		3,292.46	2,423.05
Deferred Tax		801.43	638.76
<b>VII PROFIT (LOSS) FOR THE YEAR (V - VI)</b>		<b>7,027.43</b>	<b>6,553.89</b>
Income Tax paid for earlier Year		<b>1,103.17</b>	<b>20.08</b>
Balance carried to Balance Sheet		<b>5,924.26</b>	<b>6,533.82</b>
Earning Per Equity Share of ₹ 10 each			
Basic EPS (₹)		<b>17.89</b>	<b>19.73</b>
Diluted EPS (₹)		<b>17.89</b>	<b>19.73</b>
Weighted average number of shares outstanding		<b>33,123,913</b>	<b>33,123,913</b>

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

As per our report of even date attached

For **Mandhana Industries Limited****Vishal H. Shah & Associates**

Chartered Accountants

FRN -116422W

**Vishal H. Shah**

PROPRIETOR

Membership No:101231

**Purushottam C. Mandhana**

Chairman &amp; Managing Director

**Biharilal C. Mandhana**

Director

Place : Mumbai

Date : 20th May, 2014

**Manish B. Mandhana**

Joint Managing Director

**Vinay Sampat**

Company Secretary



## CASH FLOW STATEMENT for the period from 1/4/2013 to 31/03/2014

(₹ in Lacs)

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation and extraordinary item	11,121.32	9,615.70
<b>Adjustments for:</b>		
Depreciation charged to Profit & Loss A/c	2,918.71	2,624.21
Bad Debts, Advances And Claims Written Off	-	36.21
Provision for Diminution in Value of Current Investments	(0.23)	8.45
Finance Charges and Gain/Loss on variation in Foreign Exchange Rates	1,103.59	(328.71)
Surplus on sales of Investment(Net)	-	25.64
Income from conversion of Stock to investment	(12.18)	-
Land premium w/off	15.14	15.14
Loss on sale of fixed assets	56.98	31.20
Profit on sale of fixed assets	(2.79)	-
Interest Expenses	8,593.62	7,388.03
Operating profit before working capital changes	23,794.17	19,415.87
Decrease (Increase) in Inventories	(4,162.76)	(11,471.82)
Decrease (increase) in Debtors	(11,593.73)	(9,380.96)
Decrease (Increase) in Short term loan and Advances	(231.56)	(4,848.88)
(Decrease) Increase in Creditors	190.58	6,242.06
(Decrease) Increase in other liabilities	(4.68)	398.80
Cash generated from operations	7,992.02	355.07
Income Tax Paid	(2,965.37)	(1,689.87)
<b>Net cash flow from / (used in) operating activities</b>	<b>5,026.66</b>	<b>(1,334.80)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,893.40)	(5,287.90)
Proceeds from sales of fixed assets	60.82	109.98
Capital Advances against Fixed Asset	537.99	428.76
FD placed with banks	106.67	(563.52)
Investments	-	162.22
<b>Net cash from / (used in) investing activities</b>	<b>(3,187.92)</b>	<b>(5,150.48)</b>

## Cash Flow Statement

**CASH FLOW STATEMENT** for the period from 1/4/2013 to 31/03/2014

(₹ in Lacs)

Particulars	Current Year	Previous Year
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in long term borrowings (Net)	2,732.23	6,691.85
Increase (Decrease) in Working Capital finance	5,185.48	9,309.27
Miscellaneous Expenditure	-	(309.55)
Increase (Decrease) in unsecured loans	(1,450.00)	(44.48)
Dividend Paid (inclusive of dividend tax)	(769.95)	(384.97)
Interest paid	(8,593.62)	(7,388.03)
<b>Net cash from financing activities</b>	<b>(2,895.87)</b>	<b>7,874.09</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,057.14)</b>	<b>1,388.80</b>
<b>Cash &amp; cash equivalents at the beginning</b>	<b>1,447.46</b>	<b>58.67</b>
<b>cash &amp; cash equivalents at the end</b>	<b>390.32</b>	<b>1,447.46</b>
(As per note)		
	<b>(1,057.14)</b>	<b>1,388.80</b>

(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

For **Mandhana Industries Limited**

**Vishal H. Shah & Associates**

Chartered Accountants

FRN -116422W

**Vishal H. Shah**

PROPRIETOR

Membership No:101231

Place : Mumbai

Date : 20th May, 2014

**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, 2014	As At 31st March, 2013
<b>NOTE 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
3,99,90,000 Equity Shares of ₹ 10/- each	3,999.00	3,999.00
10,000 preference shares of ₹ 10 /- each	1.00	1.00
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
3,31,23,913 Equity shares of ₹ 10 each fully paid up	3,312.39	3,312.39
<b>Total</b>	<b>3,312.39</b>	<b>3,312.39</b>

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

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Priyavrat P. Mandhana Jt. Purushottam C. Mandhana	3,483,732	10.52	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	1,972,595	5.96	1,749,000	5.28
Sudha B. Mandhana Jt. Biharilal C. Mandhana	1,946,599	5.88	1,741,000	5.26
Biharilal C. Mandhana Jt. Sudha B. Mandhana	1,682,000	5.08	1,682,000	5.08
	<b>16,474,206</b>		<b>15,847,280</b>	

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

Particulars	Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
<b>EQUITY SHARES :</b>					
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	-	-	-	-	-
<b>PREFERENCE SHARES :</b>					
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

## NOTES to the financial statements

(₹ in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 2 RESERVES AND SURPLUS</b>		
<b>A. Capital Reserve (Special Capital Incentive)</b>		
Opening Balance	25.00	25.00
Add Addition during the year	-	-
Closing Balance	25.00	25.00
<b>B. Share Premium</b>	10,947.62	11,257.17
Add Addition during the year	-	-
Total Share Premium	10,947.62	11,257.17
Less Debenture Issue Expenses	-	309.55
Closing Balance	10,947.62	10,947.62
<b>C. General Reserve</b>		
Opening Balance	3,714.97	2,914.97
Add Addition during the year	800.00	800.00
Closing Balance	4,514.97	3,714.97
<b>D. Debenture Redemption Reserve</b>		
Opening Balance	1,750.00	-
Add Addition during the year	250.00	1,750.00
Closing Balance	2,000.00	1,750.00
<b>E. Surplus i.e Balance in Profit &amp; Loss Account</b>		
Opening Balance	27,450.65	24,236.81
Add Surplus during the year	5,924.26	6,533.82
Less Proposed Dividends (Inclusive of Dividend Distribution Tax)	775.07	769.95
Transfer to Debenture Redemption Reserves	250.00	1,750.00
Transfer to Reserves	800.00	800.00
Closing Balance	31,549.84	27,450.67
<b>TOTAL</b>	<b>49,037.44</b>	<b>43,888.27</b>
(₹ in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 3 LONG TERM LIABILITIES</b>		
a) Debenture (Secured) (Refer Annexure 1)	7,600.00	7,000.00
Secured		
b) Term Loan (Refer Annexure 2)		
From Banks	30,801.09	32,136.59
	<b>38,401.09</b>	<b>39,136.59</b>

## NOTES to the financial statements

### Annexure 1 Debentures Outstanding at the year end are redeemable as follows

Nos	Particulars	Debenture Holder	AS AT 31.03.2014	Date of Redemption
20	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	20,000,000	28-Sep-14
20	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	20,000,000	28-Mar-15
20	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	20,000,000	28-Sep-15
20	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	20,000,000	28-Mar-16
30	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	30,000,000	28-Sep-16
30	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	30,000,000	28-Mar-17
30	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	30,000,000	28-Sep-17
30	12.25 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	L&T Finance Limited	30,000,000	28-Mar-18
15	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Allahabad bank	15,000,000	28-Mar-16
15	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Allahabad bank	15,000,000	28-Mar-17
20	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Allahabad bank	20,000,000	28-Mar-18
75	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Bank of India	75,000,000	28-Mar-16
75	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Bank of India	75,000,000	28-Mar-17
100	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Bank of India	100,000,000	28-Mar-18
30	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Canara Bank	30,000,000	3-Oct-16
30	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Canara Bank	30,000,000	3-Oct-17
40	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Canara Bank	40,000,000	3-Oct-18
60	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Indian Overseas Bank	60,000,000	15-Mar-16
60	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Indian Overseas Bank	60,000,000	15-Mar-17
80	12.75 Secured Redeemable Non convertible Debentures of ` 10,00,000/- each	Indian Overseas Bank	80,000,000	15-Mar-18

According to the information & Explanation given to us during the period covered by our audit report, the company had issued 100 Non convertible Depentures of ` 10 lac each to Canara Bank & created additional Debenture Redemption Reserve of ` 250 Lacs. All the Debentures are secured by all the movable & Immovable assets Situated at Plot no E-25 & E-33,MIDC Tarapur.



Notes to the financial statements

# NOTES to the financial statements

Annexure 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 2014 (₹ In Lacs)	Interest Rate at Period end	Nature of Securities	Repayment terms of interest and principal
1	Corporation Bank, IFB, Mumbai.	Term Loan of ₹ 1237.00 Lac	309.40 (464.00)	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 installment will fall due on 29/02/2016.
2	State Bank of Patiala, Nariman Point, Mumbai.	Term Loan of ₹ 7095.00 Lac	NIL (1989.00)	NIL (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 installment of ₹ 213.00 Lacs. will fall due on 30/06/2015.
		Term Loan of ₹ 660.00 Lac	NIL (261.00)	NIL (13.50%)		32 equal quarterly installments of ₹ 21.00 Lacs commencing from 30/09/2008, last installment will fall due on 30/06/2016.
		Term Loan of ₹ 4125.00 Lac	NIL (2319.00)	NIL (13.25%)		32 equal quarterly installments of ₹ 129.00 Lacs Commencing from 31/12/2009, last installment will fall due on 30/09/2017
		Term Loan of ₹ 8250.00 Lac	NIL (7218.72)	NIL (13.25%)		32 equal quarterly installments of ₹ 257.82 Lacs Commencing from 30/06/2012, last installment will fall due on 31/03/2020.
3	Allahabad Bank, Fort Branch, Mumbai.	Term Loan of ₹ 1545.00 Lac	1101.00 (NIL)	12.50% (NIL)	(Secured by Hypothecation of Plant & Machinery & Mortgage of immovable properties at C-2, MIDC, Tarapur)	6 equal quarterly installments of ₹ 222.00 Lacs Commencing from 31/03/2013, last installment will fall due on 30/06/2015.
		Term Loan of ₹ 219.00 Lac	177.00 (NIL)	12.50% (NIL)		10 equal quarterly installments of ₹ 21.00 Lacs Commencing from 31/03/2013, last installment will fall due 30/06/2016.
		Term Loan of ₹ 2061.00 Lac	1803.00 (NIL)	12.50% (NIL)		15 equal quarterly installments of ₹ 129.00 Lacs Commencing from 31/03/2013, last installment will fall due 30/09/2017
		Term Loan of ₹ 6704.00 Lac	6187.44 (NIL)	12.50% (NIL)		25 equal quarterly installments of ₹ 257.82 Lacs Commencing from 31/03/2013, last installment will fall due 31/03/2020.
		Term Loan of ₹ 4500.00 Lac	816.00 (NIL)	12.50% (NIL)		32 quarterly installments with 1st installment of ₹ 90 Lacs falling due in June 2016, thereafter installments of ₹ 112.5 Lacs each for next 8 quarters, thereafter installment of ₹ 135 Lacs each for next 16 quarters, thereafter installments of ₹ 168.8 Lac each for next 4 quarters and for last 3 quarters installment of ₹ 225 Lacs each ending March 2024.

## NOTES to the financial statements

Sr. no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31st, March 2014 (₹ In Lacs)	Interest Rate at Period end	Nature of Securities	Repayment terms of interest and principal
		Term Loan of ₹ 5000.00 Lac	5000.00 (NIL)	13.20% (NIL)		8 quarterly installments with first installment of 250 Lac falling due in June 2014, thereafter 4 equal installment of 625 Lac each for next 4 quarters and last 3 installments of 750 Lacs each due in last 3 quarters ending March 2016.
4	Axis Bank Limited	Term Loan of ₹ 5000.00 Lac	3125.00 (3750.00)	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 installments commencing from 31/12/2010 and last installment will fall due on 30/09/2018.
	Bank of Baroda	Term Loan of ₹ 8000.00 Lac	4750.00 (5750.00)	12.75% (13.25%)		
	Indian Bank	Term Loan of ₹ 1250.00 Lac	781.21 (937.46)	13.50% (14.00%)		
	Punjab National Bank	Term Loan of ₹ 4500.00 Lac	2812.12 (3374.63)	14.00% (13.25%)		
	State Bank of India (Erstwhile State Bank of Saurashtra) *	Term Loan of ₹ 1500.00 Lac	890.07 (1077.58)	14.25% (13.95%)		
5	Axis Bank Limited	Term Loan of ₹ 9500.00 Lac (Inclusive of Buyer's Credit of ₹ 467.42 (Lacs))	6139.86 (7350.29)	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 ₹ 297.00 Lacs Commencing from 31/12/2012 and last installment will fall due on 30/09/2020.
		Term Loan of ₹ 5000.00 Lac	3212.56 (3212.56)	13.50% (13.50%)	(Secured by Hypothecation of fixed assets procured for "Being Human" retail project.)	In 20 quarterly instalments commencing from 30/06/2014 and last installment will fall due on 31/03/2019.
6	Bank of Baroda	Term Loan of ₹ 1200.00 Lac	825.00 (975.00)	12.75% (12.75%)	(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 installment will fall due on 30/09/2019.
7	Karur Vyasya Bank	Term Loan of ₹ 2500.00 Lac	2500.00 (NIL)	12.75% (NIL)	(first pari-passu charge secure by hypothecation of Plant & Machinery & Mortgage of immovable properties situated at E-25 and E-33, MIDC, Tarapur)	16 equal quarterly installments of ₹ 156.25 Lacs commencing from Dec 2014 and with last installment falling due on Sept 2018.

Installments falling due in respect of all the above long term loans including NCDs upto 31.03.2015 (for Previous Year 31.03.2014) have been grouped under "Current maturities of Long Term debt". (Refer Note 8)

## Notes to the financial statements

## NOTES to the financial statements

			(` in Lacs)
Particulars	Deferred Tax Liability/ (Asset) as at 1st April, 2013	Current Year charge/(credit)	Deferred tax Liability/(Asset) as at 31st March, 2014
<b>NOTE 4 DEFERRED TAX LIABILITIES</b>			
Deferred Tax Liabilities:			
Difference between book and tax Depreciation	7352.01	783.40	8135.41
Deferred Tax Asset			
Adjustment on account of application of AS-15	(65.21)	18.03	(47.18)
<b>TOTAL</b>	<b>7,286.80</b>	<b>801.43</b>	<b>8,088.23</b>

			(` in Lacs)
Particulars	As At 31st March, 2014	As At 31st March, 2013	
<b>NOTE 5 OTHER LONG TERM LIABILITIES</b>			
Vehicle loans from Banks / Finance Co.	26.70	44.91	
<b>TOTAL</b>	<b>26.70</b>	<b>44.91</b>	

			(` in Lacs)
Particulars	As At 31st March, 2014	As At 31st March, 2013	
<b>NOTE 6 LONG TERM PROVISIONS</b>			
Provision for employee benefits			
Gratuity (unfunded)	62.71	125.82	
<b>TOTAL</b>	<b>62.71</b>	<b>125.82</b>	

			(` in Lacs)
Particulars	As At 31st March, 2014	As At 31st March, 2013	
<b>NOTE 7 SHORT TERM BORROWINGS</b>			
Secured			
Loans repayable on demand			
From Banks	44,682.64	38,393.57	
(Including ` 11,683.78 Lacs (Previous year ` 13,962.38 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)			
From Banks	-	1,750.00	
Unsecured			
From Others	300.00	-	
	<b>44,982.64</b>	<b>40,143.57</b>	

## NOTES to the financial statements

(₹ in Lacs)

Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 8 OTHER CURRENT LIABILITIES</b>		
Current Maturities of long-term debt	10,028.58	6,542.64
Deposits/Advances from Dealers, Agent etc.	332.10	248.10
Statutory Dues	196.91	200.32
Advance against Sales	131.77	113.29
Accrued loss on outstanding Forward Contract	1.01	-
Salary Payable	339.04	401.29
Other Payables (Including Interest Payable on Debentures)	222.37	202.30
	<b>11,251.77</b>	<b>7,707.93</b>

(₹ in Lacs)

Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 9 SHORT TERM PROVISIONS</b>		
(a) Provision for employee benefits (Refer Note 34)		
Gratuity - Funded	76.10	75.58
Gratuity - Unfunded	-	-
(b) Others		
Proposed Dividend	662.48	662.48
Tax on proposed Dividend	112.59	107.47
(c) Provision for Income Tax (Net of Advance Taxes)	2,253.10	822.83
	<b>3,104.26</b>	<b>1,668.36</b>

Notes to the financial statements

# NOTES to the financial statements

Sr. No.	Description of Asset	Gross block		Depreciation		Net block				
		Cost as at 31st March, 2013	Additions / Deletion / adjustment	Cost as at 31st March, 2014	Up to 31st March, 2013	For the year ended	Up to 31st March, 2014	As on 31st March, 2014	As on 31st March, 2013	
NOTE 10 FIXED ASSETS										
(I) Tangible Assets										
1	Lease Hold Land	1,430.52	-	-	1,430.52	15.14	-	100.52	1,330.00	1,345.14
2	Freehold Land	340.57	-	-	340.57	-	-	-	340.57	340.57
3	Factory Building	16,678.35	356.17	-	17,034.52	563.06	-	2,601.69	14,432.83	14,639.72
4	Capital Expenditure on Store Premises	920.67	443.73	-	1,364.40	17.28	-	44.59	1,319.82	893.36
5	Residential Building	2,022.22	122.48	-	2,144.70	13.06	-	57.50	2,087.21	1,977.78
6	Office Building	291.83	-	-	291.83	4.76	-	29.51	262.32	267.07
7	Plant & Machinery	42,547.24	1,370.87	146.90	43,771.22	2,045.39	48.62	11,371.69	32,399.53	33,172.32
8	Factory Equipment	35.09	13.92	-	49.01	2.18	-	9.21	39.80	28.07
9	Air Conditioner	159.56	18.18	-	177.74	7.96	-	33.03	144.70	134.49
10	Furniture & Fixtures	1,522.04	479.09	-	2,001.13	112.50	-	481.65	1,519.49	1,152.90
11	Motor Car & Bikes	386.09	15.20	49.87	351.42	33.32	33.14	124.74	226.68	261.54
12	Office Equipment	194.65	93.34	-	287.99	11.76	-	50.29	237.70	156.12
13	Electrical Installations	92.61	0.73	-	93.34	4.43	-	5.84	87.50	91.21
14	Computer Accessories	409.94	181.28	-	591.22	73.71	-	339.58	251.64	144.07
TOTAL :		67,031.37	3,095.01	196.77	69,929.60	2,904.56	81.76	15,249.82	54,679.78	54,604.35
Previous Year Total :		59,862.66	7,336.83	168.12	67,031.37	2,605.07	26.94	12,427.02	54,604.35	50,013.77
This Is debited to land premium W/off and hence not included in depreciation										

\* 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, 2013	Additions / Deletion / adjustment	Cost as at 31st March, 2014	Up to 31st March, 2013	For the year ended	Up to 31st March, 2014	As on 31st March, 2014			
(II) Intangible Assets											
1	Computer Software	194.00	9.34	-	203.34	102.08	29.29	-	131.37	71.97	91.93
TOTAL :		194.00	9.34	-	203.34	102.08	29.29	-	131.37	71.97	91.93
Previous Year Total :		180.22	13.78	-	194.00	67.80	34.28	-	102.08	91.93	112.42

Description of Asset	Garment Unit - Tarapur		Garment Unit - Baramati*		Being Human (MRV)		TOTAL	
	As At 31st March 2014	As At 31st March 2013	As At 31st March 2014	As At 31st March 2013	As At 31st March 2014	As At 31st March 2013	As At 31st March 2014	As At 31st March 2013
<b>(III) Capital Work in Progress:</b>								
Opening Balance	-	2,296.11	1,023.40	549.87	-	240.11	1,023.40	3,086.09
Add: Investment During The Year	-	1,568.64	789.04	473.53	-	455.67	789.04	2,497.84
Less: Transfer to Fixed Assets	-	3,864.75	-	-	-	695.78	-	4,560.53
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>1,812.44</b>	<b>1,023.40</b>	<b>-</b>	<b>-</b>	<b>1,812.44</b>	<b>1,023.40</b>

Capital Work in progress includes expenditure incurred for construction of factory building , interest thereon and incidental expenditure for proposed garment unit at Baramati.



## NOTES to the financial statements

Particulars	( ₹ in Lacs)	
	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 11 LONG TERM LOANS AND ADVANCES</b>		
Capital Advances*		
Unsecured, Considered Goods	3,254.94	3,792.93
Security Deposits		
Unsecured, Considered Goods	3,529.29	3,342.67
	<b>6,784.23</b>	<b>7,135.60</b>

\* Capital Advances Includes advance for Garment Project at Baramati

### NOTE 12 CURRENT INVESTMENTS

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, 2014	31st March, 2013			31st March, 2014	31st March, 2013		
(a) Investment in Properties										
	Residential Flat *		1	-			12.18	-	Yes	Valued at cost of Construction
(b) Investment in Equity Instruments										
	Mandhana Retail Venture Limited	Others	100	100	Unquoted	FullyPaid	0.01	0.01	Yes	
(c) Investments in Mutual Funds										
1)	HDFC MF Monthly Income Plan - Long Term - Growth		225,414	225,414			50.00	50.00	Yes	At Cost
2)	Baroda Pioneer PSU Equity Fund		250,000	250,000			16.78	16.55	No	At Market Value
	Total						78.97	66.56		

\* During the year the Company has transferred its Residential Flat lying in stock in trade to Investment at Cost of construction.

## Notes to the financial statements

## NOTES to the financial statements

( ` in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 13 INVENTORIES</b>		
Finished Goods	37,522.83	37,502.60
Raw Materials	13,330.60	10,536.46
Store & Spares	1,101.69	1,028.53
Work in Process	1,883.41	608.18
<b>Total</b>	<b>53,838.53</b>	<b>49,675.77</b>

( ` in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>DETAILS OF FINISHED GOODS</b>		
Grey Fabric	12,506.62	10,930.05
Finish Fabric	19,614.82	21,847.36
Garments	5,401.39	4,713.01
Residential Flats	-	12.18
	<b>37,522.83</b>	<b>37,502.60</b>
<b>DETAILS OF RAW MATERIALS</b>		
Yarn	1,878.95	1,672.99
Grey Fabric	6,019.37	5,469.14
Finish Fabric	5,432.29	3,394.33
	<b>13,330.60</b>	<b>10,536.46</b>
<b>DETAILS OF WORK IN PROGRESS</b>		
Yarn	503.30	248.23
Finish Fabrics	837.26	-
Garments	542.85	359.94
	<b>1,883.41</b>	<b>608.18</b>

For Mode of Valuation, refer Annexure I

( ` in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 14 TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
unsecured, considered good	38,518.98	27,095.80
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
unsecured, considered good	471.52	300.96
Unsecured, considered doubtful	58.86	58.86
Less: Provision for Doubtful Debts	(58.86)	(58.86)
<b>Total</b>	<b>38,990.50</b>	<b>27,396.76</b>

## NOTES to the financial statements

( ` in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 15 CASH AND CASH EQUIVALENTS</b>		
(i) Cash and Cash Equivalents		
a. Balances with Banks	298.04	1,375.65
b. Cash on Hand	92.28	71.82
(ii) Other Bank Balances		
a. Balances with banks to the extent held as margin money*	690.55	797.21
<b>Total</b>	<b>1,080.86</b>	<b>2,244.68</b>

\* Margin Money of ` 43.19 Lacs (Previous Year ` 60.95 Lacs) paid for Bank Guaranty to Sales tax Department & MSEB and remaining for LC Margin due course of Business.

(Rs. In Lacs)		
	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 16 SHORT TERM LOANS AND ADVANCES</b>		
a. Loans and advances to related parties	4.24	3.74
Mandhana Retail Ventures Limited		
Unsecured, Considered Good		
b. Others	5,871.88	6,915.37
Unsecured, Considered Good		
<b>Total</b>	<b>5,876.13</b>	<b>6,919.11</b>

( ` in Lacs)		
Particulars	As At 31st March, 2014	As At 31st March, 2013
<b>NOTE 17 OTHER CURRENT ASSETS</b>		
a. Exports Incentives receivable	1,408.05	1,243.22
b. TUF Interest Subsidy Receivable	1,496.83	993.44
c. Claims and Other Receivable	356.21	35.45
d. Vat Refund Receivable	561.68	507.04
e. Forward Contract Premium Receivable	228.87	187.25
f. Pre Paid Expenses	122.37	119.70
<b>Total</b>	<b>4,174.01</b>	<b>3,086.09</b>

Notes to the financial statements

**NOTES** to the financial statements

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 18 REVENUE FROM OPERATIONS</b>		
Sale of Products		
1) Local Sales	121,742.16	107,972.06
2) Export Sales	26,044.06	24,192.58
Sale of Services		
1) Processing & Services Charges	1,923.05	2,289.85
2) Duty Drawbacks & Other Export Entitlements	2,084.49	1,936.67
Less: Exice Duty	-	(84.81)
	<b>151,793.76</b>	<b>136,306.36</b>
<b>Details of Sales of Prodcuts:</b>		
<b>CLASS OF GOODS</b>		
<b>LOCAL GOODS</b>		
Fabrics	114,335.71	105,955.37
Garments & Accessory	7,270.40	1,732.06
Yarn	136.05	284.63
<b>(A) Total</b>	<b>121,742.16</b>	<b>107,972.06</b>
<b>EXPORTS</b>		
Fabrics	5,574.85	3,286.78
Garments & Accessory	20,469.21	20,905.80
<b>(B) Total</b>	<b>26,044.06</b>	<b>24,192.58</b>

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 19 OTHER INCOME</b>		
Interest Income	69.10	89.21
Foreign Exchange Fluctuation	(452.65)	(583.94)
Profit /(Loss) on Sale of Assets	(54.19)	(31.20)
Profit on sale of Mutual Fund & Shares	-	(25.64)
Provision for diminution in value of current investments	0.23	(8.45)
Miscellaneous Income	136.01	105.40
	<b>(301.51)</b>	<b>(454.62)</b>

## NOTES to the financial statements

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 20 COST OF MATERIAL CONSUMED</b>		
Opening Stock	10,536.46	15,095.73
Purchases	59,010.48	72,045.17
	<b>69,546.94</b>	<b>87,140.90</b>
Less: Closing Stock	13,330.60	10,536.46
<b>Total</b>	<b>56,216.34</b>	<b>76,604.44</b>

( ` in Lacs)				
Particulars	For Y. E. 31st March, 2014	% age	For Y. E. 31st March, 2013	% age
Imported and Indigenous Raw Materials Consumed				
Imported	871.16	1.55%	211.73	0.28%
Indigenous	55,345.18	98.45%	76,392.71	99.72%
	<b>56,216.34</b>	<b>100.00%</b>	<b>76,604.44</b>	<b>100.00%</b>

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
Details of Raw Materials Consumed		
<b>CLASS OF GOODS</b>		
Fabric	39,526.98	64,016.81
Yarn	16,689.36	12,587.63
Auxiliary Materials	-	-
<b>Total</b>	<b>56,216.34</b>	<b>76,604.44</b>

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 21 PURCHASE OF STOCK IN TRADE</b>		
Fabrics	36,506.65	27,312.70
Garments	6,150.25	2,750.78
	<b>42,656.90</b>	<b>30,063.48</b>

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOOD WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock		
Finished Goods	37,502.60	20,754.44
Work-in-Progress	608.18	1,458.72
<b>Total</b>	<b>38,110.78</b>	<b>22,213.16</b>
Closing Stock		
Finished Goods	37,522.83	37,502.60
Work-in-Progress	1,883.41	608.18
<b>Total</b>	<b>39,406.24</b>	<b>38,110.78</b>
<b>Total Increase in Stock</b>	<b>1,295.46</b>	<b>15,897.62</b>



## Notes to the financial statements

## NOTES to the financial statements

(₹ in Lacs)

Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 23 MANUFACTURING AND OPERATING COSTS</b>		
Consumption of Auxilliary Materials	5,601.69	5,061.09
Packing Materials	677.57	648.88
Garment Stitching Charges	1,908.24	2,153.62
General Factory Expenses	67.07	111.97
Labour Charges	1,224.50	1,216.67
Power, fuel and water charges	5,605.77	4,733.97
Repair and Maintenance to building	4.16	6.63
Repair and Maintenance to machinery	91.95	74.98
Testing & Inspection Fees	113.76	154.27
Yarn Winding,Sizing & Weaving Charges	148.91	130.71
<b>Total</b>	<b>15,443.62</b>	<b>14,292.78</b>

## Imported and Indigenous Auxiliary Materials Consumed

(₹ in Lacs)

Particulars	AS AT 31st March, 2014	% age	AS AT 31st March, 2013	% age
Imported	336.88	6.01%	360.02	7.11%
Indigenous	5,264.81	93.99%	4,701.07	92.89%
	<b>5,601.69</b>	<b>100.00%</b>	<b>5,061.09</b>	<b>100.00%</b>

(₹ in Lacs)

Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 24 EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Wages (inclusive of Bonus, Gratuity & other Allowances)	6,892.24	5,987.99
Contribution to P.F, ESIC, etc	535.87	486.19
Employee's Welfare and amenities	233.75	177.03
<b>Total</b>	<b>7,661.87</b>	<b>6,651.21</b>

(₹ in Lacs)

Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 25 FINANCE COSTS</b>		
Banks/Financial Institutions for Term Loans	2,906.92	3,036.61
(Net of interest subsidy of ₹ 1,496.83 Lacs (Previous Year 1,872.51 Lacs) under TUF scheme)		
To Debenture 's Holder	948.17	52.26
Banks for Working Capital	4,496.64	3,586.09
Net Loss on Currency fluctuation and translation	1,103.59	328.71
Others	241.90	55.64
<b>Total</b>	<b>9,697.21</b>	<b>7,059.32</b>

## NOTES to the financial statements

( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 26 OTHER EXPENSES</b>		
Auditor's Remuneration	13.48	13.48
Bank Charges & Commission	635.04	369.47
Bad Debts	-	36.21
Commission on Sales	413.29	268.74
Communication Expenses	89.53	74.59
Courier Charges	151.66	129.41
Director's Remuneration & Sitting Fees	484.44	380.90
Donations	1.81	6.87
Electricity Charges	105.29	42.03
Freight / Transportation (Net)	1,419.10	1,164.89
General Office Expenses	64.95	45.62
Insurance (Net)	90.03	92.99
Loss by Fire	-	79.56
Land Premium W/off	15.14	15.14
Legal & Licence Fees	462.85	323.59
Printing & Stationary Charges	74.18	66.53
Repair & maintenance	21.65	49.80
Professional Fees	706.83	367.33
Rent & Municipal Taxes	1,258.28	477.27
Octroi, Rates & Taxes	161.97	82.22
Advertisement & Sales Promotion Expenses	315.20	293.19
Travelling Expenses	376.21	275.95
Watch & Ward Exp.	93.39	77.13
Miscellaneous Expenses	117.42	105.31
<b>Total</b>	<b>7,071.73</b>	<b>4,838.21</b>
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
	<b>13.48</b>	<b>13.48</b>
( ` in Lacs)		
Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 27 VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS IN RESPECT OF:</b>		
a Auxiliary Material, Yarn, Garment & Accessory	1,208.04	571.75
b Capital Goods	292.69	790.82

## Notes to the financial statements

## NOTES to the financial statements

(₹ in Lacs)

Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 28 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
a Export Sales Commission	73.35	93.12
b Interest	1,071.85	967.27
c Foreign Travelling	47.28	33.20
d Others	40.18	208.76

(₹ in Lacs)

Particulars	For Y. E. 31st March, 2014	For Y. E. 31st March, 2013
<b>NOTE 29 EARNINGS IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
Export of Goods calculated on FOB Value	26,044.06	24,192.58

**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**

Balances of Debtors, Creditors and Loans & Advances have been as per books, and are subject to confirmation.

**NOTE 32 DISCLOSURES IN RESPECT OF DERIVATIVE INSTRUMENTS.**

- (a) Derivatives instruments outstanding.

(₹ in Lacs)

Sr. No.	Particulars	Currency	Forward Amount F.Y. 2013-2014	Forward Amount F.Y. 2012-2013	Type Of Contract
1	Against Exports	USD /INR	USD 82.50	USD 87.50	Sale
		EUR/INR	EUR 6.00	EUR 22.50	Sale
		GBP/INR	GBP 1.50	GBP 1.00	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:

(₹ in Lacs)

Particulars	Currency	For Y. E. 2013-14	For Y. E. 2012-13
Secured Loans	USD	190.55	254.58
Secured Loans	EURO	8.97	23.62
Outstanding Capital Commitments (Import LC)	USD	Nil	Nil
	EURO	Nil	Nil

## NOTES to the financial statements

### NOTE 33 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	Director
	Smt. Prema P. Mandhana	Wife of Mr. Purushottam Mandhana
	Priyavrat 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 Vanture limited

#### 2. Transactions with related parties :

	( ` in Lacs)	
	Referred in 1(a) Above	Referred in 1(b) Above
<b>Purchases :</b>		
Fabrics & Garments		1,490.27
		(1,083.00)
<b>Sales :</b>		
Fabrics & processing chgs.		342.86
		(1,736.44)
<b>Expenses :</b>		
Directors Remuneration & Perquisites	480.00	
	(413.66)	
Rent To Directors & Relatives of Directors	85.30	
	(130.86)	
<b>Deposits against premises:</b>	2,881.25	
	(2,881.25)	
<b>Outstanding :</b>		
Advances	-	-
		4.24
		(3.74)

Note:- Figures in brackets represents previous years figure.

## NOTES to the financial statements

### NOTE 34 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, 2014	AS AT 31st March, 2013
Not later than one year	730.25	697.24
Later than one year and not later than five year'	1911.88	1898.01
later than five year	129.50	295.36
<b>Total</b>	<b>2771.63</b>	<b>2890.61</b>
Operating lease rentals debited to profit and loss accounts (net)	852.99	440.66
Operating lease capitalized to Fixed Assets	NIL	NIL

### NOTE 35 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.

#### A) Defined Contribution Plans

The Company has recognized the following amounts in the Profit and Loss Account for Defined Contribution

(₹ in Lacs)

Particulars	For Y. E. 2013-14	For Y. E. 2012-13
Provident Fund	437.18	393.42

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

#### B) State Plans

The Company has recognized the following amounts in the profit & loss account for contribution to state

(₹ in Lacs)

Particulars	For Y. E. 2013-14	For Y. E. 2012-13
Employee's State Insurance	98.68	91.46

#### 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 31-03-2014. 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.



## NOTES to the financial statements

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, 2014			31st March, 2013		
	Funded	Unfunded	Total	Funded	Unfunded	Total
<b>Components of employer expenses</b>						
1) Current Service Cost	8.63	34.10	42.73	7.17	48.16	55.34
2) Interest Cost	5.84	16.76	22.59	4.35	16.20	20.55
3) Expected Return on Plan Assets	(7.58)	-	(7.58)	(6.01)	-	(6.01)
4) Net Actuarial (Gain) /Loss	5.26	(111.55)	(106.28)	11.45	(45.39)	(33.94)
5) Total expense/(Gain) recognized in the Profit and Loss Account	12.15	(60.69)	(48.54)	16.96	18.97	35.93
<b>Net Assets /Liability recognised in Balance Sheet</b>						
1) Present Value of Defined benefit obligation	(84.00)	(147.90)	(231.89)	(72.96)	(208.58)	(281.54)
2) Fair Value of plan assets	93.08	-	93.08	80.14	-	80.14
3) Assets/ (Liability) recognized in Balance Sheet.	9.09	(147.90)	(138.81)	7.19	(208.58)	(201.40)
<b>Change in Present Value of the Defined Benefit Obligation</b>						
1) Opening Present Value of obligation	72.96	208.58	281.54	54.41	189.61	244.02
2) Interest Cost	5.84	16.76	22.59	4.35	16.20	20.55
3) Current Service Cost	8.63	34.10	42.73	7.17	48.16	55.34
4) Benefits Paid	(8.69)	-	(8.69)	(4.43)	-	(4.43)
5) Actuarial (Gain) /Loss	5.26	(111.55)	(106.28)	11.45	(45.39)	(33.94)
6) Closing Present Value of obligation.	84.00	147.90	231.89	72.96	208.58	281.54
<b>Change in the fair value of plan Assets</b>						
1) Opening Value of plan assets	80.14	-	80.14	59.88	-	59.88
2) Expected return on plan Assets	7.58	-	7.58	6.01	-	6.01
3) Actual Company Contribution	14.05	-	14.05	18.68	-	18.68
4) Benefits Paid	-8.69	-	(8.69)	(4.43)	-	(4.43)
5) Closing Fair Value of plan assets	93.08	-	93.08	80.14	-	80.14
<b>Actuarial Assumption</b>						
Discount rate (per annum)	8.00%	9.10%		8.00%	8.15%	
Expected rate of return on assets (per annum)	8.00%	9.00%		8.00%	9.00%	
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

Notes to the financial statements

# NOTES to the financial statements

## NOTE 36 SEGMENTAL REPORTING FOR THE YEAR ENDED ON 31ST MARCH, 2014 IS AS UNDER.

### (A) On the basis of Business Segments -

(₹ In Lacs)

Particulars	F.Y. 2013-2014			F.Y. 2012-2013		
	Textiles	Garment	Total	Textiles	Garment	Total
External Revenues	120,046.62	27,739.61	147,786.23	111,813.11	22,556.57	134,369.69
Internal Segment Revenues	944.60		944.60	5,597.57		5,597.57
Other Allocable Income	2,148.85	1,858.68	4,007.53	166.74	1,769.93	1,936.67
<b>Total Revenues</b>	<b>123,140.07</b>	<b>29,598.29</b>	<b>152,738.36</b>	<b>117,577.43</b>	<b>24,326.50</b>	<b>141,903.93</b>
Less: Elimination	944.60	-	944.60	5,597.57	-	5,597.57
<b>Net Revenue</b>	<b>122,195.47</b>	<b>29,598.29</b>	<b>151,793.76</b>	<b>111,979.86</b>	<b>24,326.50</b>	<b>136,306.36</b>
<b>SEGMENT RESULT</b>	<b>14,287.72</b>	<b>6,832.32</b>	<b>21,120.05</b>	<b>12,453.78</b>	<b>4,675.86</b>	<b>17,129.64</b>
Other Non-allocable Income / (Exps)						
Other Income			(301.51)			(454.62)
Interest Cost			9,697.21			7,059.32
Provision for Taxes			5,197.06			3,081.89
<b>NET PROFIT</b>			<b>5,924.26</b>			<b>6,533.82</b>
<b>OTHER INFORMATION</b>						
Segment Assets	128,732.21	38,588.42	167,320.63	118,267.08	33,898.43	152,165.51
Unallocable Corporate Assets			66.79			78.74
<b>TOTAL ASSETS</b>			<b>167,387.42</b>			<b>152,244.24</b>
Segment Liabilities	71,372.70	32,409.69	103,782.40	63,584.88	32,377.73	95,962.61
Unallocable Liabilities			11,255.20			9,080.98
<b>TOTAL LIABILITIES</b>			<b>115,037.60</b>			<b>105,043.59</b>
<b>CAPITAL EXPENDITURE</b>						
Segment Capital Expenditure	1,637.23	1,467.12	3104.35*	2,280.55	2,533.83	4814.39*
Unallocated Capital Expenses			789.04			473.53
<b>TOTAL CAPITAL EXP.</b>			<b>3,893.39</b>			<b>5,287.92</b>
<b>DEPRECIATION &amp; AMORTISATION</b>						
Segment Dep. & Amort.	2,398.23	520.48	2,918.71	2,312.63	311.59	2,624.21
Unallocated Dep. & Amort.			-			-
<b>TOTAL DEPRECIATION &amp; AMORTISATION</b>			<b>2,918.71</b>			<b>2,624.21</b>

### (B) On the basis of Geographical Segments -

(₹ In Lacs)

Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment Revenues	123,665.21	28,128.55	151,793.76	113,256.06	23,050.29	136,306.36
Internal Segment Revenues	944.60		944.60	5,597.57		5,597.57
<b>Total Revenues</b>	<b>124,609.81</b>	<b>28,128.55</b>	<b>152,738.36</b>	<b>118,853.63</b>	<b>23,050.29</b>	<b>141,903.93</b>
Less : Elimination	944.60		944.60	5,597.57		5,597.57
<b>NET REVENUES</b>	<b>123,665.21</b>	<b>28,128.55</b>	<b>151,793.76</b>	<b>113,256.06</b>	<b>23,050.29</b>	<b>136,306.36</b>
<b>SEGMENT RESULT</b>	<b>14,318.26</b>	<b>6,801.78</b>	<b>21,120.05</b>	<b>12,453.60</b>	<b>4,676.04</b>	<b>17,129.64</b>
Carrying Cost of segment assets	129,575.35	37,745.28	167,320.63	118,283.12	33,882.39	152,165.51
Addition to Fixed Assets	1,637.23	1,467.12	3104.35*	2,280.55	2,533.83	4814.39*

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

**(C) Other Disclosures -**

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization 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 37 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

- a) Export invoices backed by letter of credit purchased by the bank amounting to ` 909.43 Lacs (Previous year ` 76.60 Lacs)
- b) Sales invoices Discounted with the bank amounting to ` 242.59 Lacs. (Previous Year ` 256.18 Lacs)
- c) Claim against the Company not acknowledged as debts in respect of disputed Income Tax demand amounting to ` 373.70 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 ` 290.58 Lacs) (Interest thereon not ascertainable at present.)
- e) Bank guarantee given to Sales Tax, MSEB & Custom Department of ` 431.11 Lacs. (Previous Year ` 502.18 Lacs)
- f) In respect of Assessment year 1999-00, AY 2001-02, AY 2003-04 and AY 2004-05 income tax matter has been resolved in favor of the company however Income Tax Department has preferred an Appeal against the same before the honorable High Court aggregate Tax liability of ` 64.34 Lacs is involved in all the above matters.

**NOTE 38 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 39**

The Income Tax Authorities carried out search and seizure operations on 11th and 12th January, 2012 and Subsequently survey was conducted on 31st July, 2013 at the premises of the Company. The Company co-operated with the authorities and has Filed returns u/s 153A of Income Tax Act, 1961. Company has Filed an application before Honorable Settlement Commission, Additional Bench- Mumbai on 22nd October, 2013 u/s 245C for AY 2006-07 to AY 2013-14 of income Tax Act, the Same has been admitted by Honorable Settlement Commission. Company has paid all the applicable taxes of ` 1176.00 lacs on additional income offered.

**NOTE 40**

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, 2014)

### 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 realization 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 recognized 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 recognized 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 capitalized 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 amortization.

### 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.

### 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 recognize a decline, other than temporary in the value of Long-term Investments. However, fixed income long term securities are stated at cost, less amortization of premium/discount and provision for diminution to recognize a decline, other than temporary.

## ANNEXURE I

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(annexed to and forming part of the financial statements for the year ended 31st March, 2014)

#### 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.

#### 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 recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized 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 recognized 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 recognized 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.

#### 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 recognized as an expense in Profit & Loss accounts on accrual basis. Lease payments relating to project under development are capitalized 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.



## 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, 2014)

### M. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Contingent Liabilities are not recognized, 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 recognized 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

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