



MANDHANA



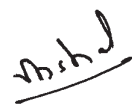

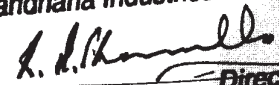
a whirlpool of ideas!

CIN : L17120MH1984PLC033553

Registeres Offices : Plot No. C-3, M.I.D.C., Tarapur Industrial Area, Boisar, -401 506

FORM A

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

| | | |
|----|--|--|
| 1. | Name of the Company | Mandhana Industries Limited |
| 2. | Annual financial Statements for the year ended | 31 st March, 2015 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Whether appeared first time: <u>N.A.</u> / repetitive: <u>N.A.</u> / Since how long period : <u>N.A.</u> |
| 5. | MANAGING DIRECTOR: | For Mandhana Industries Limited  Purushottam C. Mandhana (Chairman & Managing Director) |
| | CFO: | For Mandhana Industries Limited  Purushottam C. Mandhana (Chairman & Managing Director) |
| | Auditor of the Company : |   |
| | Audit Committee Chairman: | Mandhana Industries Limited  Director. |



MANDHANA INDUSTRIES LTD.

207-214, Peninsula Center, Dr. S.S. Rao Road, Off. Dr. Ambedkar Road, Parel, Mumbai - 400 012, India
Tel. : 91-22-43539191 • Fax : 91-22-43539216 / 17 / 18 • E-mail : info@mandhana.com • Website : www.mandhana.com



MANDHANA INDUSTRIES LIMITED

CIN: L17120MH1984PLC033553

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

Tel: +91 2525 605706/272426 • Fax: +91 22 43539358 • E-mail: cs@mandhana.com

Website: www.mandhana.com

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

To,
The Members,
Mandhana Industries Limited

NOTICE is hereby given that the Thirty First 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, District Palghar - 401 506 on Wednesday, the 30th day of September 2015 at 12.30 p.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, 2015 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 dividend on equity shares for Financial Year 2014-15.
3. To appoint a Director in place of Mr. Purushottam C. Mandhana, (DIN No. 00025633) 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 ratify the appointment of the Auditors and to fix their remuneration and to pass 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 and the Rules made thereunder, pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the Members at the Annual General Meeting held on 18th September, 2014, the appointment of M/s. Vishal H. Shah & Associates, Chartered Accountants

(Firm Registration No. 116422W) as the auditors of the Company to hold office till the conclusion of the 33rd Annual General Meeting to be held in the calendar year 2017, be and is hereby ratified and that the Chairman and Managing Director in consultation with the Auditors, be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2016 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 the following resolution as an Ordinary Resolution:

Ratification of the appointment & remuneration of M/s. Babulal M. Parihar & Co., Cost Accountant, as the Cost Auditor for the FY 2015-16

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and all other applicable provisions, if any, including any statutory modification(s) or re-enactment thereof, for the time being in force, and the Companies (Audit & Auditors) Rules, 2014, the appointment of M/s. Babulal M. Parihar & Co., Cost Accountant, as the Cost Auditor of the Company, to audit the cost records maintained by the Company in respect of the products manufactured by the Company, which are covered under the Central Excise Tariff Act, 1985, for the Financial Year 2015-16 on a remuneration of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus Service Tax as applicable, be and is hereby ratified."

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Appointment of Mr. Prashant K. Asher as Non-Executive & Independent Director

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 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. Prashant Khatau Asher (DIN: 00274409), who was appointed as Additional Director of the Company by the Board of Directors with effect from 3rd November, 2014 and who holds office till the date of the Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Prashant Khatau Asher as a candidate for the office of a Director of the Company, be and is hereby appointed as an Non -Executive

and Independent Director of the Company for period up to 2nd November, 2019, not 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."

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

VINAY SAMPAT
(Vice President – Legal & Company Secretary)

Registered Office

Plot No. C-3, M.I.D.C.,
Tarapur Industrial Area,
Boisar, Dist. Palghar - 401 506.
Dated: 13th August, 2015

NOTES:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 and 6 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 person/s seeking appointment/re-appointment as Director/s under Item No. 3 and Item No.6 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 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.

Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.

3. The Register of Members and Transfer Books of the Company will remain closed from Thursday, 24th day of September, 2015 to Wednesday, 30th day of September, 2015, 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 dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made on or after Monday, 5th day of October, 2015 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 Wednesday, 23rd day of September, 2015;
 - 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 Wednesday, 23rd day of September, 2015.
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 Registrars 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 Registrars 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, 31st March, 2013 and 31st March, 2014 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 (IE & PF).

| 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 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 |
| 2013-14 | 18th September, 2014 | 20% | 21st October, 2021 | 22nd October, 2021 |

9. Pursuant to the provisions of Sections 20(2), 101, 136(1) of the Companies Act, 2013 read with Rule 11 of the Companies (Accounts) Rules, 2014, the Company can send the documents like Notices, Annual Reports, etc. in electronic form to its Members, whose email addresses are registered with the Company / RTA / Depositories. Accordingly, this Notice of the 31st AGM along with the Annual Report for FY 2014-15 is being sent by electronic mode to those shareholders whose email addresses are registered with the Company / RTA / Depositories, unless any Member has specifically requested for a physical copy. For Members who have not registered their email address, the physical copies are being sent by permitted mode of dispatch.
10. We hereby request the Members to note that the documents viz. Annual Report, Notice, etc. will be uploaded on the website of the Company viz. www.mandhana.com and made available for inspection at the Registered Office of the Company during the business hours. However, in case a Member wishes to receive a physical copy of the said documents, he / she is required to send a letter or an e-mail to rnt.helpdesk@linkintime.co.in duly quoting his / her DP ID & Client ID or Folio number, as the case may be, and the said documents will be dispatched to the Members free of cost.
11. (I)Voting through electronic means:
 - i) In compliance with the provisions of Section 108 of

the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide the Members a facility to exercise their right to vote on resolutions proposed to be considered at the 31st Annual General Meeting (AGM) by electronic means through e-Voting Services. The facility of casting votes by the Members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') will be provided by Central Depository Services (India) Limited.

- ii) The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting, who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper. Based on the shareholding position (either in physical form or in dematerialized form) as on the cut-off date of 23rd September, 2015, a member shall be entitled to vote by way of remote e-voting or at the AGM. However, a person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
- iii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.
- iv) The remote e-voting period commences on Sunday, 27th September, 2015 (10:00 am) and ends on Tuesday 29th September, 2015 (5:00 pm).

During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The instructions for e-voting are as under:

- (i) Open your web browser and log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID

- For NSDL: Alphabet IN followed by 6 digits DP ID and 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification Code as displayed and then Click on "Login".
 - (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vi) 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 |
|------------------------|---|
| PAN | 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). Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on the Attendance Slip, in the PAN field. For Members to whom the Notice of the AGM has been sent through e-mail, the sequence number has been provided in the body of the e-mail. |
| DOB* | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio no. in dd/mm/yyyy format. |
| Dividend Bank Details* | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account/folio number. |

*Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or the Company, please enter the User ID/Folio Number in the Dividend Bank details field as mentioned in instruction no. (iii).

- b) After entering these details appropriately, click on **"SUBMIT"** tab.
 - c) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the demat accountholders 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.
- (vii) Now, select the Electronic Voting Sequence Number(EVSN) for "MANDHANA INDUSTRIES LIMITED". This will take you to the voting page.
- (viii) 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.
- (ix) If you wish to view the entire Resolutions, click on the **"Resolutions File Link"**.
- (x) After selecting the resolution 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.
- (xi) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- (xii) You can also take out print of the voting done by you by clicking on **"Click here to print"** option on the Voting page.
- (xiii) 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.
- (xiv) Note for Non - Individual Shareholders and Custodians
- Non - Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xv) In case you have any queries or issues/grievance regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://www.evotingindia.com> under help section or write an email to helpdesk.evoting@cdslindia.com. In this regard, you may also write an e-mail to the Company Secretary & Compliance Officer at cs@mandhana.com.
- II. Shri 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 400080) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. Scrutinizer's email address is: n_r_joshi@yahoo.com.
- III. 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).
- IV. 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 Wednesday, 23rd day of September, 2015.
- V. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2015, may obtain the login ID and password by sending a request at helpdesk.evoting@

cdslindia.com or to the Company at cs@mandhana.com. However, if you are already registered with CDSL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, then you can reset your password by using 'Forgot User Details/Password' option available on helpdesk.evoting@cdslindia.com or contact CDSL at its toll free no.: 18002005533.

- VI) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII) A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, shall only be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VIII) The Chairman shall, at the AGM, at the end of discussion on all the resolutions on which the voting is to be held, allow voting with the assistance of the scrutinizer, by use of 'Ballot Paper' for all those Members who are present at the AGM but have not cast their votes by availing the "remote e-voting" facility.
- IX) The Scrutinizer shall, after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall submit, not later than three days of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if

any, to the Chairman or a person authorized by him/her in writing, who shall countersign the same and declare the result of the voting forthwith.

- X) The voting results shall be displayed in the prescribed format on the Notice Board of the Company at its Registered Office as well as the Head Office/ Corporate Office. The voting results declared along with the report of the Scrutinizer shall also be placed on the website of the Company, viz. www.mandhana.com and on the website of CDSL and immediately after the declaration of results by the Chairman or a person authorized by him / her in writing. The voting results shall also be forwarded to the BSE Limited & the 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, M.I.D.C.,
Tarapur Industrial Area,
Boisar, Dist. Palghar - 401 506.
Dated: 13th August, 2015

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

Item No. 3:

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

Mr. Purushottam C. Mandhana has been non-retiring director in terms of the applicable provisions under the erstwhile Companies Act, 1956. However, in view of the provisions of the new Companies Act, 2013, Mr. Purushottam C. Mandhana as Director of the Company is now liable to retire by rotation. He being eligible, offers himself for re-appointment.

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

| | |
|--|---|
| Name of the Director | Mr. Purushottam C. Mandhana |
| Director Identification Number | 00025633 |
| Date of joining Board | 1st October, 1993 |
| Profile of Director | Mr. Purushottam Mandhana, aged 60 years, is one of the subscribers to the Memorandum of Association of the Company. He holds a bachelors degree in Commerce and has over 34 years of experience in the textile industry. He is well versed with different textile technologies like dyeing and processing. He has successfully set up the weaving unit and has also played a pivotal role in the modernization of process unit. Under his administrative supervision, our Company's export division has performed consistently. He currently overseas the overall management of all the divisions of our Company. |
| No. of Shares held in Company | 20,93,081 equity shares of Rs. 10/- each as of 31st March, 2015. |
| Directorships and Committee memberships in other Companies (excluding Foreign and Private Companies) | Mandhana Retail Ventures Limited Mandhana - WD Limited Breakbounc India Ltd. |

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

The Board recommends the re-appointment of Mr. Purushottam C. Mandhana for members' approval.

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

Item No. 5:

Appointment of the Cost Auditor

The Board of Directors, at its meeting held on 13th August, 2015, has appointed M/s. Babulal M. Parihar & Co., Cost Accountant, as the Cost Auditor of the Company for the FY 2015-16 at remuneration of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus Taxes at actuals, as may be applicable, on recommendation of the Audit Committee, subject to the ratification by the Members at the Annual General Meeting, pursuant to Section 148 of the Companies Act 2013 & Rule 14 of the Companies (Audit & Auditors) Rules 2014. The resolution at Item No. 5 of the Notice is set out as an Ordinary Resolution for ratification by the members in accordance with Section 148 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6:

Appointment of Mr. Prashant K. Asher as Non-Executive & Independent Director

The Board of Directors had appointed Mr. Prashant Khatau Asher with effect from 3rd November, 2014 as an Additional Director in terms of Section 161 of the Companies Act, 2013 who holds office up to 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

Mr. Prashant Asher as Non-Executive and Independent Director.

| | |
|--|--|
| Name of the Director | Mr. Prashant K. Asher |
| Director Identification Number | 00274409 |
| Date of joining Board | 3rd November, 2014 |
| Profile of Director | Mr. Prashant Asher, aged 49 years, holds bachelor's degree in Law and has been admitted to the Bar Council of Maharashtra & Goa. He is a partner of M/s. Crawford Bayley & Co. since the year 2000, one of the oldest and amongst the leading Law firm in Mumbai, India. |
| No. of Shares held in Company | Nil |
| Directorships and Committee memberships in other Companies | ICC International Agencies Ltd. Hinduja Ventures Ltd. Sharp India Limited Hinduja Group Limited Hinduja Realty Ventures Ltd. |

The Board of Directors proposes the appointment of Mr. Prashant Asher as the Non-Executive & Independent Director and recommends the resolution as set out in Item No. 6 for the approval of the shareholders at the ensuing Annual General Meeting.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Prashant K. Asher himself, is concerned or interested in the proposed Ordinary Resolution as set out in Item No. 6 of this Notice.

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

VINAY SAMPAT

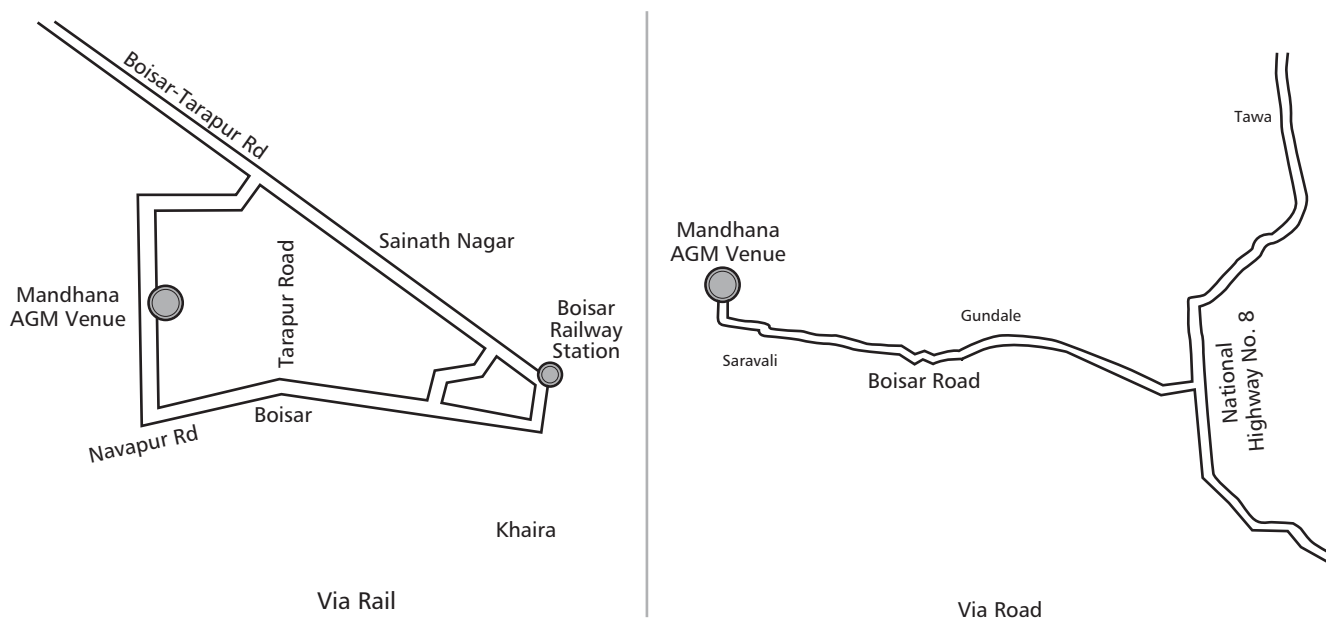
(Vice President – Legal & Company Secretary)

Registered Office

Plot No. C-3, M.I.D.C.,
Tarapur Industrial Area,
Boisar, Dist. Palghar - 401 506.

Dated: 13th August, 2015

ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING





MANDHANA INDUSTRIES LIMITED

CIN: L17120MH1984PLC033553

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

Tel: +91 2525 605706/272426 • Fax: +91 22 43539358 • E-mail: cs@mandhana.com

Website: www.mandhana.com

Form No. MGT -11

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 Id | |
| Folio No. | |
| DP ID & Client Id | |

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

| | | |
|----|----------|-----------|
| 1. | Name: | Email ID |
| | Address: | Signature |

or failing him

| | | |
|----|----------|-----------|
| 2. | Name: | Email ID |
| | Address: | Signature |

or failing him

| | | |
|----|----------|-----------|
| 3. | 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 **31st Annual General Meeting** of the Company, to be held on the on Wednesday, the 30th day of September, 2015 at 12:30 p.m. at the premises of the Company at Plot No. C-2, M.I.D.C, Tarapur Industrial Area, Boisar, Dist. Palghar - 401 506 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Item No. | Resolutions | Optional* | |
|----------|---|-----------|---------|
| | | For | Against |
| | Ordinary Business | | |
| 1. | Ordinary resolution for adoption of Audited Financial Statements for the financial year ended 31st March, 2015 | | |
| 2. | Ordinary resolution to declare dividend on equity shares for the financial year ended 31st March, 2015 | | |
| 3. | Ordinary resolution for appointment of a Director in place of Mr. Purushottam C. Mandhana, (DIN No. 00025633) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment | | |
| 4. | Ordinary resolution for ratification of appointment of M/s. Vishal H. Shah & Associates, Firm Registration No. 116422W as Statutory Auditors at the Annual General Meeting held on 18th September, 2014 to hold office till the conclusion of the 33rd Annual General Meeting to be held In the calendar year 2017 and fixing of their remuneration | | |
| | Special Business | | |
| 5. | Ordinary Resolution for ratification of the appointment and remuneration of M/s. Babulal M. Parihar & Co., Cost Accountant, as the Cost Auditor for the FY 2015-16 | | |
| 6. | Ordinary Resolution for appointment of Mr. Prashant K. Asher as Non-Executive & Independent Director | | |

*It is optional to put a (v) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed this _____ day of _____, 2015.

Signature of Member (s)

Signature of Proxy holder (s)

Affix
Re.1
Revenue
Stamp

Notes:

1. 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.**
2. A proxy need not be member of the Company.
3. In case the appointer is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorization should be attached to the Proxy Form.
4. 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.



many
happy
returns.



Cautionary statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 'anticipates', 'estimates', '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 making our assumptions. The achievement of results is 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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

| | | | | | | |
|---------|------------------------------------|--|--|--|--|--|
| Content | | | | | | |
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The textile industry is marked
by various challenges.

Capital-intensity. Resource
volatility. Design mortality.
Customised offerings.

Mandhana Industries has
addressed this dynamic
environment with proactive
initiatives.

Business integration.
Value-addition.
Customer relationships.

Generating an overarching
constant.

Many  returns.

happy returns for employees

In the business of textiles and garments, addressing evolving consumer needs, the biggest investment that one can make is not in manufacturing equipment, but in people.

At Mandhana Industries, people have been our most important competitive differentiator; their talent development has been our biggest success driver.

We institutionalised their multi-level training - from textile competencies to holistic personality development – through market cycles.

We enhanced workplace excitement through healthy competitions, performance-driven incentives, reward cum recognition programmes and recreation facilities.

We extended beyond the usual when it came to employee supports, creating crèche facilities, opportunities for the differently-abled, committees for grievance redressal and prevention of sexual harassment.

The result is that even as the organisation grew in size, the team reflected a prudent mix of energy and experience, translating into sectoral outperformance.





Mandhana is certified by the
Switzerland-based NGO, ISCOM,
for its social code of conduct.

happy returns for customers

In the business of textiles and branded garment retail, there is only one person who runs the business. The customer.

At Mandhana Industries, we have prioritised the role and importance of the customer through specific initiatives.

The Company (Chairman downwards) is accessible to customers. The Company is marketing-driven, the Directors leading the customer-interfacing process. The Company continued to analyse customer trends through a continuous customer engagement. The Company invested in a proprietary design team (generating nearly 1200 designs annually). More importantly, the Company enhanced its customer proposition through a consistent investment in state-of-the-art equipment reflected in enhanced product quality, high equipment uptime and accelerated output.

The result is reflected in the Company's client list, comprising domestic clients (Allen Solly, Louis Phillipe, Van Heusen, Pantaloons, Indian Terrain, Pepe Jeans, Wills Lifestyle, Shoppers Stop, Raymonds, Spykar, Lee, Wrangler, Flying Machine, Levis, Blackberry, United Colors of Benetton, John Players, among others) and international labels (Zara, Colin's, Desigul, HE by Mango River Island, New Look, Mango, Teddy –Terranova, Bershka, U.S. Polo, Loft, Stradivarius, Pull & Bear, Hema, Splash, Kaufland, Fallabella, Promod, El Corte Ingles, New Yorker, Auchan).

Most of these clients having worked with Mandhana for more than five years.





14.98%

Revenue growth
(5-year CAGR)



happy

returns for our
fund providers

In the capital-intensive business of textiles and branded garment retail, success is derived from the ability to service ongoing commitments made to lenders and other capital providers.

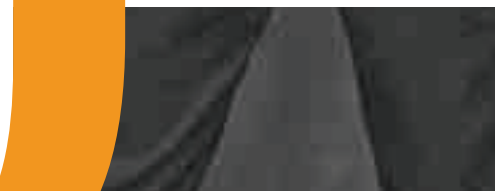


At Mandhana Industries, we reinforced our credit worthiness through a balance of conservatism and aggression. We expanded our manufacturing capacities without stretching our Balance Sheet. We progressively moderated our gearing, enhancing the viability of our incremental capacities. We curtailed the use of working capital to below sanctioned limits.

The result is that Mandhana responded to debt repayment commitments with timeliness, which translated into a CARE-A rating (reaffirmed). Going ahead, the commissioning of a garment manufacturing facility (Baramati, March 2015) will enhance revenues, profits and liquidity.



0.66x
Debt-equity ratio
(March 31, 2015)



happy returns for shareholders

In the challenging business of textiles and garment retail, success is measured by the ability of players to generate a return higher than what shareholders would have generated from alternative investments.

Mandhana Industries has strengthened its ability to outperform its sectoral average through a focused presence in the fabrics and garment space, strengthening its core competence.

The Company singularly invested in cutting-edge technology, growing its manufacturing capacities and streamlining processes with the objective to widen its product basket, premiumise output and provide the highest quality standard.

The Company extended from a volume-driven approach to value-influenced strategy, growing the proportion of revenues from garments; within fabrics, the Company extended from simple products at the bottom of the value chain to high-end weaves comprising innovative finishes.

In doing so, the Company strengthened its EBITDA from ₹18,555.34 lac in 2011-12 to ₹27,064.79 lac in 2014-15; net profit grew from ₹7,310.11 lac to ₹8,308.06 lac during the same period.





25.08

Earnings per share in 2014-15
(₹)



Mandhana Industries Limited.

Addressing the needs of a young India.

Mandhana Industries Limited is a multi-divisional textile company spread over multiple geographical locations.

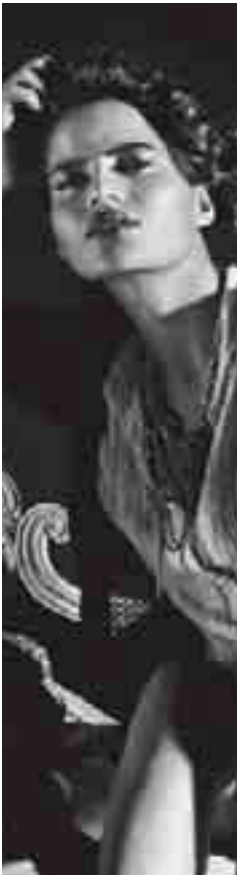
Over the years, the Company invested in infrastructure, integrating vertically and capturing a large slice of the value chain.

Besides, the Company focused on specialising within a niche of the Indian textile industry, reflected in the manufacture of a variety of value-added fabrics and garments.

Over the years, Mandhana's activities have comprised design, yarn dyeing, weaving, processing, printing and garment manufacture, the overall mix translating into a premium over the market average.

The Company's competence comprises five state-of-the-art manufacturing facilities in MIDC Tarapur (yarn dyeing, weaving, fabric processing and garmenting) in tandem with five units in Bengaluru (garmenting) and one unit at Baramati.

Headquartered in Mumbai (India), Mandhana Industries is managed by a team of professionals and its shares are listed on the Bombay Stock Exchange and National Stock Exchange.





70.75%

Promoters' holding

5.78%

Institutional holding

168,497

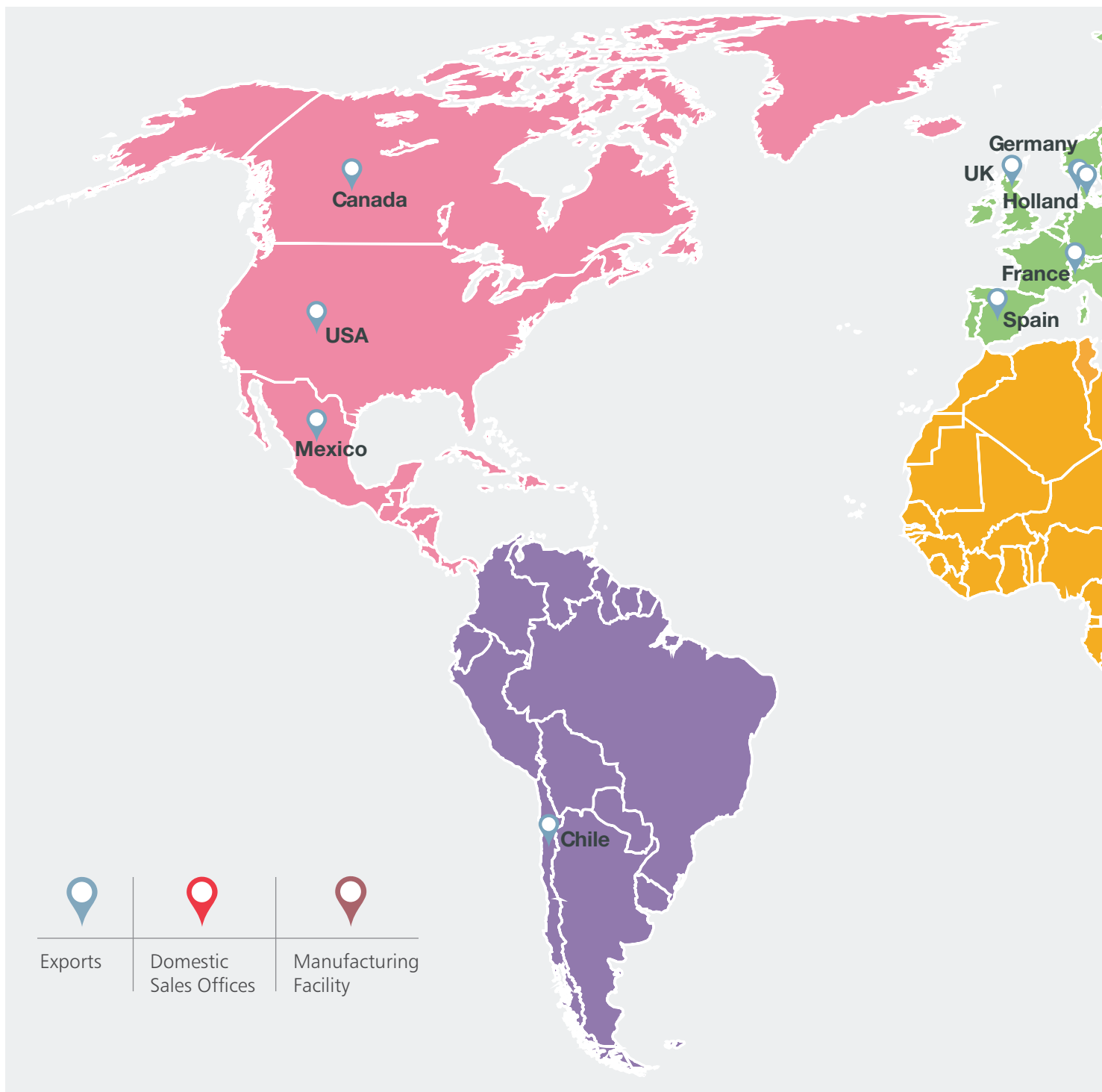
Net turnover (₹ lac)

87,844

Market capitalisation (₹ lac)



The Company's flagship brand, 'Being Human', is an expression of its belief in fashion with a heart for its consumers and the underprivileged in society.



Our Global Presence

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 Phillipe
- Van Heusen
- Pantaloons
- Indian Terrain
- Pepe Jeans

- Wills Lifestyle
- Shoppers Stop
- Raymonds
- Spykar
- Lee
- Wrangler
- Flying Machine
- Levis

- Blackberry
- United Colors of Benetton
- John Players

Our international clientele includes:

- Zara

- Colin's
- Desigul
- HE by Mango
- River Island
- New Look
- Mango
- Teddy – Terranova

- Bershka
- U.S. Polo
- Loft
- Stradivarius
- Pull & Bear
- Hema
- Splash
- Kaufland

- Fallabella
- Promod
- El Corte Ingles
- New Yorker
- Auchan

Dear shareholders,

The fiscal 2014-15 was a satisfying one for Mandhana Industries as we delivered happy returns to all our stakeholders.

The numerical growth reported by Mandhana Industries was heartening considering that India's economic environment and consumer confidence were relatively subdued. However, what was more satisfying was that we strengthened the quality of our financials. For instance, our debt-equity ratio improved from 0.93x as on March 31, 2014 to 0.66x as on March 31, 2015; our interest service coverage ratio strengthened from 2.15x in 2013-14 to 2.21x in 2014-15, creating a stronger foundation for delivering happier returns across the foreseeable future.

Looking forward

Estimates suggest exciting times for our business based on credible estimates of India's population growth and demographic dividend.



10 minutes with the Chairman & Managing Director

“We are confident that our volume-led and value-driven strategy will deliver even happier returns.”

Mr. Purushottam C. Mandhana explains his optimism behind the prospects of Mandhana Industries

We intend to launch 650 selling points over two years through a mix of flagship stores, store-in-stores (SIS), franchise formats and a distributor-based model.



Population growth: India adds more to its population each year than any other country. Between 2001 and 2011, India grew by 181 million people, nearly the entire population of Pakistan. Based on this extrapolation, India will have overtaken China as the world's largest country by 2025.

Demographic advantage:

By 2020, India is expected to emerge as the world's youngest country, 64% of its population comprising working age individuals. The average age of the 1.27 billion-strong Indian population would be 29 years in 2020, younger than China and the US. The population in the age-group of 15-34 increased from 353 million in 2001 to 430 million in 2011 and is projected to rise to 464 million by 2021. Around 12 million young Indians are likely to enter the job market each month for the next 20 years.

Our strategy

As a prudent strategy, Mandhana Industries caters to the fashion aspirations of this growing youth cluster.

Business focus: We are increasing the share of the high-margin garment business as a proportion of our overall revenues, strengthening our profitability.

Garmenting focus: We progressively expanded our garmenting capacity; our 1mn-piece garmenting facility at Baramati commenced operations in March 2015, which will help increase garment exports.

Brand focus: We intend to launch 650 selling points over two years through a mix of flagship stores, store-in-stores (SIS), franchise formats and a distributor-based model. Following our successful alliance with Myntra in the e-commerce space, we will increase our online 'Being Human' presence.

Geographic focus: Even as India promises to provide sizeable opportunities, we will widen our global footprint.

Message to shareholders

The big message that I wish to send out to our shareholders is that Mandhana Industries is confident of generating attractive volume-led and value-influenced growth, translating into happier returns for stakeholders across the foreseeable future.

Warm regards,

Purushottam C. Mandhana
Chairman & Managing Director

Many happy returns for our Company equals happy returns for our stakeholders.

Business growth

Net turnover (₹ lac)

| | |
|---------|------------|
| 2010-11 | 83,829.28 |
| 2011-12 | 98,014.81 |
| 2012-13 | 136,306.36 |
| 2013-14 | 151,793.76 |
| 2014-15 | 168,497.75 |

11.00%
Y-o-y growth

14.98%
5-year CAGR

EBIDTA (₹ lac)

| | |
|---------|-----------|
| 2010-11 | 14,738.30 |
| 2011-12 | 18,555.34 |
| 2012-13 | 19,753.85 |
| 2013-14 | 24,038.76 |
| 2014-15 | 27,064.79 |

12.59%
Y-o-y growth

12.93%
5-year CAGR

Profit before tax (₹ lac)

| | |
|---------|-----------|
| 2010-11 | 9,939.88 |
| 2011-12 | 10,317.73 |
| 2012-13 | 9,615.70 |
| 2013-14 | 11,121.32 |
| 2014-15 | 13,037.59 |

17.23%
Y-o-y growth

5.58%
5-year CAGR

Profit for the year (₹ lac)

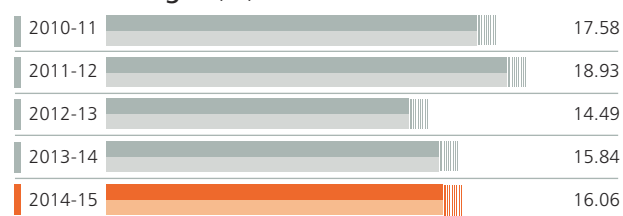
| | |
|---------|----------|
| 2010-11 | 6,675.41 |
| 2011-12 | 7,310.11 |
| 2012-13 | 6,533.82 |
| 2013-14 | 7,027.43 |
| 2014-15 | 8,434.02 |

20.02%
Y-o-y growth

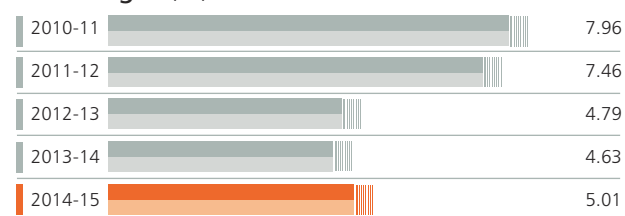
4.79%
5-year CAGR

Business profitability

EBIDTA margin (%)



Net margin (%)

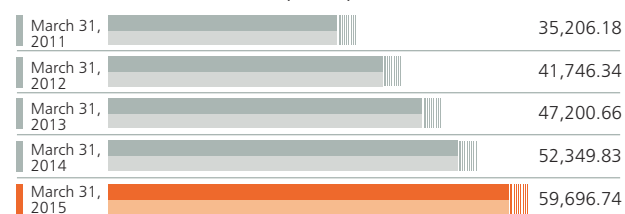


Shareholder value

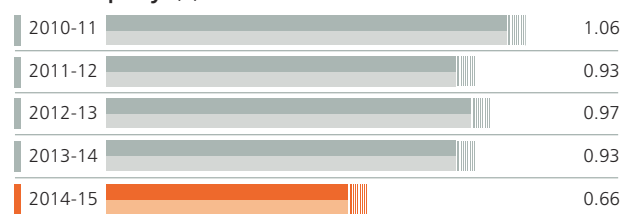
Earnings per share (₹)



Shareholders' funds (₹ lac)



Debt-equity (x)




Market capitalisation (₹ lac)



Our competitive advantage


Our business niche generates happy returns.




Vertical integration;
proven capabilities
across the value chain




Wide product basket; focus on
product value-addition



Balanced mix
of domestic and
export revenues



Unique and
popular retail
brand ('Being
Human')





Enduring
relationships
with global
retailers and
prominent
fashion brands



In-house
style lab and
textile studio
which facilitates
cutting-edge
designs

Impressive
financial track
record reflected
in the highest
realisations,
attractive margins,
optimum capacity
utilisation and
lower leverage
compared
to sectoral
peers.

Superior
technological
and marketing
capabilities

Fabrics

Mandhana Industries has four state-of-the-art manufacturing facilities in MIDC (Tarapur) engaged in yarn dyeing (4.3 mn kg), weaving (39 mn mtrs) and fabric processing (72.60 mn mtrs).

| | | | | |
|--|--|---|--|--|
| 39 Weaving capacity (mn mtrs) | 72.60 Processing capacity (mn mtrs) | 4 Manufacturing facilities | 135,377.60 Revenue, 2014-15 (₹ lacs) | 80% Contribution to the Company's revenue |
|--|--|---|--|--|



The fabric segment produces greige and finished fabrics (cotton fabrics, yarn dyed fabrics and embroidered, embellished and blended cotton fabrics, including cotton blends with nylon, lycra, viscose, melange and others).

The Company manufactures fabric for the domestic market as well as fabrics are exported to leading global customers. Integrated operations, innovative designs, superior quality and timely delivery have helped the Company earn the respect of leading brands (India and overseas).

The Company's domestic clientele comprises Allen Solly, Louis Phillipe, Van Heusen, Pantaloons, Indian Terrain, Pepe Jeans, Wills Lifestyle, Shoppers Stop, Raymonds, Spykar, Lee, Wrangler, and Flying Machine, Levis, Blackberry, United Colors of Benetton, John Players, among others.

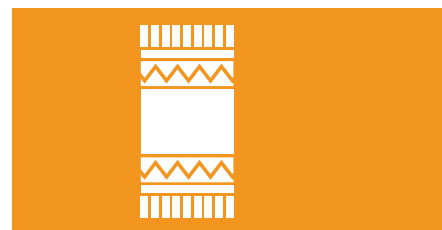
Its international textile business partners include Hilfiger Denim, Next, George, C&A, Gap, J.C. Penney, A & F, Marks & Spencer, Tommy Hilfiger, Express, S. Oliver, Marc-o-Polo, H&M, Esprit, Levi's and Gerry Webber.

9.94%
Y-o-y growth

14.34%
5-year CAGR

Revenue (₹ lac)

| | |
|---------|---------|
| 2010-11 | 69,259 |
| 2011-12 | 81,017 |
| 2012-13 | 111,980 |
| 2013-14 | 123,140 |
| 2014-15 | 135,378 |



Garments

Mandhana's garment manufacturing facilities (Bengaluru) produce various readymade woven items (men's shirts, women's blouses, tops, dresses, and skirts, casual bottom wear, kidswear, sportswear, and jeans wear) addressing the Company's flagship brand 'Being Human'.

Approximately 65% of the garments produced by the unit are exported to more than 25 countries. The Company's international clients for garments include leading global brands such as Zara, Colin's, Desigual, HE by Mango River Island, New Look, Mango, Teddy-Terranova, Bershka, U.S. Polo, Loft, Stradivarius, Pull & Bear, Hema, Splash, Kaufland, Fallabella, Promod, El Corte Ingles, New Yorker and Auchan.



| | | | |
|--|----------------------------------|--|---|
| 6.60 Garmenting capacity (mn pieces) | 7 Manufacturing facilities | 32,792.76 Revenue, 2014-15 (₹ lacs) | 20% Contribution to the Company's revenue |
|--|----------------------------------|--|---|



10.79%
Y-o-y growth

17.62%
5-year CAGR

Revenue (₹ lac)

| | |
|---------|--------|
| 2010-11 | 14,570 |
| 2011-12 | 16,998 |
| 2012-13 | 24,327 |
| 2013-14 | 29,598 |
| 2014-15 | 32,793 |

Brand: 'Being Human'

| | | | |
|---|--|---|---|
| 34 Number of stores in India | 15+ Global presence (Nations) | 17,188.55 Revenue, 2014-15 (₹ lacs) | 52.42% Contribution to garment revenue |
|---|--|---|---|

In May 2012, the Company launched apparels and accessories under the 'Being Human' brand under license arrangement with Salman Khan Foundation (relevant for the Middle East and India).



The product's commercial operations were launched in October 2012 in India. The flagship store was launched in January 2013 at Bandra (Mumbai); the Company has a network of 34 stores (March 31, 2015) in metros and urban locations.

Mandhana Industries also markets 'Being Human' products through franchisees, online and store-in-store formats, including overseas distribution selling outlets. The Company's alliances with retail chains like Shoppers Stop, Lifestyle, Splash, Jade Blue, All That Jazz, My Store and Wardrobe, among others, are expected to drive sales.

The Company enjoys a significant presence in the Middle East and Europe, comprising more than 300 selling points. It is now targeting geographies like the Far East, the US and Africa, geographical pockets with a significant Indian population.

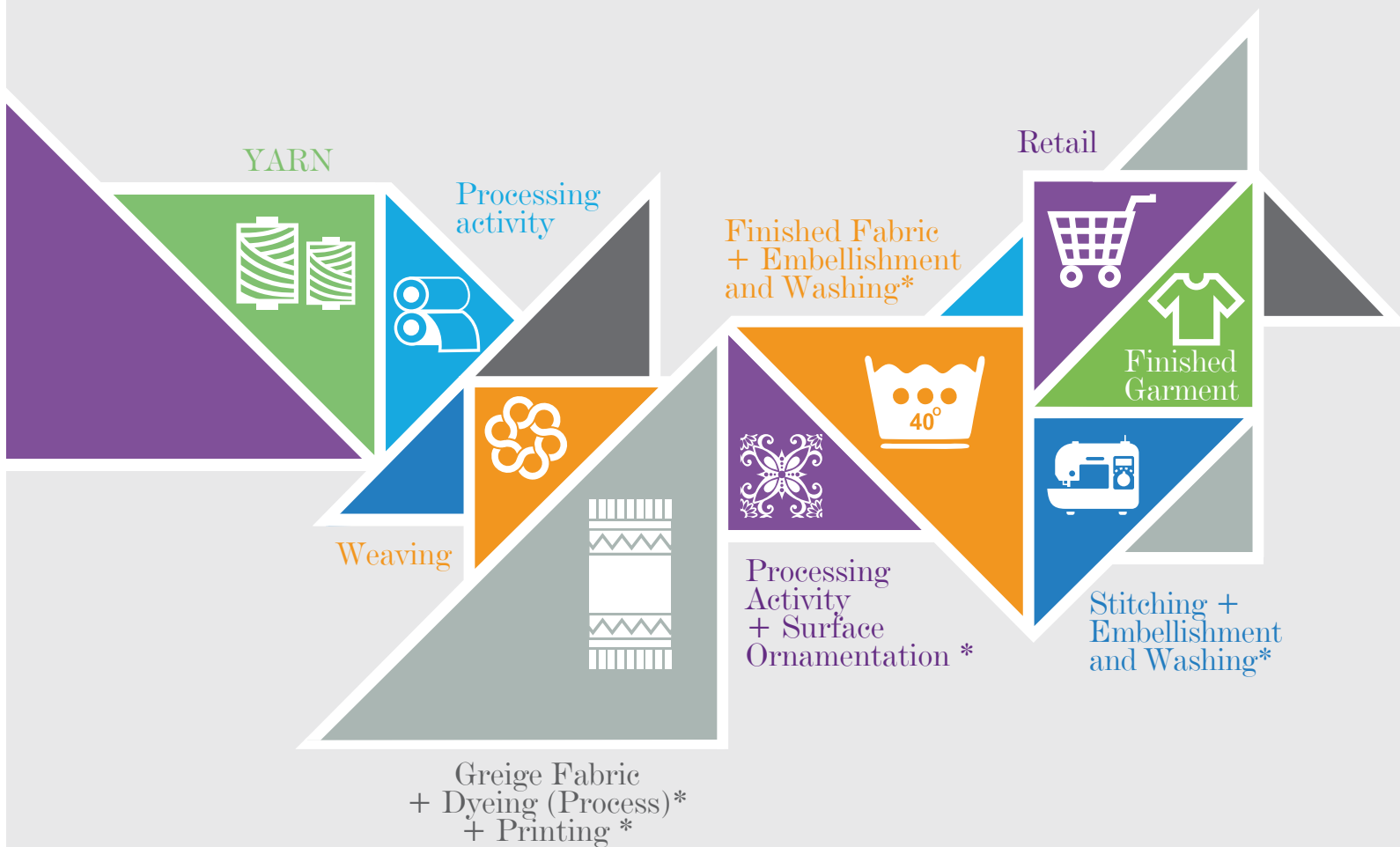
The Company is also seeking franchisee relationships to extend its reach to Tier II and III cities, pockets marked by growing demand for its brand.

The product mix includes casual clothing with a primary focus on tees and denims with casual shirts, casual bottoms and accessories with a skew towards men's wear (60% of the product mix).

Mandhana Industries intends to commission 650 selling points over two years through a mix of flagship stores, store-in-stores, franchise formats and a distributor-based model.



Our vertically integrated Business Operations



** Optional/value-added processes*

Board of Directors



Mr. Purushottam C. Mandhana

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
- Over two decades of industry experience
- A perfectionist and an aggressive marketer



Mr. Ghyanendra Nath Bajpai

Non-Executive and Independent Director

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



Mr. Dilip G. 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. 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. Prashant K. Asher

Non-Executive and Independent Director

- Solicitor and Partner in Crawford Bayley & Co.
- Represented several renowned cases before the Hon'ble Supreme Court of India
- Invited as speaker at India Shipping Summit, 2009 and 3rd Asian Maritime Law Conference 2010, Singapore



Mrs. Sangeeta M. Mandhana

Non-Executive Director

- Commerce graduate from Kolkata University
- Also done International Montessori course from London Montessori Centre, Kolkata
- Heading the design department of Golden Seams Industries Pvt. Ltd.
- Member of Maharashtra State Women Council

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 |
| Mr. Prashant K. Asher # | - Non-Executive and Independent Director |
| Mrs. Sangeeta M. Mandhana @ | - Non-Executive Director |

* Ceased to be Director w.e.f. 30th September, 2014

Appointed as Director w.e.f. 3rd November, 2014

@ Appointed as Director w.e.f. 5th August, 2014

Board Committees

Audit Committee

| | |
|-----------------------------|----------|
| Mr. Khurshed M. Thanawalla | Chairman |
| Mr. Ghyanendra Nath Bajpai | Member |
| Mr. Dilip G. Karnik | Member |
| Mr. Prashant K. Asher | Member |
| Mr. Purushottam C. Mandhana | Member |

Nomination & Remuneration Committee

| | |
|----------------------------|----------|
| Mr. Khurshed M. Thanawalla | Chairman |
| Mr. Ghyanendra Nath Bajpai | Member |
| Mr. Dilip G. Karnik | Member |
| Mr. Prashant K. Asher | Member |

Stakeholders' Relationship Committee

| | |
|----------------------------|----------|
| Mr. Khurshed M. Thanawalla | Chairman |
| Mr. Dilip G. Karnik | Member |
| Mr. Manish B. Mandhana | Member |

Management Committee

| | |
|-----------------------------|----------|
| Mr. Purushottam C. Mandhana | Chairman |
| Mr. Biharilal C. Mandhana | Member |
| Mr. Manish B. Mandhana | Member |

CSR Committee

| | |
|-----------------------------|----------|
| Mr. Dilip G. Karnik | Chairman |
| Mr. Ghyanendra Nath Bajpai | Member |
| Mr. Khurshed M. Thanawalla | Member |
| Mr. Purushottam C. Mandhana | Member |

Vinay Sampat

Vice President – Legal & Company Secretary

Management Team

| | |
|---------------------------|---|
| Mr. Mohan Reddy | President - Operations (Garment) |
| Mr. Saharsh Daga | Sr. Vice President - Finance |
| Mr. Priyavrat P. Mandhana | Vice President - Corporate Affairs |
| 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. Mahendra Kumar Oza | Vice President - Commercial (Garment) |
| Mr. Nileshkumar Modi | Vice President - Weaving |
| Mr. Prasad R.V.R. | Vice President - Apparel Production |
| Mr. Datar Malpani | Associate Vice President - Accounts |
| Mr. Arvind Shikarkhane | Project Head (Technical) |
| Mr. Rahul Anand | Creative Head - Design |

Retail Team

Ms. Purvi Joshi
Mr. Kunal Mehta
Mr. Jagdish Pamwani

Vice President - International Business & Sourcing
Vice President - Business Development & Marketing
Vice President - Sales

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 Units)

M/s SGC&O & Co.
Chartered Accountants
(For Retail Division)

M/s B. Choraria & Mates
Chartered Accountants
(For Bengaluru Units)

Cost Auditors

M/s. Babulal M. Parihar & Co.,
Cost Accountants

Secretarial Auditor

Mr. Nitin R. Joshi.
Practicing Company Secretary

Bankers

Bank of Baroda
Corporation Bank
State Bank of Patiala
Allahabad Bank
Punjab National Bank
Indian Bank

State Bank of India
The Saraswat Co-Op. Bank Ltd.
Bank of India
Axis Bank Limited
HDFC Bank Limited
Karur Vysya Bank

Registered Office

Plot No. C-3, MIDC,
Tarapur Industrial Area,
Boisar, Dist: Palghar - 401506
Tel: 91-2525-605706/272426
Fax: 91-22-43539358

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
Web: www.mandhana.com

Registrar and Share Transfer Agents

Link Intime India Private Limited
(Unit : Mandhana Industries Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Tel : 91-22-2594 6970, Fax : 91-22-2594 6969
email : rnt.helpdesk@linkintime.co.in

Branch Offices

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

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 Palghar – 401 506.

MANDHANA WEAVING HOUSE

(Shirting Division)

(A Division of Mandhana Industries Limited)

Plot no. C-2, MIDC, Tarapur Industrial Area,
District Palghar – 401 506.

MANDHANA WEAVING HOUSE

(A Division of Mandhana Industries Limited)

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

MANDHANA DYEING – UNIT II

(A Division of Mandhana Industries Limited)

Plot no. C-3, MIDC,
Tarapur Industrial Area,
District Palghar – 401 506.

MANDHANA INDUSTRIES LIMITED

(Garment Division)

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

MANDHANA INDUSTRIES LIMITED

(Garment Division)

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

MANDHANA INDUSTRIES LIMITED

Baramati Hi-Tech Textile Park Ltd.,
Plot no.17-20, Plot no.E-1/2,
MIDC Industrial Area,
Baramati – 413 133.

MANDHANA INDUSTRIES LIMITED

(Garment Division)

Plot no.31, Survey no.161,
Laggare Village, Yeshwanthpura,
Hobli, Bengaluru North Taluka,
Bengaluru – 560 058.

MANDHANA INDUSTRIES LIMITED

(Garment Division)

No. 26/A, Peenya II Phase, Peenya Industrial Area, Near
NTTF Bus Stop, Bengaluru – 560 058.

MANDHANA INDUSTRIES LIMITED

(Garment Division)

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

MANDHANA INDUSTRIES LIMITED

(Garment Division)

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

Statutory Section

Directors' Report

Dear Shareholders,

The Directors have the pleasure in presenting the 31st Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

| | (₹ in Lacs) | |
|---|------------------|------------------|
| | 2015 | 2014 |
| Total Turnover | 168,497.75 | 151,793.76 |
| Other Income | 748.31 | (301.51) |
| Profit Before Interest, Depreciation and Taxation | 27,813.10 | 23,737.24 |
| Less: Interest | 10,775.88 | 9,697.21 |
| Depreciation | 3,999.63 | 2,918.71 |
| Profit Before Taxation | 13,037.59 | 11,121.32 |
| Less: Provision for Taxation | | |
| Current Tax | 4,412.95 | 3,292.46 |
| Deferred Tax | 190.62 | 801.43 |
| Net Profit for the Year | 8,434.02 | 7,027.43 |
| Less: Income Tax paid for earlier year | 125.42 | 1,103.17 |
| Profit after Taxation | 8,308.60 | 5,924.26 |
| Add: Balance of Profit from earlier years | 31,549.84 | 27,450.65 |
| Amount available for Appropriations | 39,858.44 | 33,374.91 |
| Add: Transfer from Debenture Redemption Reserve (Net of Deferred Tax Liability) | 100.00 | - |
| Less: Dividend (Proposed) | 662.48 | 662.48 |
| Tax on distributed Profits | 134.89 | 112.59 |
| Transitional provision for depreciation as per Schedule II of the Act (Net of Deferred tax) | 164.32 | - |
| Transfer to Debenture Redemption Reserve | - | 250.00 |
| Transfer to General Reserve | 800.00 | 800.00 |
| Balance carried forward | 38,196.76 | 31,549.84 |

COMPANY PERFORMANCE AND BUSINESS OVERVIEW

During the year under review, the textiles and garments segment grew at a balanced rate of 9.94% and 10.79%, which resulted in your company achieving sales of ₹168,497.75 lacs, reflecting a growth of approximately 11.00% over the last fiscal. EBIDTA margin increased to 16.06% vis-à-vis 15.84% 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 ₹7,027.43 lacs last year to ₹8,434.02 lacs this year replicating steady growth of 4.63% from last year to 5.01% in the current year. 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.

A detailed discussion of operations for the year ended 31st March, 2015 is provided in the Management Discussion and Analysis Report, which is presented in a separate section forming part of this Annual Report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2014-15

With a view to unlock the valuation of the Company's Retail Operation segment, the Board of Directors of the Company at its meeting held on 22nd November, 2014 decided to demerge its retail business of brand 'Being Human' ("the Retail Business") into a separate company viz. Mandhana Retail Ventures Limited ("MRVL"), to be listed post demerger, subject to sanction of the High Court of judicature at Bombay / National Company Law Tribunal and other statutory/regulatory authority(ies) as may be required. It has decided to transfer the Retail Business along with all its assets and liabilities into MRVL. It has been further decided to transfer all the properties, assets, liabilities etc. of the Retail Business at the value appearing in its books of accounts immediately before the demerger. Appointed Date of demerger has been proposed to be 1st April, 2014. The Company has filed draft Scheme of Arrangement/Demerger along with all the required documents with BSE Limited and National Stock Exchange of India Limited.

It is further proposed that shareholders of the Company shall receive 2 equity shares of MRVL for every 3 equity shares held in the Company in accordance with the valuations determined by the Valuation Expert.

DIVIDEND

The Company is pleased to report that the Board has recommended a final dividend of ₹2/- per equity share of ₹10/- each fully paid-up i.e. 20% for the financial year ended 31st March, 2015. The final dividend will absorb an amount of ₹662.48 Lacs (excluding Dividend Distribution tax of ₹134.89 Lacs).

CORPORATE GOVERNANCE

The Board believes and reaffirms its commitment to transparency and high level of corporate governance practices to discharge their stewardship responsibilities. A corporate Governance Report is annexed to Director's Report and Auditors' Certificate regarding compliance of the Corporate Governance is made part of Annual Report.

All Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2014-15. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this annual report.

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)

40 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹10,00,000/- each aggregating to ₹4,00,00,000/- have been redeemed during the year in accordance with terms of the issue. The details of outstanding NCDs as on 31st March, 2015 are provided in annexure to Note No. 3 on Long Term Liabilities forming part of Financial Statements contained in the Annual Report.

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 exchanges.

DIRECTORS

Mr. Sanjay Asher has resigned as a Director of the Company with effect from 30th September, 2014 in order to meet the requirements of limit on number of directorships laid under the provisions of the Companies Act, 2013 and amended Clause 49 of the Listing Agreements notified by Securities and Exchange Board of India vide its circular dated April 17, 2014. The Company places on record the valuable contribution of Mr. Sanjay Asher during his tenure as Director.

Pursuant to recommendation of the Nomination & Remuneration Committee, the Board of Directors vide circular resolution dated 3rd November, 2014 appointed Mr. Prashant Asher as Additional Director (Non-Executive and Independent Director) of the Company, who holds office up to the date of this Annual General Meeting, under the provisions of Article 151 of the Articles of Association of the Company and Sections 149, 150, 152 and 161 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and Clause 49 of the Listing Agreements. Necessary details have been annexed to the notice of the meeting in terms of Section 102(1) of the said Act.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

In accordance with the provisions of the Companies Act, 2013, Mr. Purushottam C. Mandhana retires by rotation at this Annual General Meeting and is eligible 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. The Board of Directors has recommended his reappointment for consideration of the shareholders.

BOARD EVALUATION

Evaluation of performance of all Directors is undertaken annually. The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects.

The Board of Directors has expressed their satisfaction with the evaluation process.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year 5 Board Meetings were convened and held, details of which are given in the Corporate Governance Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES

The Company has established a Vigil Mechanism, which includes a Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behaviour, actual or

suspected fraud or violation of the Company's Code of Conduct & Ethics. The Whistle Blower Policy is posted on the website of the Company and the web-link to the same is <http://www.mandhana.com/investorrelations.html>

AUDIT COMMITTEE

The Audit Committee comprises of five members viz. 4 Independent Directors and 1 Executive Director, given as under:

1. Mr. Khurshed M. Thanawalla - Chairman
2. Mr. Ghyanendra Nath Bajpai
3. Mr. Prashant K. Asher
4. Mr. Dilip G. Karnik
5. Mr. Purushottam C. Mandhana

Further details on the Audit Committee are provided in the Corporate Governance Section of the Annual Report.

NOMINATION AND REMUNERATION POLICIES

The Board of Directors has formulated a Policy which lays down a framework for selection and appointment of Directors and Senior Management and for determining qualifications, positive attributes and independence of Directors.

The Board has also formulated a Policy relating to remuneration of Directors, members of Senior Management and Key Managerial Personnel.

Details of the Nomination and Remuneration Policy are given under Annexure - 'D' to this Report.

RISK MANAGEMENT POLICY

The Company has a robust Risk Management framework to identify, measure and mitigate business risks and threats. This framework seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operations risks and quantifies exposure and potential impact at a Company level.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loans, guarantees or Investments covered under section 186 of the Companies Act, 2013, have been given or provided during the year.

RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis.

During the year, the Company had not entered into any contract/arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

Post October 1, 2014, prior omnibus approval of the Audit Committee has been obtained on an annual basis for transactions with related parties which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of

all transactions with related parties are placed before the Audit Committee for their review on a periodic basis.

MANAGERIAL REMUNERATION

Remuneration to Directors and Key Managerial Personnel

- i. The percentage increase in remuneration of each Director and Company Secretary during FY2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name of Director /KMP and Designation | Remuneration of Director/ KMP for FY 2014-15 (₹) | % increase in remuneration in FY 2014-15 | Ratio of remuneration of each Whole-Time Director to median remuneration of employees | Comparison of the remuneration of KMP against Company's performance |
|---------|---|--|--|---|--|
| 1 | Purushottam C. Mandhana - Chairman & Managing Director | 2,43,99,600 | 0.17% | 235.74 | Profit after tax for FY 2014-15 is ₹8,434.02 Lacs as against ₹7,027.43 Lacs in FY 2013-14. |
| 2 | Biharilal C. Mandhana - Executive Director | 73,83,600 | 0.35% | 71.34 | |
| 3 | Manish B. Mandhana - Joint Managing Director | 1,70,91,600 | 0.24% | 165.14 | |
| 4 | Ghyanendra Nath Bajpai - Independent Director | 4,30,000 | Note 1 | N.A. | N.A. |
| 5 | Sanjay K. Asher - Independent Director | 80,000 | Note 2 | N.A. | N.A. |
| 6 | Khurshed M. Thanawalla - Independent Director | 4,30,000 | Note 1 | N.A. | N.A. |
| 7 | Dilip G. Karnik - Independent Director | 3,05,000 | Note 1 | N.A. | N.A. |
| 8 | Sangeeta M. Mandhana - Non-Executive Director | 50,000 | Note 3 | N.A. | N.A. |
| 9 | Prashant K. Asher - Independent Director | 3,25,000 | Note 4 | N.A. | N.A. |
| 10 | Vinay Sampat - Company Secretary | 20,00,616 | 19.24% | N.A. | Profit after tax for FY 2014-15 is ₹8,434.02 Lacs as against ₹7,027.43 Lacs in FY 2013-14. |

Note 1: Pursuant to Section 197 of the Companies Act, 2013, a Company may pay sitting fees to Directors upto ₹1 Lakh per meeting for each of the meetings of the Board and Committees thereof attended by them. At the Board Meeting held on 14th November, 2014, sitting fees payable to the Non-Executive Directors for attending Board and Audit Committee Meetings

was increased to ₹50,000/- each and ₹25,000/- each for other Committee meetings attended as against ₹20,000/- for Board Meetings and ₹10,000/- for Committee Meetings fixed by the Board at its meeting held on 7th March, 2008. In view of this, the remuneration paid to the Independent Directors for FY2014-15 is not comparable to the remuneration paid in FY2013-14.

Note 2: Mr. Sanjay K. Asher has ceased to be Director with effect from 30th September, 2014 and hence the remuneration paid to Mr. Sanjay K. Asher for FY2014-15 is not comparable to the remuneration paid in FY2013-14.

Note 3: Mrs. Sangeeta Mandhana appointed as Additional Director with effect from 5th August, 2014 and her appointment as Non-Executive Director was approved by the Members at the Annual General Meeting held on 18th September, 2014 and hence the remuneration paid to Mrs. Sangeeta Mandhana for FY2014-15 is not comparable to the remuneration paid in FY2013-14.

Note 4: Mr. Prashant K. Asher appointed as Additional Director with effect from 3rd November, 2014 and hence the remuneration paid to Mr. Prashant K. Asher for FY2014-15 is not comparable to the remuneration paid in FY2013-14.

Note 5: Remuneration paid to each Whole-Time Director and KMP includes Salary, allowances, company's contribution to provident fund and monetary value of perquisites, if any. The remuneration paid to Non-Executive and/or Independent Directors comprises of sitting fees only.

- ii. The median remuneration of employees of the Company during FY2014-15 was ₹1,03,500/-;
- iii. In the financial year under review, there was an increase of 10.58% in the median remuneration of employees;
- iv. There were 5,175 permanent employees on the rolls of the Company as on 31st March, 2015;

v. Relationship between average increase in remuneration and Company's performance

The increase in median remuneration of employees was 10.58%. As regards Company's performance, its Profit after Tax (PAT) for the financial year 2014-15 was ₹8,434.02 Lakh as against PAT of ₹7,027.43 Lakh for the financial year 2013-14.

Remuneration to Employees is as per the HR Policy of the Company in force from time to time and in compliance with applicable regulatory requirements. Total remuneration comprises fixed pay, perquisites, retiral benefits and performance pay. Performance Pay, which is the variable component of remuneration and comprises a significant portion of total remuneration is, amongst other factors, linked to Company's performance.

- vi. a) **Variations in the market capitalisation of the Company**
The market capitalisation as on March 31, 2015 was

₹87,844.62 Lakh (₹76,549.36 lakh as on March 31, 2014).

- b) Price Earnings Ratio of the Company was ₹10.57 as at March 31, 2015 and was ₹12.92 as at March 31, 2014.
- vii. Percent increase over/ decrease in the market quotations of the shares of the company as compared to the price at which the last public offer was made

The last offer of shares to the public was made in May, 2010, which was the Initial Public Offer of 83,00,000 equity shares of ₹10/- each at a price of ₹130/- per share. As against this, the average closing price of the Company's equity shares on the Stock Exchange for FY 2014-15 was ₹248.85. which represents the increase of 91.42% over the IPO offer price.
- viii. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY2014-15 was 14.86%. Average percentage increase in managerial personnel in the last financial year i.e. FY 2014-15 was 0.22%. Increase in the managerial remuneration is in accordance with the ordinary resolutions passed at the Annual General Meeting of the Company held on 19th September, 2013.
- ix. Key parameters for the variable component of remuneration availed by Directors
Not Applicable.
- x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year
Not Applicable
- xi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

STATUTORY AUDITORS AND AUDITORS REPORT

In accordance with Sec 139 of the Companies Act, 2013, M/s. Vishal H. Shah & Associates, Chartered Accountants, Firm Registration no. 116422W were re-appointed by the shareholders of the Company at the Annual General Meeting held on September 18, 2014, as Statutory Auditors for a period of 3 years to hold office until the conclusion of the 33rd Annual General Meeting of the Company in calendar

year 2017. In accordance with the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, the appointment of the Statutory Auditors is required to be ratified by the shareholders at every Annual General Meeting during their tenure. M/s. Vishal H. Shah & Associates, Chartered Accountants, have confirmed that they are eligible for having their appointment as Statutory Auditors if ratified at this Annual General Meeting.

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended 31st March, 2015. The statements made by the Auditors in their Report are self - explanatory and do not call for any further comments.

COST AUDIT REPORT

The Cost Audit report for the year ended March 31, 2014 was due on September 30, 2014 and was filed by M/s. Joshi Apte and Associates, Cost Accountants, on 16th September, 2014.

The Companies (cost records and audit) Rules, 2014 were notified by the Ministry of Corporate Affairs (MCA) on 30th June, 2014. As per these rules the textile sector was out of purview of cost audit. However, the MCA amended the said rules by the Companies (Cost Records and Audit) Amendment Rules, 2014 notified on 31st December, 2014. As per amended rules the CETA Heading 5004 to 5007; 5106 to 5113; 5205 to 5212; 5303; 5310; 5401 to 5408; 5501 to 5516 for Textile Sector is covered under the scope of applicability of cost records and audit thereof effective 1st April 2015.

M/s. Babulal M. Parihar & Co., Cost Accountants, have been duly appointed as Cost Auditors by the Board of Directors of the Company at its meeting held on 13th August, 2015 for conducting Cost Audit in respect of products manufactured by the Company which are covered under the Cost Audit Rules for current financial year ending 31st March, 2016. As required by Section 148 of the Companies Act, 2013, necessary resolution has been included in the Notice convening the Annual General Meeting, seeking ratification by Members to the remuneration proposed to be paid to the Cost Auditors for the financial year 31st March, 2016.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has appointed Mr. Nitin R. Joshi, Practicing Company Secretary

(Certificate of Practice No. 1884 and Membership No.FCS-3137) as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as Annexure – 'E' and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Mr. Purushottam C. Mandhana, Chairman & Managing Director possesses extensive proficiency in financial and risk management operations garnered through his association with the Company from its inception and vast experience in the textile industry. He also heads the Finance Department of the Company and performing required duties and functions of a Chief Financial Officer.

CORPORATE SOCIAL RESPONSIBILITY

The Annual Report on Corporate Social Responsibility activities for FY 2014-15 is enclosed as Annexure – 'C'.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary, Joint Venture and Associate Company as on 31st March, 2015.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No material changes and commitments have taken place which may have impact on the financial position of the Company after the Balance Sheet date i.e. 31st March, 2015 till the date of this report.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls in place with reference to financial statements. These are continually reviewed by the Company to strengthen the same wherever required. The internal control systems are supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by management. The Audit Committee of the Board addresses issues raised by both, the Internal Auditors and the Statutory Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under sub section (3)(c) and (5) of Section 134 of the Companies Act, 2013, 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, 2015, 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual financial statements on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PARTICULARS OF EMPLOYEES

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure - A forming part of this Report.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per section 134(3) (2) of the Companies Act, 2013, read with the Companies

(Accounts) Rules, 2014 for the year ended March 31, 2015 are provided under Annexure – 'B' to this report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is provided under Annexure - 'F' forming part of this Report.

OTHERS

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. The details relating to deposits, covered under Chapter V of the Act, since neither has the Company accepted deposits during the year under review nor were there any deposits outstanding during the year.
2. Details relating to issue of equity shares including sweat equity shares, stock options, and shares with differential rights as to dividend, voting or otherwise, since there was no such issue of shares.
3. None of the Whole-Time Directors of the Company received any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 on behalf of the Board of Directors

Place: Mumbai
Dated: 13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Annexure -‘A’ to Directors’ Report

Statement pursuant to Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name & Designation | Yearly Remuneration Received (₹) | Natures of Employment | Qualification and Experience | Date of commencement of employment | Age | Particulars of last employment | % of Equity Shares held by the Employee in the Company within the meaning of Rule 5(2)(iii) |
|--|----------------------------------|-----------------------|------------------------------|------------------------------------|-----|----------------------------------|---|
| Mr. Purushottam C. Mandhana (Chairman and Managing Director) | 2,43,99,600 | Contractual | B.Com (35 Years) | 01-04-1994 | 60 | - | 12.59% |
| Mr. Manish B. Mandhana (Joint Managing Director) | 1,70,91,600 | Contractual | B.Com (18 Years) | 30-09-1995 | 46 | Mandhana Exports Private Limited | 14.48% |
| Mr. Biharilal C. Mandhana (Executive Director) | 73,83,600 | Contractual | B.Com (40 Years) | 25-07-1984 | 69 | - | 12.82% |

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.

For and on behalf of the Board of Directors

Place: Mumbai
Dated:13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Annexure -‘B’ to Directors’ Report

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgo - 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.

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 : ₹21,475.49 Lacs

Out go : ₹3,591.66 Lacs

For and on behalf of the Board of Directors

Place: Mumbai

Dated:13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Annexure -‘C’ to Directors’ Report

Annual Report on Corporate Social Responsibility activities for the financial year 2014-15

1. A brief outline of the Company’s Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

India faces enormous challenges in provision of basic public services to large parts of the population, both in rural and urban centers. A lot of ground is to be covered in improving the quality of these services, albeit at a reasonable cost. There is also a growing realization that complex and seemingly insurmountable social problems cannot be solved by individual organizations or a single stakeholder group. It requires different parts of the ecosystem such as funders, government, non-profits, corporates and media to work collaboratively to create long-term social change.

In doing so, Mandhana Industries Limited (MIL) believes that - (a) It can play a meaningful role in bringing professionalism, leadership and discipline to projects in pursuit of Corporate Social Responsibility, (b) Innovation can play a crucial role in developing ‘out of the box’ solutions to seemingly intractable problems and (c) It is crucial that any solution backed by the

Company has the potential to achieve scale and be replicable across large geographies of India. In doing so, the Company actively seeks partnerships, with government and private entities, in an open source relationship that seeks to maximize the impact of its solutions.

CSR has become mandatory from FY 2014-15 under the Companies Act, 2013. However, the Company has been pursuing CSR initiatives even before it was mandated by law.

MIL’s CSR initiatives aim to create solutions to some of India’s most pressing challenges. It envisages transforming Health, Education, Water and Social Sector Ecosystems through high impact solutions, thought leadership and partnerships.

Some of the CSR initiatives being pursued by MIL are:

The Company has proposed to promote ‘health care including preventive health care’ towards its Corporate Social Responsibility in collaboration with ‘Being Human – The Salman Khan Foundation’ and one or more other trusts meeting the criteria as delineated under Section 135 of the Companies Act, 2013 and the rules framed thereunder.

Web link to CSR Policy: <http://www.mandhana.com/investorrelations.html>

2. Composition of the CSR Committee

| Name | Category |
|--------------------------------|--|
| Mr. Dilip G. Karnik - Chairman | Non-Executive and Independent Director |
| Mr. Ghyanendra Nath Bajpai | Non-Executive and Independent Director |
| Mr. Khurshed Thanawalla | Non-Executive and Independent Director |
| Mr. Purushottam C. Mandhana | Executive Director |

The composition of the Committee is in compliance with Section 135 of the Companies Act, 2013.

3. Average net profit of the Company for last three financial years

₹10,380.95 Lacs.

4. Prescribed CSR Expenditure

₹207.62 Lacs representing 2% of the Average Net Profit of the Company for the last three financial years.

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year – Nil.

(b) Amount unspent, if any – 207.62 Lacs.

(c) Manner in which the amount spent during the financial year:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|-----------------------------------|--|-----------|--|--|---|--|
| Sr. No. | CSR Project / Activity identified | Sector in which the Project is covered | Locations | Amount outlay (budget) project or program wise | Amount spent on the projects or programs | Cumulative expenditure up to the reporting period | Amount spent directly or through Implementing Agency |
| - | - | - | - | - | - | - | - |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

The Company is in advance stage of finalization with the 'Being Human - The Salman Khan Foundation' and one or more other Implementing Agencies/Trusts for spending the prescribed expenditure towards its CSR initiatives mentioned in the preceding paragraphs and developing robust monitoring process.

7. Responsibility Statement of the Corporate Social Responsibility Committee

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai

Dated:13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Annexure -‘D’ to Directors’ Report

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

- 1.1 Mandhana Industries Limited (the ‘Company’) recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 vide sub-section (3) of section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement as amended by the Securities and Exchange Board of India vide Master Circular dated April 17, 2014 makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
 - 1.3.1. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014; and
 - 1.3.2. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Nomination and Remuneration Committee include:
 - 1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
 - 1.4.2 recommending to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and senior management employees;
 - 1.4.3 formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
 - 1.4.4 devising a policy on Board diversity; and
 - 1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the ‘senior management’ or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.
- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
 - 1.5.1 devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
 - 1.5.2 encourage personnel to perform to their highest level;
 - 1.5.3 provide consistency in remuneration throughout the Company;

1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company; and

1.5.5 set out the approach to diversity on the Board as delineated in the Annexure to this Policy.

1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.

1.7 The Nomination and Remuneration Policy applies to the Company's senior management employees, including its Key managerial personnel and Board of Directors.

2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under:

2.1 'Board' means the Board of Directors of Mandhana Industries Limited or the Company.

2.2 'Committee' means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.

2.3 'Director' means a director appointed on the Board of the Company including executive; non-executive; and independent directors.

2.4 'Employee' means every senior management employee, including Key managerial personnel and directors on the Board.

2.5 'Key managerial personnel' includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary; and Chief Financial Officer.

2.6 'Member' means a director of the Company appointed as member of the Committee.

2.7 'Nomination and Remuneration Policy' shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company determined by the Nomination and Remuneration Committee.

2.8 'Senior management' or 'Senior management employees' means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

3. NOMINATION AND REMUNERATION COMMITTEE

3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.

3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.

3.3 The presently nominated members of the Committee are:

(1) Mr. Khurshed M. Thanawalla (Chairman)

(2) Mr. Ghyanendra Nath Bajpai

(3) Mr. Dilip Karnik

(4) Mr. Prashant Asher

4. LETTER OF APPOINTMENT OR CONTRACT OF EMPLOYMENT

4.1 The Company shall issue a Letter of Appointment to Non-executive directors setting out the terms and conditions, if any and the same shall be approved by the Board in consonance to the provision of the Companies Act, 2013 and applicable clauses of the Listing Agreements and any amendments thereto.

4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract with the Company or a Letter of Appointment shall be issued by the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment/Letter of Appointment may set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

- 4.3 The Committee and the Board shall approve the contracts of employment/letter of appointment of directors and Key Managerial Personnel. For senior management employees, such appointments shall be considered and approved by the Managing Director of the Company and brief particulars of such appointment(s) made by the Managing Director shall be placed before the Committee at regular intervals for its noting and ratification.

The Board shall disclose the terms and conditions of any contract of employment/letter of appointment in accordance with the law.

5. REMUNERATION STRUCTURE

5.1 REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to directors and key managerial personnel. The remuneration package shall be comprised of amounts that are fixed and variable and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

5.1.1 Fixed Remuneration

The contract of employment/letter of appointment entered into by the executive directors / key managerial personnel with the Company shall demarcate the cost to the Company, fixed gross salary or base salary payable to the employee. The fixed remuneration or salary shall be determined according to complexities of the position and role of the executive directors / key managerial personnel, the relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

5.1.2 Performance Based Remuneration or Incentive-Based Payments

The performance-based or incentive-based payments may form part of the variable component of the salary payable to the executive

directors / key managerial personnel. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by executive directors / key managerial personnel in the Company. Incentive-based payments take into account factors such as performance of the executive directors / key managerial personnel, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

5.1.3 Severance Fees or Termination Benefits

Each contract of employment / letter of appointment entered into by the executive directors and key managerial personnel with the Company may demarcate in advance the entitlement to payment upon termination of employment for each employee. Making of such payments shall be approved by the Board and the Committee and shall be in consonance with the Nomination and Remuneration Policy of the Company.

5.1.4 Employee Benefits

The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, profit sharing and bonuses, post-employment benefits such as gratuity, pension retirement benefits, post-employment life insurance and post-employment medical care; other long-term employee benefits, including long-service leave, long-term disability benefits and termination benefits.

5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Non-executive directors shall be paid sitting fees for attending each of the Meetings of the Board of Directors and Committees as may be approved by the Board of

Directors from time to time. The Non-executive directors may be paid commissions and other benefits as may be prescribed by the Board of Directors in conformity of the applicable provisions of the Companies Act, 2013 and rules notified thereunder from time to time.

6. DISCLOSURES

- 6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.
- 6.2 The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.
- 6.3 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company or put up on the website of the Company and reference drawn thereto in the Annual Report. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.
- 6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :
 - 6.4.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;
 - 6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria;
 - 6.4.3 Service contracts, notice period, severance fees; and
 - 6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

7. REVIEW AND IMPLEMENTATION

- 7.1 The Managing Director shall conduct an evaluation of performance for senior management employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

- 7.2 The Committee shall be responsible for monitoring the implementation of the Nomination and Remuneration Policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company.

8. AMENDMENT

The Board of Directors reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees, key managerial personnel and senior management employees unless the same is notified to them in writing.

Annexure

BOARD DIVERSITY POLICY

1. PURPOSE

This Board Diversity Policy ('Policy') sets out the approach to diversity on the Board of Directors ('Board') of Mandhana Industries Limited ('MIL'/'the Company').

2. SCOPE

This Policy applies to the Board. It does not apply to employees generally.

3. POLICY STATEMENT

MIL recognizes and embraces the importance of a diverse Board in its success. MIL believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure that the Company retains its competitive advantage.

MIL believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- Drive business results;
- Make corporate governance more effective;
- Enhance quality and responsible decision making capability;
- Ensure sustainable development; and
- Enhance the reputation of the Company.

The Nomination and Remuneration Committee ('Committee') is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- Assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board;

- Make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and

- Periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Agreement and the statutory, regulatory and contractual obligations of the Company.

The effective implementation of this Policy requires that shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. To this end, MIL shall continue to provide sufficient information to shareholders about the size, qualifications and characteristics of each Board member.

4. RESPONSIBILITY AND REVIEW

The Committee will review this Policy periodically and recommend appropriate revisions to the Board.

For and on behalf of the Board of Directors

Place: Mumbai

Dated: 13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Annexure -‘E’ to Directors’ Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mandhana Industries Limited,
205-214, Peninsula Centre,
Dr. S.S. Rao Marg,
Parel, Mumbai 400 012.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mandhana Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, and in the manner reported hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made under that Act
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made under that Act;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,

1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)
- (vi) The other laws as may be applicable to the Company are based on the Compliance certificates issued by the designated officers of the Company and Corporate Compliance Certificate issued thereafter by the Chairman & Managing Director and submitted to the Board of Directors of the Company. I report that the Company has generally complied with the provisions of those laws that are applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India: (Not notified hence not applicable to the Company during the Audit Period).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review and as per the explanations and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

- I. The Company could not spend the eligible profit on Corporate Responsibility Measures. However the company has constituted the CSR committee and its constitution

was as per the regulations.

- II. The Chairman and Managing Director of the Company is discharging the functions of Chief Financial Officer.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Board of Directors of the Company has approved demerge its retail business of brand 'Being Human' ("the Retail Business") in to separate company viz. Mandhana Retail Ventures Limited, to be listed post demerger. The Company has filed draft Scheme of Arrangement/Demerger along with all the required documents with BSE Limited and National Stock Exchange of India Limited.

Place: Mumbai
Dated: 13th August, 2015

(NITIN R. JOSHI)
Practicing Company Secretary
FCS No. 3137 & C.P. No 1884

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mandhana Industries Limited
205-214, Peninsula Centre,
Dr. S.S. Rao Marg,
Parel, Mumbai - 400 012

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai
Dated: 13th August, 2015

(NITIN R. JOSHI)
Practicing Company Secretary
FCS No. 3137 & C.P. No 1884

Annexure -‘F’ to Directors’ Report

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Company Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :

| | |
|---|---|
| i. CIN | L17120MH1984PLC033553 |
| ii. Registration Date | 25th July, 1984 |
| iii. Name of the Company | Mandhana Industries Limited |
| iv. Category / Sub-category of the Company | Company Limited by Shares / Indian Non-Government Company. |
| v. Address of the Registered Office & Contact Details | Plot No. C-3, MIDC, Tarapur Industrial Area Boisar, Dist : Palghar – 401 506 Tel : 91-2525-605706/272426 Fax : 91-22-43539358 |
| vi. Address of the corporate Office & Contact Details | 205-214, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai – 400 012 Tel : 91-22-43539191 Fax : 91-22-43539216 email : info@mandhana.com Web : www.mandhana.com |
| vii. Whether Listed Company | Yes. (BSE & NSE) |
| viii Name, Address & contact Details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited (Unit : Mandhana Industries Ltd.) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 075 Tel : 91-22-25946970 Fax : 91-22-25946969 email : rnt.helpdesk@linkintime.co.in |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company are given below :-

| Sr. No. | Name & Description of main product / services | NIC Code of the Product / Service* | % to total turnover of the Company # |
|---------|---|--|--------------------------------------|
| 1 | Textiles and Garments | 131 - Spinning, weaving and finishing of textiles | 80.34 |
| | Manufacturing Company | 141 - Manufacture of wearing apparel, except fur apparel | 19.46 |

* As per National Industrial Classification - Ministry of Statistics and Programme Implementation

On the basis of Gross Turnover

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

The Company does not have any Holding, Subsidiary / Associate Company.

IV SHAREHOLDING PATTERN (Equity Share Capital. Break up as % to total Equity)

(i) Category-wise Shareholding

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian : | | | | | | | | | |
| a) Individual/HUF | 1,25,55,012 | 0 | 1,25,55,012 | 37.90 | 1,28,12,675 | 0 | 1,28,12,675 | 38.68 | 0.78 |
| b) Central Government/ State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporate | 14,62,621 | 0 | 14,62,621 | 4.42 | 1,49,734 | 0 | 1,49,734 | 4.52 | 0.10 |
| d) FI / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other – Relative of Directors | 88,05,354 | 0 | 88,05,354 | 26.58 | 91,25,189 | 0 | 91,25,189 | 27.55 | 0.97 |
| Sub-Total (A)(1) | 2,28,22,987 | 0 | 2,28,22,987 | 68.90 | 2,34,35,598 | 0 | 2,34,35,598 | 70.75 | 1.85 |
| (2) Foreign : | | | | | | | | | |
| a) Individual – NRI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| c) Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| d) F I / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| a) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sub-Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Shareholding of Promoter and Promoter Gr.(A)=(A)(1)+(A)(2) | 2,28,22,987 | 0 | 2,28,22,987 | 68.90 | 2,34,35,598 | 0 | 2,34,35,598 | 70.75 | 1.85 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions : | | | | | | | | | |
| a) Mutual Funds / UTI | 205 | 0 | 205 | 0 | 153 | 0 | 153 | 0.00 | 0.00 |
| b) Banks / FI | 6,04,229 | 0 | 6,04,229 | 1.82 | 6,02,800 | 0 | 6,02,800 | 1.82 | 0.00 |
| c) Central Government / State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Insurance Companies | 14,30,000 | 0 | 14,30,000 | 4.32 | 10,84,981 | 0 | 10,84,981 | 3.28 | -1.04 |
| f) FIs | 11,67,530 | 0 | 11,67,530 | 3.53 | 2,25,288 | 0 | 2,25,288 | 0.68 | -2.85 |
| g) Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Qualified Foreign Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (B)(1) | 32,01,964 | 0 | 32,01,964 | 9.67 | 19,13,222 | 0 | 19,13,222 | 5.78 | -3.89 |
| (2) Non Institutions : | | | | | | | | | |
| a) Bodies Corporate | 55,36,084 | 0 | 55,36,084 | 16.71 | 48,41,266 | 0 | 48,41,266 | 14.62 | -2.09 |
| b) Individuals : | | | | | | | | | |
| Individual Shareholders holding Nominal share Capital up to ₹1 lakh | 3,05,129 | 21,053 | 3,26,182 | 0.99 | 5,37,981 | 10,053 | 5,48,034 | 1.65 | 0.66 |
| Individual Shareholders holding Nominal share Capital in Excess of ₹1 lakh | 8,85,565 | 30,000 | 9,15,656 | 2.77 | 12,41,507 | 0 | 12,41,507 | 3.75 | 0.98 |

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------|-------------|-------------------|---|----------|-------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c) Qualified Foreign Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Any Other: | | | | | | | | | |
| 1) Directors | 43,500 | 0 | 43,500 | 0.13 | 20,000 | 0 | 20,000 | 0.06 | -0.07 |
| 2) Clearing Members | 2,75,549 | 0 | 2,75,549 | 0.83 | 2,10,589 | 0 | 2,10,589 | 0.64 | -0.19 |
| 3) NRI-Rept | 1,370 | 0 | 1,370 | 0.00 | 11,378 | 0 | 11,378 | 0.03 | 0.03 |
| 4) NRI-Non Rept | 712 | 0 | 712 | 0.00 | 17,319 | 0 | 17,319 | 0.05 | 0.05 |
| 5) Foreign Portfolio Investor (Corporate) | 0 | 0 | 0 | 0 | 8,85,000 | 0 | 8,85,000 | 2.67 | 2.67 |
| Sub-Total (B)(2) | 70,47,909 | 51,053 | 70,98,962 | 21.43 | 77,65,040 | 10,053 | 77,75,093 | 23.47 | 2.04 |
| Total Shareholding of Promoter and Promoter Gr.(B)=(B)(1)+(B)(2) | 1,02,49,873 | 51,053 | 1,03,00,926 | 31.10 | 96,78,262 | 10,053 | 96,88,315 | 29.25 | 1.85 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total = A+B+C | 3,30,72,860 | 51,053 | 3,31,23,913 | 100.00 | 3,31,13,860 | 10,053 | 3,31,23,913 | 100.00 | |

(ii) Shareholding of Promoters :

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in Shareholding during the year |
|---------|----------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged/ Encumberred to Total shares | No. of Shares | % of Total Shares of the Company | % of Shares Pledged/ Encumberred to Total shares | |
| 1 | Mr. Biharilal C. Mandhana | 16,82,000 | 5.08 | 3.77 | 16,82,000 | 5.08 | 4.98 | 0.00 |
| 2 | Mr. Purushottam C. Mandhana | 20,26,140 | 6.12 | 5.43 | 20,93,081 | 6.32 | 6.04 | 0.20 |
| 3 | Mr. Manish B. Mandhana | 21,49,140 | 6.49 | 3.86 | 22,10,454 | 6.67 | 6.28 | 0.18 |
| 4 | Mr. Priyavrat P. Mandhana | 34,83,732 | 10.52 | 7.43 | 36,13,140 | 10.91 | 0.61 | 0.39 |
| 5 | MR. Purushottam C. Mandhana(HUF) | 32,14,000 | 9.70 | 5.59 | 32,14,000 | 9.70 | 5.59 | 0.00 |

(iii) Change in Promoters, shareholding :

| Sr. No. | Category of shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|----------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Biharilal C. Mandhana | | | | |
| | At the beginning of the year | 16,82,000 | 5.08 | 16,82,000 | 5.08 |
| | At the end of the year | | | 16,82,000 | 5.08 |
| 2 | Mr. Purushottam C. Mandhana | | | | |
| | At the beginning of the year | 20,26,140 | 6.12 | 20,26,140 | 6.12 |
| | 27.02.2015 Purchase | 9,194 | 0.02 | 20,35,334 | 6.14 |
| | 28.02.2015 Purchase | 22,976 | 0.07 | 20,58,310 | 6.21 |
| | 18.03.2015 Purchase | 13,000 | 0.04 | 20,71,310 | 6.25 |
| | 23.03.2015 Purchase | 6,654 | 0.02 | 20,77,964 | 6.27 |
| | 24.03.2015 Purchase | 5,319 | 0.02 | 20,83,103 | 6.29 |
| | 25.03.2015 Purchase | 5,654 | 0.02 | 20,88,757 | 6.31 |
| | 26.03.2015 Purchase | 3,849 | 0.01 | 20,92,606 | 6.32 |
| | 27.03.2015 Purchase | 475 | 0.00 | 20,93,081 | 6.32 |
| | At the end of the year | | | 20,93,081 | 6.32 |
| 3 | Mr. Manish B. Mandhana | | | | |
| | At the beginning of the year | 21,49,140 | 6.49 | 21,49,140 | 6.49 |
| | 27.02.2015 Purchase | 9,850 | 0.03 | 21,58,990 | 6.52 |
| | 28.02.2015 Purchase | 22,865 | 0.07 | 21,81,855 | 6.59 |
| | 18.03.2015 Purchase | 13,000 | 0.04 | 21,94,855 | 6.63 |
| | 23.03.2015 Purchase | 10,064 | 0.03 | 22,04,919 | 6.66 |
| | 24.03.2015 Purchase | 3,246 | 0.01 | 22,08,165 | 6.67 |
| | 25.03.2015 Purchase | 2,289 | 0.00 | 22,10,454 | 6.67 |
| | At the end of the year | | | 22,10,454 | 6.67 |
| 4 | Mr. Priyavrat P. Mandhana | | | | |
| | At the beginning of the year | 34,83,732 | 10.52 | 34,83,732 | 10.52 |
| | 17.12.2014 Purchase | 18,000 | 0.05 | 35,01,732 | 10.57 |
| | 18.12.2014 Purchase | 7,000 | 0.02 | 35,08,732 | 10.59 |
| | 19.12.2014 Purchase | 5,000 | 0.02 | 35,13,732 | 10.61 |
| | 29.12.2014 Purchase | 9,008 | 0.03 | 35,22,740 | 10.64 |
| | 30.12.2014 Purchase | 15,900 | 0.04 | 35,38,640 | 10.68 |
| | 15.01.2015 Purchase | 3,075 | 0.01 | 35,41,715 | 10.69 |
| | 16.01.2015 Purchase | 2,000 | 0.01 | 35,43,715 | 10.70 |
| | 20.01.2015 Purchase | 3,115 | 0.01 | 35,46,830 | 10.71 |
| | 18.02.2015 Purchase | 7,000 | 0.02 | 35,53,830 | 10.73 |
| | 20.02.2015 Purchase | 26,050 | 0.08 | 35,79,880 | 10.81 |
| | 25.02.2015 Purchase | 18,010 | 0.05 | 35,97,890 | 10.86 |
| | 26.02.2015 Purchase | 9,000 | 0.03 | 36,06,890 | 10.89 |
| | 17.03.2015 Purchase | 6,250 | 0.02 | 36,13,140 | 10.91 |
| | At the end of the year | | | 36,13,140 | 10.91 |
| 5 | Mr. Purushottam C. Mandhana(HUF) | | | | |
| | At the beginning of the year | 32,14,000 | 9.70 | 32,14,000 | 9.70 |
| | At the end of the year | | | 32,14,000 | 9.70 |

(iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Sudha Biharilal Mandhana | | | | |
| | At the beginning of the year | 19,46,599 | 5.88 | 19,46,599 | 5.88 |
| | 17.12.2014 Purchase | 18,000 | 0.05 | 19,64,599 | 5.93 |
| | 18.12.2014 Purchase | 7,000 | 0.05 | 19,71,599 | 5.95 |
| | 19.12.2014 Purchase | 5,000 | 0.02 | 19,76,599 | 5.97 |
| | 29.12.2014 Purchase | 19,560 | 0.06 | 19,96,159 | 6.03 |
| | 30.12.2014 Purchase | 19,100 | 0.05 | 20,15,259 | 6.08 |
| | 15.01.2015 Purchase | 3,076 | 0.01 | 20,18,335 | 6.09 |
| | 16.01.2015 Purchase | 1,500 | 0.00 | 20,19,835 | 6.10 |
| | 18.02.2015 Purchase | 7,000 | 0.02 | 20,26,835 | 6.12 |
| | 20.02.2015 Purchase | 24,025 | 0.07 | 20,50,860 | 6.19 |
| | 25.02.2015 Purchase | 18,010 | 0.05 | 20,68,870 | 6.25 |
| | 26.02.2015 Purchase | 10,850 | 0.03 | 20,79,720 | 6.28 |
| | 17.03.2015 Purchase | 6,250 | 0.02 | 20,85,970 | 6.30 |
| | At the end of the year | | | 20,85,970 | 6.30 |
| 2 | Prema Purushottam Mandhana | | | | |
| | At the beginning of the year | 19,72,595 | 5.96 | 19,72,595 | 5.96 |
| | 17.12.2014 Purchase | 23,644 | 0.07 | 19,96,239 | 6.03 |
| | 18.12.2014 Purchase | 1,386 | 0.00 | 19,97,625 | 6.03 |
| | 19.12.2014 Purchase | 6,000 | 0.02 | 20,03,625 | 6.05 |
| | 29.12.2014 Purchase | 11,520 | 0.03 | 20,15,145 | 6.08 |
| | 30.12.2014 Purchase | 15,100 | 0.05 | 20,30,245 | 6.13 |
| | 15.01.2015 Purchase | 3,168 | 0.01 | 20,33,413 | 6.14 |
| | 16.01.2015 Purchase | 2,000 | 0.00 | 20,35,413 | 6.14 |
| | 23.02.2015 Purchase | 25,101 | 0.08 | 20,60,514 | 6.22 |
| | 26.02.2015 Purchase | 9,000 | 0.03 | 20,69,514 | 6.25 |
| | 17.03.2015 Purchase | 6,250 | 0.02 | 20,75,764 | 6.27 |
| | At the end of the year | | | 20,75,764 | 6.27 |
| 3 | Mahan Synthetic Textiles Pvt. Ltd. | | | | |
| | At the beginning of the year | 14,62,621 | 4.42 | 14,62,621 | 4.42 |
| | 02.03.2015 Purchase | 22,837 | 0.06 | 14,85,458 | 4.48 |
| | 03.03.2015 Purchase | 7,475 | 0.02 | 14,92,933 | 4.50 |
| | 04.03.2015 Purchase | 2,600 | 0.01 | 14,95,533 | 4.51 |
| | 05.03.2015 Purchase | 1,950 | 0.01 | 14,97,483 | 4.52 |
| | 09.03.2015 Purchase | 100 | 0.00 | 14,97,583 | 4.52 |
| | 10.03.2015 Purchase | 151 | 0.00 | 14,97,734 | 4.52 |
| | At the end of the year | | | 14,97,734 | 4.52 |
| 4 | Biharilal C. Mandhana (HUF) | | | | |
| | At the beginning of the year | 10,98,000 | 3.31 | 10,98,000 | 3.31 |
| | At the end of the year | | | 10,98,000 | 3.31 |

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 5 | Polus Global Fund | | | | |
| | At the beginning (wef 11.07.2014) | 50,000 | 0.15 | 50,000 | 0.15 |
| | 01.08.2014 –Transfer | 40,000 | 0.12 | 90,000 | 0.27 |
| | 08.08.2014 –Transfer | 50,000 | 0.15 | 1,40,000 | 0.42 |
| | 29.08.2014 –Transfer | 50,000 | 0.15 | 1,90,000 | 0.57 |
| | 19.09.2014 –Transfer | 50,000 | 0.15 | 2,40,000 | 0.72 |
| | 30.09.2014 –Transfer | 45,000 | 0.14 | 2,85,000 | 0.86 |
| | 17.10.2014 –Transfer | 25,000 | 0.08 | 3,10,000 | 0.94 |
| | 07.11.2014 –Transfer | 25,000 | 0.08 | 3,35,000 | 1.01 |
| | 31.12.2014 –Transfer | 1,40,000 | 0.42 | 4,75,000 | 1.43 |
| | 16.01.2015 –Transfer | 1,40,000 | 0.42 | 6,15,000 | 1.86 |
| | 30.01.2015 –Transfer | 1,40,000 | 0.42 | 7,55,000 | 2.28 |
| | 06.02.2015 –Transfer | 1,30,000 | 0.39 | 8,85,000 | 2.67 |
| | At the end of the year | | | 8,85,000 | 2.67 |
| 6 | Arnav M Mandhana | | | | |
| | At the beginning of the year | 8,14,000 | 2.46 | 8,14,000 | 2.46 |
| | At the end of the year | | | 8,14,000 | 2.46 |
| 7 | Religare Finvest Limited | | | | |
| | At the beginning of the year | 8,73,093 | 2.64 | 8,73,093 | 2.64 |
| | 04.04.2014 –Transfer | (1,00,500) | 0.31 | 7,72,593 | 2.33 |
| | 11.04.2014 – Transfer | 1,00,500 | 0.31 | 8,73,093 | 2.64 |
| | 18.04.2014 – Transfer | (1,800) | 0.01 | 8,71,093 | 2.63 |
| | 02.05.2014 – Transfer | (2,200) | 0.01 | 8,69,093 | 2.62 |
| | 09.05.2014 – Transfer | 2,75,500 | 0.84 | 11,44,593 | 3.46 |
| | 30.05.2014 – Transfer | (21,000) | 0.06 | 11,23,593 | 3.39 |
| | 13.06.2014 – Transfer | 25,000 | 0.08 | 11,48,593 | 3.47 |
| | 11.07.2014 – Transfer | 95,000 | 0.28 | 12,43,593 | 3.75 |
| | 05.09.2014 – Transfer | 97,511 | 0.30 | 13,41,104 | 4.05 |
| | 12.09.2014 – Transfer | (40,000) | 0.12 | 13,01,104 | 3.93 |
| | 19.09.2014 – Transfer | (44,300) | 0.13 | 12,56,804 | 3.79 |
| | 10.10.2014 – Transfer | (45,500) | 0.13 | 12,11,304 | 3.66 |
| | 17.10.2014 – Transfer | (4,15,499) | 1.26 | 7,95,805 | 2.40 |
| | 24.10.2014 – Transfer | (1,95,500) | 0.59 | 6,00,305 | 1.81 |
| | 31.10.2014 – Transfer | (40,000) | 0.12 | 5,60,305 | 1.69 |
| | 07.11.2014 – Transfer | (55,000) | 0.16 | 5,05,305 | 1.53 |
| | 14.11.2014 – Transfer | (20,000) | 0.06 | 4,85,305 | 1.47 |
| | 28.11.2014 – Transfer | (35,000) | 0.11 | 4,50,305 | 1.36 |
| | 12.12.2014 – Transfer | (55,000) | 0.17 | 3,95,305 | 1.19 |
| | 19.12.2014 – Transfer | (46,467) | 0.14 | 3,48,838 | 1.05 |
| | 31.12.2014 – Transfer | (15,000) | 0.04 | 3,33,838 | 1.01 |
| | 06.02.2015 – Transfer | 3,08,000 | 0.93 | 6,41,838 | 1.94 |

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| | 27.02.2015 – Transfer | (1,24,000) | 0.38 | 5,17,838 | 1.56 |
| | 13.03.2015 – Transfer | 2,82,000 | 0.85 | 7,99,838 | 2.41 |
| | 27.03.2015 – Transfer | (13,000) | 0.04 | 7,86,838 | 2.37 |
| | 31.03.2015 – Transfer | (1,089) | 0.00 | 7,85,749 | 2.37 |
| | At the end of the year | | | 7,85,749 | 2.37 |
| 8 | Manish B. Mandhana (HUF) | | | | |
| | At the beginning of the year | 7,84,000 | 2.37 | 7,84,000 | 2.37 |
| | At the end of the year | | | 7,84,000 | 2.37 |
| 9 | Life Insurance corporation of India | | | | |
| | At the beginning of the year | 9,00,000 | 2.72 | 9,00,000 | 2.72 |
| | 21.11.2014 – Transfer | (10,000) | 0.03 | 8,90,000 | 2.69 |
| | 28.11.2014 – Transfer | (42,134) | 0.13 | 8,47,866 | 2.56 |
| | 05.12.2014 – Transfer | (1,63,836) | 0.49 | 6,84,030 | 2.07 |
| | 12.12.2014 - Transfer | (17,609) | 0.06 | 6,66,421 | 2.01 |
| | At the end of the year | | | 6,66,421 | 2.01 |
| 10 | Axis Bank Limited | | | | |
| | At the beginning of the year | 6,02,800 | 1.82 | 6,02,800 | 1.82 |
| | 12.09.2014 – Transfer | 2,360 | 0.01 | 6,05,160 | 1.83 |
| | 19.09.2014 – Transfer | (2,360) | 0.01 | 6,02,800 | 1.82 |
| | At the end of the year | | | 6,02,800 | 1.82 |

(V) Shareholding of directors & KMP:

| Sr. No. | Name | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Biharilal C. Mandhana | | | | |
| | At the beginning of the year | 16,82,000 | 5.08 | 16,82,000 | 5.08 |
| | At the end of the year | | | 16,82,000 | 5.08 |
| 2 | Mr. Purushottam C. Mandhana | | | | |
| | At the beginning of the year | 20,26,140 | 6.12 | 20,26,140 | 6.12 |
| | 27.02.2015 Purchase | 9,194 | 0.02 | 20,35,334 | 6.14 |
| | 28.02.2015 Purchase | 22,976 | 0.07 | 20,58,310 | 6.21 |
| | 18.03.2015 Purchase | 13,000 | 0.04 | 20,71,310 | 6.25 |
| | 23.03.2015 Purchase | 6,654 | 0.02 | 20,77,964 | 6.27 |
| | 24.03.2015 Purchase | 5,319 | 0.02 | 20,83,103 | 6.29 |
| | 25.03.2015 Purchase | 5,654 | 0.02 | 20,88,757 | 6.31 |
| | 26.03.2015 Purchase | 3,849 | 0.01 | 20,92,606 | 6.32 |
| | 27.03.2015 Purchase | 475 | 0.00 | 20,93,081 | 6.32 |
| | At the end of the year | | | 20,93,081 | 6.32 |

| Sr. No. | Name | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 3 | Mr. Manish B. Mandhana | | | | |
| | At the beginning of the year | 21,49,140 | 6.49 | 21,49,140 | 6.49 |
| | 27.02.2015 Purchase | 9,850 | 0.03 | 21,58,990 | 6.52 |
| | 28.02.2015 Purchase | 22,865 | 0.07 | 21,81,855 | 6.59 |
| | 18.03.2015 Purchase | 13,000 | 0.04 | 21,94,855 | 6.63 |
| | 23.03.2015 Purchase | 10,064 | 0.03 | 22,04,919 | 6.66 |
| | 24.03.2015 Purchase | 3,246 | 0.01 | 22,08,165 | 6.67 |
| | 25.03.2015 Purchase | 2,289 | 0.00 | 22,10,454 | 6.67 |
| | At the end of the year | | | 22,10,454 | 6.67 |
| 4 | Mr. Ghyanendra Nath Bajpai | | | | |
| | At the beginning of the year | 20,000 | 0.06 | 20,000 | 0.06 |
| | At the end of the year | | | 20,000 | 0.06 |
| 5 | Mrs. Sangeeta Manish Mandhana (Appointed wef 05.08.2014) | | | | |
| | At the beginning (i.e.05.08.2014) | 12,86,160 | 3.88 | 12,86,160 | 3.88 |
| | 17.12.2014 Purchase | 18,062 | 0.06 | 13,04,222 | 3.94 |
| | 18.12.2014 Purchase | 6,938 | 0.02 | 13,11,160 | 3.96 |
| | 19.12.2014 Purchase | 5,000 | 0.01 | 13,16,160 | 3.97 |
| | 15.01.2015 Purchase | 3,165 | 0.01 | 13,19,325 | 3.98 |
| | 16.01.2015 Purchase | 1,000 | 0.00 | 13,20,325 | 3.98 |
| | 23.02.2015 Purchase | 26,060 | 0.08 | 13,46,385 | 4.06 |
| | 26.02.2015 Purchase | 10,850 | 0.04 | 13,57,235 | 4.10 |
| | 17.03.2015 Purchase | 6,250 | 0.02 | 13,63,485 | 4.12 |
| | At the end of the year | | | 13,63,485 | 4.12 |
| 6 | Mr. Vinay Sampat – Company Secretary | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 0 | 0 | 0 | 0 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

| | Secured Loans excluding deposits | | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|------------------|-----------------|----------|--------------------|
| | Term loan | Working Capital | | | |
| Indebtedness at the beginning of the financial year | | | | | |
| i) Principal amount | 48,456.37 | 44,682.64 | 300.00 | - | 93,439.01 |
| ii) Interest due but not paid | - | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - | - |
| Total = (i+ii+iii) | 48,456.37 | 44,682.64 | 300.00 | - | 93,439.01 |
| Change in Indebtedness during the financial year | | | | | |
| Additions | 702.81 | 5,028.70 | - | - | 5,731.51 |
| Reduction | 10,028.58 | - | 300.00 | - | 10,328.58 |
| Exchange Difference (Gain/Loss) | 20.39 | - | - | - | 20.39 |
| Net Change | -9,305.38 | 5,028.70 | -300.00 | - | -4,576.68 |
| Indebtedness at the end of the financial year | | | | | |
| i) Principal amount | 39,151.00 | 49,711.34 | - | - | 88,862.34 |
| ii) Interest due but not paid | - | - | - | - | - |
| iii) Interest accrued but not due | 41.89 | - | - | - | 41.89 |
| Total = (i+ii+iii) | 39,192.89 | 49,711.34 | - | - | 88,904.23 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Director and/ or Manager :

(In ₹)

| Sr. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | | Total Amount |
|---------|--|--|-----------------------|--------------------|--------------------|
| | | Purushottam C. Mandhana | Biharilal C. Mandhana | Manish B. Mandhana | |
| 1 | Gross Salary | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 2,40,00,000 | 72,00,000 | 1,68,00,000 | 4,80,00,000 |
| | b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | 39,600 | 39,600 | 39,600 | 1,18,800 |
| | c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - As % of profit | - | - | - | - |
| | - Others (Specify) | - | - | - | - |
| 5 | Others - Specify | - | - | - | - |
| | Total (A) | 2,40,39,600 | 72,39,600 | 1,68,39,600 | 4,81,18,800 |
| | Ceiling as per the Act | ₹13,53,69,071/- (Being 10% of the net profits of the Company calculated as per Sections 197 and 198 of the Companies Act, 2013.) | | | |

B. Remuneration to other Directors:

| Particulars of Remuneration | Name of the Directors | | | | | | (In ₹) |
|---|---|-----------------|-----------------|-----------------|-----------------|-------------------|--------------------|
| | Sanjay Asher | Prashant Asher | G N Bajpai | K M Thanawalla | Dilip G. Karnik | Sangeeta Mandhana | Total Amount |
| a) Fees for Attending Board / Audit/ Committee Meetings | 80,000 | 3,25,000 | 4,30,000 | 4,30,000 | 3,05,000 | 50,000 | 16,20,000 |
| b) Commission | - | - | - | - | - | - | - |
| c) Others-Specify | - | - | - | - | - | - | - |
| Total (1) | 80,000 | 3,25,000 | 4,30,000 | 4,30,000 | 3,05,000 | 50,000 | 16,20,000 |
| Other Non-Executive Directors | - | - | - | - | - | - | - |
| a) Fees for Attending Board / Audit/ Committee Meetings | - | - | - | - | - | - | - |
| b) Commission | - | - | - | - | - | - | - |
| c) Others-Specify | - | - | - | - | - | - | - |
| Total (2) | - | - | - | - | - | - | - |
| Total B = (1 + 2) | 80,000 | 3,25,000 | 4,30,000 | 4,30,000 | 3,05,000 | 50,000 | 16,20,000 |
| Total Managerial remuneration (A+B) | - | - | - | - | - | - | 4,81,18,800 |
| Overall Ceiling as per the Act | ₹14,89,05,978/- (Being 11% of the net profits of the Company calculated as per Sections 197 and 198 of the Companies Act, 2013.) Sitting fees paid is within the limit of ₹1,00,000/- per meeting as prescribed under the Act. Sitting fees has not been considered under 'Total Managerial Remuneration (A+B)' in view of Section 197(2) of the Act. | | | | | | |

C. Remuneration to Key Managerial Personnel (Other than Managing Director/Joint Managing Director/Whole Time Director/Manager):

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel |
|---------|--|-------------------------------------|
| | | Mr. Vinay Sampat, Company Secretary |
| 1 | Gross Salary | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 18,89,854 |
| | b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | - |
| | c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | Commission | - |
| | - As % of profit | - |
| | - Others (Specify) | - |
| 5 | Others - Specify | - |

For and on behalf of the Board of Directors

Place: Mumbai

Dated:13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Management discussion and analysis

Economic overview

Global economy

Global growth in 2014 was a modest 3.4%, primarily due to a pickup in growth in advanced economies.

Developing countries, which erstwhile, were an engine of global growth, following the financial crisis, faced a difficult economic environment. As a result, growth in emerging and developing economies slowed. Despite the slowdown, emerging market and developing economies accounted for three-fourths of global growth in 2014.

Headline inflation has declined in advanced economies, reflecting the decline in oil prices, softer prices for other commodities, and a weakening of demand in a number of countries already experiencing below-target inflation, such as the euro area and Japan.

With regard to emerging markets, lower prices for oil and other commodities contributed to reductions in inflation through 2014, with the notable exception of countries suffering sizeable exchange rate depreciations, such as Russia.

There is confidence of a revival in global economic outlook in the coming years though this is not supported by economic fundamentals. Driven by higher economic growth in the advanced economies and constrained by moderate growth in emerging markets especially in China, the global economic environment can, at best, be termed as stable. Estimates suggest that overall, global growth will reach 3.5% in 2015 and 3.8% in 2016.

Indian economy

The full-year GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, a tad lower than an official estimate of 7.4% (figures calculated as per the new series of national accounts with base year of 2011-12). This growth was due to improvement in the performance of both services as well as manufacturing sectors. The Gross Value Added (GVA), a new concept introduced by CSO to measure

the economic activity, rose by 7.2% in 2014-15 compared to 6.6% in the previous fiscal. The economy remained relatively unshackled of factors generally associated with an economic slowdown.

Average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4% (April-December) vis-à-vis 8.9% in 2013-14, as fuel witnessed a sharp decline in prices. Food price inflation also moderated to 4.8% during April-December 2014 as compared to 9.4% in 2013-14. Average retail inflation, measured by Consumer Price Index (CPI), moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14. The country's current account deficit (CAD) narrowed sharply to 1.3% of GDP, in 2014-15 primarily on account of a lower trade gap.

One of the heartening features has been the emergence of India as a large economy with a promising outlook, amidst the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

The Reserve Bank of India has projected India's GDP growth for 2015-16 at 7.6%. The International Monetary Fund forecast India's growth to strengthen from 7.2% in 2014 to 7.5% in both 2015 and 2016.

Textile and apparel sector

Global textile and apparel scenario

The global textile and apparel trade was worth US\$773 billion in 2013, and is expected to grow at a CAGR of 5% over the next decade. China dominates global textile and apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric – a report by Teknopak

The report also noted that India, Bangladesh, Vietnam, Turkey, and Pakistan, are the other major textile and apparel exporters. The global fabric trade was worth US\$137 billion in 2013, while the global apparel trade was worth \$428 billion. The US, EU, and Japan remain key apparel importers.

The road to 2025

Trend 1: The global apparel market will cross the US\$ 2 trillion mark from the current value of US\$ 1.1 trillion. This means an addition of US\$ 1 trillion in the market which presents a huge business opportunity for sector players. A major share of this market creation is expected to happen in China, India, Brazil and Russia where the per capita spend growth on apparel will be higher than the growth of each economy.

Trend 2: The second trend expected to materialize is that the combined size of Chinese & Indian apparel markets will become bigger than that of USA & EU.

Trend 3: China's increased focus on domestic supplies will create a global trade gap of US\$ 100 billion.

Trend 4: Intra-Asia trade itself will double to US\$ 350 billion by 2025, making it an attractive market block for exporting nations.

Trend 5: The global manufacturing value chain will attract investment worth US\$350 billion to cater to the additional apparel market demand of US\$ 1 trillion by 2025.

(Source: Textile and Apparel Sector Report by Wazir Management Consultants)

Indian textile sector

India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports contributing close to 11% to the country's total exports basket. The textiles industry is labour intensive and is one of the largest employers.

India is the second largest global producer of textiles and garments. The abundant availability of raw materials (cotton, wool, silk and jute) and a skilled workforce have graduated India into a global sourcing hub, employment driver and net foreign exchange earner.

The most significant change in the Indian textiles industry has been the advent of man-made fibres (MMF). India has successfully found a place for its innovative range of MMF textiles in almost all countries. Despite this, cotton textiles continue to form the base of the industry.

With a growing economy, India has become a dream market for most marketers across product segments. In textiles and apparel specifically, the domestic consumption has grown at 13% CAGR in the last five years (ending 2013) and has reached US\$60 billion, fuelled by the demographic advantages of India's population, increasing urbanisation, an increase in disposable income and increased penetration of organised retail. India's

export of textile and apparel has also grown at 11% CAGR in the last five years (ending 2013) and presently stands at US\$34 billion.

According to a study report by leading textile and polyester consulting firms Wazir Advisors and PCI Xylenes & Polyesters, the Indian Textile industry could cross US\$500 billion by 2025 from its present size of US\$108 billion if the Indian textile industry implements the right steps and gets adequate policy support from the Government. This is expected to catalyse another 35 million jobs and US\$200 billion of investments.

The size of India's textile market in 2014 was US\$99 billion; the market is expected to expand at a CAGR of 9.6% over 2014–23 (Source: Ministry of Textiles).



Export scenario: With 5.2% share of global trade, the Indian textile industry ranks second in the world, but far behind China. This is likely to change, with China's share in global textile trade expected to reduce by 5% which will help India to push up its exports to US\$185 billion.

Registering a flat growth at US\$41.4 billion in 2014-15, as against US\$40.8 billion in the previous fiscal, garment and textile exports from India fell short of the US\$45-billion target set by the Textiles Ministry. The government has set 14% higher export target at US\$47.5 billion for the current fiscal.

The government is set to unveil a national textiles policy that aims to raise exports to \$300 billion by 2024-25, and create around 35 million jobs.

Exports – the contributors

Readymade garments were the largest contributor to total textile and apparel exports from India in FY15. The segment had a share of 40% in overall textile exports. Cotton and man-made textiles were also major contributors with shares of 31% and 16%, respectively

Outlook: The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13% over a 10-year period.

Raw material scenario

Cotton season 2015-16: India will consolidate its position as the world's largest cotton producer in CY2015/16 due to relatively lower decline in the cotton production as compared to China, which was the world's largest cotton producer till CY2013/14.

Cotton production in India in CY2015/16 is expected to remain the same or increase. Although there has been a decline in the projected area by about 3%, good rainfall and weather may result in increased productivity and production. Stock-to-consumption is expected to decrease further in CY2015/16 from the present 11.5%.

Cotton consumption is expected to increase by about 3-4% in CY2015/16 on account of low cotton prices, which resulted in a significant decline in the spread between cotton and polyester stable fiber. Further, the expected improvement in the global economy may result in improved demand for textile products

Cotton yarn: Cotton yarn is one of the important raw materials for the Company. India's cotton yarn industry fortunes are closely dovetailed to demand from China.

Yarn exports from India (mainly to China) has picked up since November 2014 which improved the capacity utilisation of spinning mills and reduced the inventory built up.

The outlook on the Indian cotton spinning industry remains stable on account of recovery in the export demand and production volumes.

The domestic cotton yarn prices have been range bound since November 2014 after declining sharply since August 2014. However, with domestic cotton prices are expected to remain under pressure on account of comfortable domestic and global cotton availability, the domestic yarn prices are expected to decline as the industry will be required to pass on the benefit of lower cotton prices to customers.

Retail scenario

The Indian retail industry has emerged as one of the most

dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10% of the country's GDP and around 8% of the employment in India. India is today the fifth largest global destination in the world for retail.

The Indian retail industry in the single brand segment has received foreign direct investment equity inflows amounting to US\$275.38 million in the period April 2000—January 2015, according to the Department of Industrial Policies and Promotion (DIPP).

For the 2015/16, Indian government has increased the MSP (Minimum Support price) by ₹50/Qtl which converts to ₹32500/candy of the minimum level and for prices below this level.

Going forward, India's retail market is expected to double to US\$1 trillion by 2020 from US\$600 billion in 2015 driven by income growth, urbanisation and attitudinal shifts.

Government initiatives

The Government is all set to implement the Goods and Services Tax Bill. This policy document is seen as key to facilitating industrial growth and improving business climate in the country.

The Foreign Investment Promotion Board (FIPB) has cleared five retail proposals worth around ₹420 crore (US\$67.53 million) from leading global companies. Additionally, the board cleared three 100% single-brand retail proposals worth ₹222.5 crore (US\$35.77 million), suggesting renewed interest in India's growing retail market.

Growth drivers

Population: India's growing population has been a key driver of textile consumption growth in the country. It has been complemented by a young population which is growing and at the same time is exposed to changing tastes and fashion. The IMF expects India's population to touch 1.34 billion by end-2019 against 1.24 billion in 2013.

Youthful nation: Every third person in an Indian city today is a youth. In about seven years, the median individual in India will be 29 years, very likely a city-dweller, making it the youngest country in the world. The population in the age-group of 15-34 increased from 353 million in 2001 to 430 million in 2011. Current predictions suggest a steady increase in the youth population to 464 million by 2021. By 2020, India is set to become the world's youngest country with 64% of its population in the working age group.

Women workforce: Complementing population growth is the rising female workforce participation in the country.

Disposable income: India's GDP per capita is expected to grow from US\$1,432.25 in 2010 to US\$1,500.76 in 2012 and is expected at US\$1,869.34 by 2018.

e-commerce: The rapid pace of internet penetration, increasing investment in infrastructure and increasing youth is expected to drive e-commerce in India - India is expected to become the world's fastest growing e-commerce market. It is expected that India's e-commerce market will grow from US\$2.9 billion in 2013 to over US\$100 billion by 2020. E-tailers are betting on more Indians switching to shopping online, with a projection of 200 million new consumers by 2017.

Government policies spurring investments

- The Budget for FY 2014-2015 allocates ₹5 billion for the development of a textile mega-cluster in Varanasi and another six in Bareilly, Lucknow, Surat, Kutch, Bhagalpur and Mysore.
- On May 21, 2014, the RBI allowed ADC-I (Authorised Dealer Category-I) banks to extend long-term export advances for a maximum term of ten years. The export credit will be backed by an EPBG (Export Performance Bank Guarantee) from Indian banks. This would enable India's exporting

companies to align their interest costs with existing international rates and make them more competitive.

- The Ministry of Textiles has approved a scheme for 'promoting usage of geotechnical textiles in North East Region (NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of ₹427 crore (US\$69.12 million) for five years from 2014-15.
- According to the Working Group for Textiles and Jute, the total subsidy outflow to the standalone spinning sector will be kept 26% of the plan allocation (₹11,952.80 crore) including committed liabilities of spinning sector of erstwhile/ modified TUFS, RTUFS and fresh sanctions during the 12th Five Year Plan period.

The Company

Mandhana Industries Limited, a multi-division, multi-geography company, is one of India's leading textile and garment manufacturer. The Company manufactures products at its state-of-the-art facilities which finds acceptance across 25 nations globally. Vertical integration enables the Company to span the entire textile value chain enhancing growth opportunities. The textile vertical is the flagship business contributing about 80% of the Company's revenues.

Financial overview

11.00%

Revenue growth over
2013-14

12.58%

EBIDTA growth over
2013-14

17.23%

PBT growth over
2013-14

20.00%

Net profit growth over
2013-14

Revenue stood at ₹1684.98 crore in 2014-15 against ₹1517.94 crore in 2013-14 owing to an increase in the sales of fabrics due to the team's ability to offer innovative weaves and finishes. Revenue from the textiles business increased by 9.94% over 2013-14 – it stood at ₹1353.78 crore in 2014-15. Being Human also made a meaningful contribution to the topline growth as awareness for the brand and availability of the product expanded pan-India – sales grew by 31.30% over the previous year from ₹131.00 crore in 2013-14 to ₹172.00 crore in 2014-15.

EBIDTA increased by 12.58% from ₹240.39 crore in 2013-14 to ₹270.65 crore in 2014-15. This increase was largely due to enhanced value addition in our products and cost optimisation initiatives implemented across the organisation. The EBIDTA margin stood at 16.06% in 2014-15 against 15.84% in 2013-14.

The Company reported a Net Profit of ₹84.34 crore in 2014-15 against ₹70.27 crore in 2013-14 even as interest cost increased marginally. The net margin improved by 38 bps from 4.63% in 2013-14 to 5.01% in 2014-15.

Risk management

Risk Management at Mandhana is an integral part of the business model, focusing to mitigate adverse impact of risks on the business objectives. The Company leverages its decades of rich experience to allay shareholder apprehension about growth prospects.

Risk management framework: The Company's integrated risk management approach comprises a compliance with prudential norms, structured reporting and effective controls. A combination of centrally issued policies and divisionally-evolved procedures has helped enhance process robustness, ensuring that business risks are effectively addressed. The senior management periodically reviews the risk management framework to maintain contemporariness and address emerging challenges.

This approach aligns the Company's strategic direction with stakeholders' desired total returns, credit rating and risk appetite.

Human resource

Mandhana firmly believes that its workforce is its strategic differentiator and consequently invests in talent across organisational levels.

Even as the Company increased its presence across segments and geographies, it never lost sight of sustaining 'Excellence in HR' towards making Mandhana a world-class organisation. The Company continuously endeavours to infuse and hone skills among its personnel in line with the changes transpiring in a

dynamic marketplace. The organisation invested in dedicated programmes so that its youthful workforce was better prepared to address current and future needs.

Employee motivation: The Company acknowledges performance, which is duly appreciated and rewarded. Performance at the shop-floor is rewarded through incentives and other rewards. The efficiency of the office teams is rewarded through a multi-level reward and recognition practice which enhances their bond with the organisation.

With 5,175 strong workforce as on March 31, 2015, the Mandhana team is an invigorating combination of experience and energy.

Internal Control

The Company believes that business efficiency, management effectiveness and asset safeguarding can be sustained through adequate internal control and process standardisation.

The Company has in place adequate systems of internal controls and documented procedures covering all financial and operating functions. These have been designed to provide reasonable assurance with regard to maintaining proper accounting control, monitoring economy and efficiency of the Company, protecting assets from unauthorised use or losses and ensuring reliability of financial and operational information. The internal controls are designed to ensure that financial and other records are reliable for preparing financial statements, collating other data and for maintaining accountability of assets.

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, 2015 was eight. The Board of Directors comprises of Executive Directors and Non-Executive Directors including Independent Directors and a Woman Director. The Board is headed by Mr. Purushottam C. Mandhana, Executive Chairman and Managing Director, Mr. Manish B. Mandhana, Joint Managing Director and Mr. Biharilal C. Mandhana, Executive Director. The Executive Directors are also Promoters of the Company. The Board also comprises of Mr. Ghyanendra Nath Bajpai, Mr. Khurshed M. Thanawalla, Mr. Dilip G. Karnik and Mr. Prashant K. Asher, the Non-Executive and Independent Directors and Mrs. Sangeeta M. Mandhana, the Non-Executive Director. The Non-Executive Directors are accomplished professionals in their respective fields of expertise.

Mr. Purshottam C Mandhana and Mr. Biharilal C. Mandhana are related to each other as brothers. Mr. Manish B. Mandhan is the son of Mr. Biharilal C. Mandhana. Mrs. Sangeeta M. Mandhana is wife of Mr. Manish B. Mandhana and daughter-in-law of Mr. Biharilal C. Mandhana. Except the above, there are no inter-se relationships among the Directors.

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, 2015.

| Name of the Director | Category of Director | Number of other Directorship held (includes private Companies) | Number of Committee memberships in domestic Companies (including this Company) | |
|-----------------------------|-------------------------------|--|--|-----------|
| | | | As Chairman | As Member |
| Mr. Purushottam C. Mandhana | Executive Chairman | 7 | - | 1 |
| Mr. Biharilal C. Mandhana | Executive | 4 | - | - |
| Mr. Manish B. Mandhana | Executive | 6 | - | 1 |
| Mr. Ghyanendra Nath Bajpai | Non-Executive and Independent | 12 | 1 | 8 |
| Mr. Khurshed M. Thanawalla | Non-Executive and Independent | 9 | 4 | - |
| Mr. Dilip G. Karnik | Non-Executive and Independent | 2 | - | 3 |
| Mrs. Sangeeta M. Mandhana | Non-Executive | - | - | - |
| Mr. Prashant K. Asher | Non-Executive and Independent | 8 | 1 | 5 |

N.B. In accordance with Clause 49, Membership/Chairmanship only of the Audit Committees and Stakeholders' Relationship Committees of all the Public Limited Companies has been considered.

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

| | | |
|-------------------------|-------------------------|-------------------------|
| (1) 20th May, 2014 | (2) 5th August, 2014 | (3) 14th November, 2014 |
| (4) 22nd November, 2014 | (5) 10th February, 2015 | |

Attendance

The following table gives the number of Board Meeting attended during financial year 2014-15 and attendance at the last Annual General Meeting (AGM) and shareholding in the Company:

| Name of the Director | No. of Shares held as on 31st March, 2015 | Number of Board Meetings attended | Attendance at the last AGM held on 18th September, 2014 |
|-----------------------------|---|-----------------------------------|---|
| Mr. Purushottam C. Mandhana | 20,93,081 | 5 | Yes |
| Mr. Biharilal C. Mandhana | 16,82,000 | 3 | Yes |
| Mr. Manish B. Mandhana | 22,10,454 | 4 | Yes |
| Mr. Ghyanendra Nath Bajpai | 20,000 | 5 | No |
| Mr. Khurshed M. Thanawalla | - | 5 | Yes |
| Mr. Dilip G. Karnik | - | 4 | Yes |
| Mrs. Sangeeta M. Mandhana * | 13,63,485 | 1 | Yes |
| Mr. Prashant K. Asher # | - | 3 | - |
| Mr. Sanjay K. Asher @ | - | 2 | No |

Notes:

* Mrs. Sangeeta M. Mandhana has been appointed as Additional Director with effect from 5th August, 2014 and regularized as Director at the Annual General Meeting held on 18th September, 2014.

@ Mr. Sanjay K. Asher has resigned as Director with effect from 30th September, 2014.

Mr. Prashant K. Asher has been appointed as Additional Director with effect from 3rd November, 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, 2015}

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

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

Remuneration of Directors

Remuneration paid/payable to the Directors for the year ended 31st March, 2015:-

| Name of the Director | Salaries and Perquisites (₹) | Commission (₹) | Sitting Fees (₹) | Total (₹) |
|-----------------------------|---------------------------------|-------------------|---------------------|--------------|
| Mr. Purushottam C. Mandhana | 2,43,99,600 | Nil | Nil | 2,43,99,600 |
| Mr. Biharilal C. Mandhana | 73,83,600 | Nil | Nil | 73,83,600 |
| Mr. Manish B. Mandhana | 1,70,91,600 | Nil | Nil | 1,70,91,600 |
| Mr. Ghyanendra Nath Bajpai | Nil | Nil | 4,30,000 | 4,30,000 |
| Mr. Khurshed M. Thanawalla | Nil | Nil | 4,30,000 | 4,30,000 |
| Mr. Dilip G. Karnik | Nil | Nil | 3,05,000 | 3,05,000 |
| Mrs. Sangeeta M. Mandhana | Nil | Nil | 50,000 | 50,000 |
| Mr. Prashant K. Asher | Nil | Nil | 3,25,000 | 3,25,000 |
| Mr. Sanjay K. Asher@ | Nil | Nil | 80,000 | 80,000 |

@ Mr. Sanjay K. Asher has resigned as Director with effect from 30th September, 2014

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 @ ₹50,000/- for each meeting of the Board of Directors and Audit Committee of the Board of Directors attended and ₹25,000/- for each meeting of the other Committees of the Board attended by the Independent Directors, which is within the limits prescribed under the provisions of the Companies Act, 2013 and Article 153 of the Articles of Association of the Company.

II. AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee comprises of Four Non-Executive Directors and One Executive Director as on 31st March, 2015:-

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

Mr. Prashant K. Asher has been appointed as member of the Committee with effect from 3rd November, 2014.

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 five meetings of the Audit Committee held during the year as follows:

| | | |
|-------------------------|-------------------------|-------------------------|
| (1) 20th May, 2014 | (2) 5th August, 2014 | (3) 14th November, 2014 |
| (4) 22nd November, 2014 | (5) 10th February, 2015 | |

| Name of the Director | Number of Audit Committee Meetings attended |
|-----------------------------|---|
| Mr. Khurshed M. Thanawalla | 5 |
| Mr. Ghyanendra Nath Bajpai | 5 |
| Mr. Sanjay K. Asher @ | 2 |
| Mr. Dilip G. Karnik | 4 |
| Mr. Purushottam C. Mandhana | 5 |
| Mr. Prashant K. Asher # | 3 |

Mr. Prashant K. Asher has been appointed as member of the Audit Committee with effect from 3rd November, 2014.

@Mr. Sanjay K. Asher has ceased to be a member of the Committee consequent to his resignation from the Board with effect from 30th September, 2014.

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

Terms of Reference

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

(A) Powers of the Audit Committee:

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

(B) Role of the Audit Committee:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (3) of Section 134 of the Companies Act, 2013;
- 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;
- 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 the 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 thereon.
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 framework.

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 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. NOMINATION & REMUNERATION COMMITTEE

Composition of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises of Four Non-Executive & Independent Directors as on 31st March, 2015:-

| Sr. No. | Name of the Director & Category | Position |
|---------|--|----------|
| 1. | Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director | Chairman |
| 2. | Mr. Ghyanendra Nath Bajpai, Non-Executive & Independent Director | Member |
| 3. | Mr. Prashant K. Asher, Non-Executive & Independent Director | Member |
| 4. | Mr. Dilip G. Karnik, Non-Executive & Independent Director | Member |

Mr. Vinay Sampat, Company Secretary, is the Secretary to the Nomination & Remuneration Committee.

The minutes of the Nomination & Remuneration 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 two meetings of the Nomination & Remuneration Committee held during the year on 5th August, 2014 and 14th November, 2014.

| Name of the Director | Number of Nomination & Remuneration Committee Meetings attended |
|----------------------------|---|
| Mr. Ghyanendra Nath Bajpai | 2 |
| Mr. Khurshed M. Thanawalla | 2 |
| Mr. Dilip G. Karnik | 1 |
| Mr. Prashant K. Asher # | 1 |
| Mr. Sanjay K. Asher @ | 1 |

@ Mr. Sanjay K. Asher has ceased to be a member of the Nomination & Remuneration Committee consequent to his resignation from the Board with effect from 30th September, 2014.

Mr. Prashant K. Asher has been appointed as member of the Nomination & Remuneration Committee with effect from 3rd November, 2014.

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.);
2. To be authorized at its duly constituted Committee 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. STAKEHOLDERS' RELATIONSHIP 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", which was redefined as Stakeholders' Relationship Committee at the Meeting of the Board of Directors held on 5th August, 2014 to look into grievances of shareholders including share transfers.

Composition of the Stakeholders' Relation Ship Committee

The Stakeholders' Relationship Committee comprises of Two Non-Executive Directors and One Executive Director, as on 31st March, 2015:-

| Sr. No. | Name of the Director & Category | 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 Stakeholders' Relationship Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meeting/s.

Mr. Vinay Sampat, Company Secretary is the Secretary to the Stakeholders' Relationship Committee and is also been designated as the Compliance Officer of the Company.

There was one meeting of the Stakeholders' Relationship Committee held during the year on 10th February, 2015.

| Name of the Director | Number of Stakeholders' Relationship Committee Meetings attended |
|----------------------------|--|
| Mr. Khurshed M. Thanawalla | 1 |
| Mr. Manish B. Mandhana | 1 |
| Mr. Dilip G. Karnik | - |

During the year under review, the Company has not received any grievances/ complaints from the Shareholders.

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, 2015.

There are no pending cases of share transfer as on 31st March, 2015.

As per revised Clause 47(F) of the Listing Agreement, the email ID of the Investor Relations 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. INDEPENDENT DIRECTORS

Meeting of Independent Directors

The Company's Independent Directors met on 27th March, 2015 without the presence of Executive Directors or members of the management and reviewed matters pertaining to Performance Evaluation of the Board/Committees and the Directors. All the Independent Directors attended the meeting.

Familiarisation Programme for Independent Directors

The Company has established a Familiarisation Programme for Independent Directors. The details of this familiarisation programme uploaded on the website of the Company. The weblink to this is <http://www.mandhana.com/investorrelations.html>.

VI. SUBSIDIARY COMPANY(IES)

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

VII. GENERAL BODY MEETINGS

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

| Particulars | Date | Venue | Time | Details of Special Resolutions passed |
|-----------------------|-------------------------|--|------------|--|
| 28th AGM (2011-12) | 24th September, 2012 | C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506. | 11:00 a.m. | No Special resolutions passed. |
| 29th AGM (2012-13) | 19th September, 2013 | C-2, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506. | 11:00 a.m. | No Special resolutions passed. |
| 30th AGM (2013-14) | 18th September, 2014 | C-2, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506 | 11:00 a.m. | Special resolutions passed for – 1) Increase in Authorised Capital from ₹40 Crore to ₹50 Crore 2) Alteration of Clause V of the Memorandum of Association. 3) Substitution of Clause 3 of Articles of Association. 4) Raising of funds under Section 62(1)(c) of the Companies Act, 2013. 5) Appointment of Mr. Priyavrat P. Mandhana to hold office or place of profit in the Company. |

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

b) Particulars of the Extra-ordinary General Meeting

No Extra-Ordinary General Meeting was held during the year 2014-15.

c) Postal ballot:-

During the year 2014-15, following special resolutions were passed through Postal Ballot:

a. Limits of Borrowing u/s 180(1)(c) of the Companies Act, 2013:

| Particulars | Total Number of Shares | Percentage (%) |
|--|---------------------------|----------------|
| Total number of shares polled in FAVOUR of Special Resolution under Section 180(1)(c) of the Companies Act, 2013 | 23,095,867 | 99.55 |
| Total number of shares polled AGAINST the Special Resolution under Section 180(1)(c) of the Companies Act, 2013 | 103,372 | 0.45 |
| Total number of Valid Votes | 23,199,239 | 100.00 |

b. Providing security u/s 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company:

| Particulars | Total Number of Shares | Percentage (%) |
|--|---------------------------|----------------|
| Total number of shares polled in FAVOUR of Special Resolution under Section 180(1)(c) of the Companies Act, 2013 | 23,095,867 | 99.55 |
| Total number of shares polled AGAINST the Special Resolution under Section 180(1)(c) of the Companies Act, 2013 | 103,372 | 0.45 |
| Total number of Valid Votes | 23,199,239 | 100.00 |

Mr. Nitin R. Joshi, Practising Company Secretary, holding Certificate of Practice no. 1884, was appointed as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

VIII. DISCLOSURES

1. Related Party Transactions

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.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company and can be accessed at <http://www.mandhana.com/investorrelations.html>.

2. 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.

3. Synopsis of the Whistle Blower Policy/Mechanism is provided in the Directors' Report section.

IX. 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 within the time frame prescribed in this regard.

X. 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.

| | | |
|----|---------------------------------------|---|
| 1. | Annual General Meeting | |
| | - Date and Time | 30th September, 2015 at 12.30 p.m. |
| | - Venue | Plot No. C-2, M. I. D. C, Tarapur Industrial Area, Boisar, Dist: Palghar - 401 506. |
| 2. | Financial Calendar (tentative) | |
| | a) Unaudited First Quarter Results | On or before 14th August, 2015 |
| | b) Unaudited Second Quarter Results | On or before 14th November, 2015 |
| | c) Unaudited Third Quarter Results | On or before 14th February, 2016 |
| | d) Annual Results (Audited) | On or before 30th May, 2016 |
| 3. | Face Value of equity Shares | ₹10/- per equity share |
| 4. | Date of Book Closure | Thursday, 24th September, 2015 to Wednesday, 30th September, 2015 (both day inclusive) |
| 5. | Dividend Payment Date | the Final Dividend for 2014-15 will be paid on or after 5th October, 2015 |
| 6. | Listing on Stock Exchanges | 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. |
| 7. | Scrip Code/ Symbol | |
| | - ISIN | INE087J01010 |
| | - Scrip Code for BSE | 533204 |
| | - Symbol for NSE | MANDHANA |

8. Market price Data

The Market price data covering period April 2014 to March 2015 is given below:

| Month | BSE | | | | NSE | | | |
|----------------|----------|------------|---------|------------|----------|------------|---------|------------|
| | High (₹) | Date | Low (₹) | Date | High (₹) | Date | Low (₹) | Date |
| April 2014 | 237.35 | 03.04.2014 | 229.50 | 01.04.2014 | 232.50 | 11.04.2014 | 229.40 | 01.04.2014 |
| May 2014 | 249.80 | 26.05.2014 | 229.40 | 14.05.2014 | 249.75 | 26.05.2014 | 230.05 | 21.05.2014 |
| June 2014 | 255.50 | 12.06.2014 | 234.00 | 20.06.2014 | 254.00 | 12.06.2014 | 234.00 | 25.06.2014 |
| July 2014 | 255.00 | 02.07.2014 | 234.00 | 30.07.2014 | 249.05 | 07.07.2014 | 234.00 | 30.07.2014 |
| August 2014 | 254.40 | 06.08.2014 | 232.00 | 28.08.2014 | 253.00 | 06.08.2014 | 231.50 | 13.08.2014 |
| September 2014 | 249.85 | 23.09.2014 | 232.00 | 10.09.2014 | 258.40 | 22.09.2014 | 231.50 | 17.09.2014 |
| October 2014 | 268.90 | 27.10.2014 | 241.35 | 07.10.2014 | 266.70 | 27.10.2014 | 240.20 | 01.10.2014 |
| November 2014 | 326.45 | 14.11.2014 | 248.00 | 03.11.2014 | 328.00 | 14.11.2014 | 248.00 | 05.11.2014 |
| December 2014 | 306.90 | 01.12.2014 | 277.00 | 30.12.2014 | 304.00 | 01.12.2014 | 274.00 | 17.12.2014 |
| January 2015 | 315.00 | 02.01.2015 | 277.00 | 19.01.2015 | 315.00 | 02.01.2015 | 277.00 | 30.01.2015 |
| February 2015 | 285.00 | 05.02.2015 | 260.10 | 28.02.2015 | 285.05 | 05.02.2015 | 260.10 | 28.02.2015 |
| March 2015 | 284.00 | 05.03.2015 | 260.10 | 27.03.2015 | 290.00 | 31.03.2015 | 259.10 | 25.03.2015 |

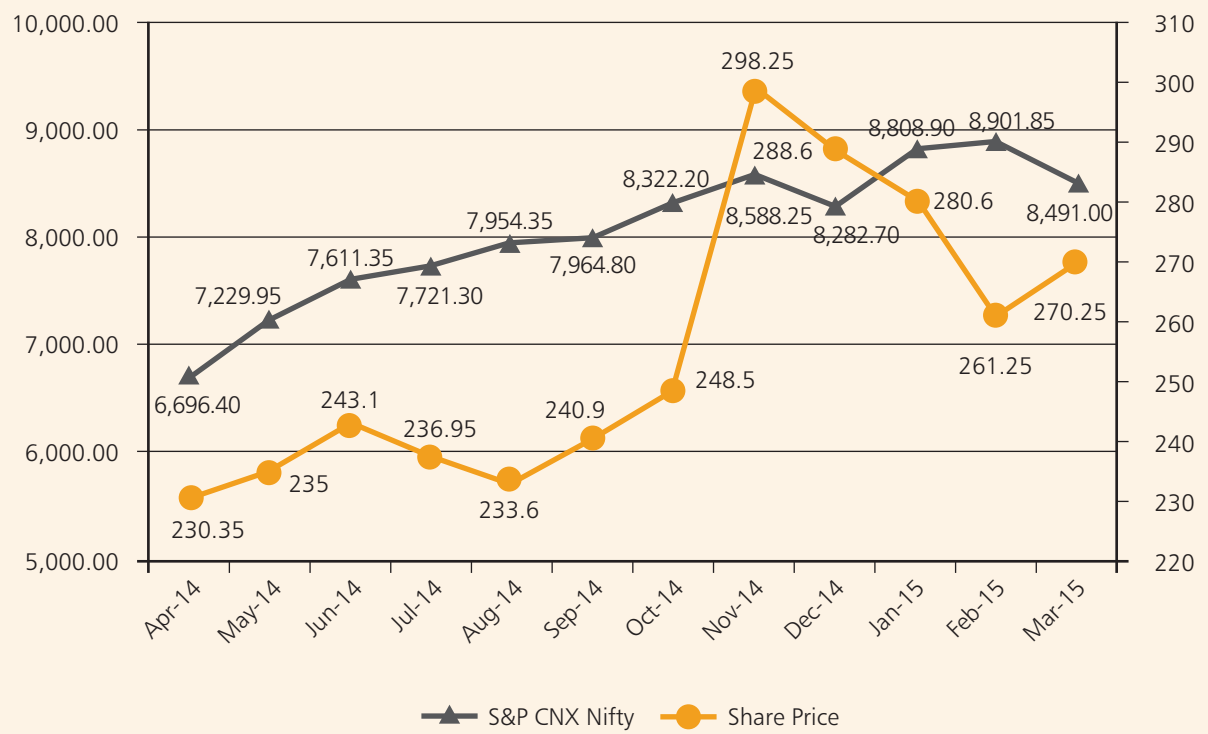
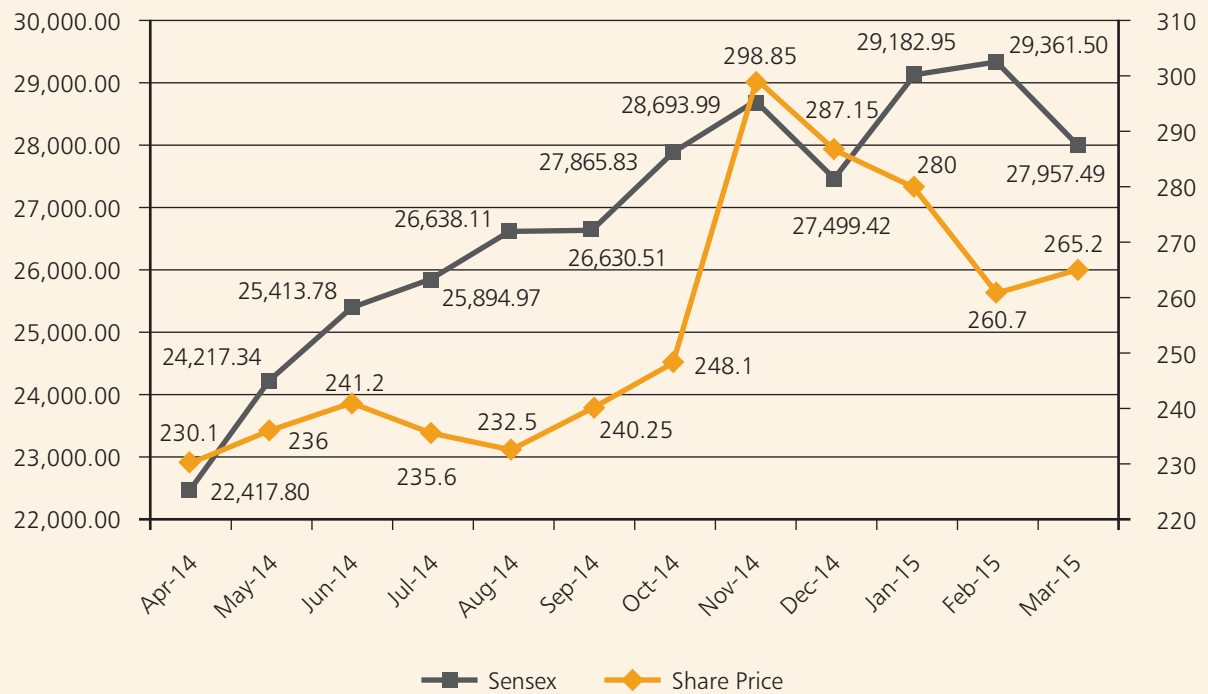
Trading Volumes

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

| Month | BSE (Shares) | NSE (Shares) | Total (Shares) |
|----------------|--------------|--------------|----------------|
| April 2014 | 415,140 | 307,907 | 723,047 |
| May 2014 | 432,245 | 296,499 | 728,744 |
| June 2014 | 311,738 | 287,807 | 599,545 |
| July 2014 | 617,405 | 475,363 | 1,092,768 |
| August 2014 | 497,229 | 440,512 | 937,741 |
| September 2014 | 666,935 | 671,291 | 1,338,226 |
| October 2014 | 372,986 | 404,647 | 777,633 |
| November 2014 | 975,234 | 1,183,381 | 2,158,615 |
| December 2014 | 744,072 | 1,102,874 | 1,846,946 |
| January 2015 | 387,983 | 750,513 | 1,138,496 |
| February 2015 | 477,395 | 654,382 | 1,131,777 |
| March 2015 | 579,432 | 546,649 | 1,126,081 |

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 2014 | 230.10 | 22,417.80 | 230.35 | 6,696.40 |
| May 2014 | 236.00 | 24,217.34 | 235.00 | 7,229.95 |
| June 2014 | 241.20 | 25,413.78 | 243.10 | 7,611.35 |
| July 2014 | 235.60 | 25,894.97 | 236.95 | 7,721.30 |
| August 2014 | 232.50 | 26,638.11 | 233.60 | 7,954.35 |
| September 2014 | 240.25 | 26,630.51 | 240.90 | 7,964.80 |
| October 2014 | 248.10 | 27,865.83 | 248.50 | 8,322.20 |
| November 2014 | 298.85 | 28,693.99 | 298.25 | 8,588.25 |
| December 2014 | 287.15 | 27,499.42 | 288.65 | 8,282.70 |
| January 2015 | 280.00 | 29,182.95 | 280.60 | 8,808.90 |
| February 2015 | 260.70 | 29,361.50 | 261.25 | 8,901.85 |
| March 2015 | 265.20 | 27,957.49 | 270.25 | 8,491.00 |



| | | |
|-----|-------------------------------------|--|
| 9. | Registrar and 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 Website: 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 Website : www.idbitrustee.co.in |

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 Stakeholders' Relationship 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. Dematerialization 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 been 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 Sunday, 27th day of September, 2015 to Tuesday, 29th day of September, 2015 (both days inclusive) and Mr. Nitin R. Joshi, Practicing 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, 2015

| No. of Shares | No. of Holders | % of Shareholders | No. of Shares | % of Shareholding |
|----------------|----------------|-------------------|-----------------|-------------------|
| 1 - 500 | 1823 | 85.23 | 193814 | 0.58 |
| 501 - 1,000 | 82 | 3.83 | 67233 | 0.20 |
| 1,001 - 2,000 | 43 | 2.01 | 72350 | 0.22 |
| 2,001 - 3,000 | 29 | 1.36 | 71966 | 0.22 |
| 3,001 - 4,000 | 17 | 0.79 | 62161 | 0.19 |
| 4,001 - 5,000 | 18 | 0.84 | 85215 | 0.26 |
| 5,001 - 10,000 | 28 | 1.31 | 218016 | 0.66 |
| 10,001 & Above | 99 | 4.63 | 32353158 | 97.67 |
| TOTAL | 2139 | 100.00 | 33123913 | 100.00 |

(b) Shareholding pattern as on 31st March, 2015

| Category Code | Category of Shareholder | No. of Shareholders | Total no. of shares | Total Shareholding as a percentage of total no. of shares |
|---------------|--|---------------------|---------------------|---|
| (A) | Shareholding of Promoter and Promoter Group | | | |
| (1) | Indian | | | |
| (a) | Individual/Hindu Undivided Family | 13 | 12,812,675 | 38.68 |
| (b) | Central Government/ State Government | - | - | - |
| (c) | Bodies Corporate | 1 | 1,497,734 | 4.52 |
| (d) | Financial Institutions/ Banks | - | - | - |
| (e) | Any Other (specify) Relative of Director | 19 | 9,125,189 | 27.55 |
| | Sub Total (A) (1) | 33 | 23,435,598 | 70.75 |
| (2) | Foreign | | | |
| (a) | Individual (Non-Resident Individual/ Foreign Individuals) | - | - | - |
| (b) | Bodies Corporate | - | - | - |
| (c) | Institutions | - | - | - |
| (d) | Any Other (specify) | - | - | - |
| | Sub Total (A) (2) | - | - | - |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 33 | 23,435,598 | 70.75 |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| (a) | Mutual Funds/ UTI | 1 | 153 | 0.00 |
| (b) | Financial Institutions/ Banks | 1 | 602,800 | 1.82 |
| (c) | Central Government/ State Government | - | - | - |
| (d) | Venture Capital Funds | - | - | - |
| (e) | Insurance Companies | 3 | 1,084,981 | 3.28 |
| (f) | FIs | 5 | 225,288 | 0.68 |
| (g) | Foreign Venture Capital Investors | - | - | - |
| (h) | Qualified Foreign Investors | - | - | - |
| (i) | Any Other (specify) | - | - | - |
| | Sub Total (B) (1) | 10 | 1,913,222 | 5.78 |

| Category Code | Category of Shareholder | No. of Shareholders | Total no. of shares | Total Shareholding as a percentage of total no. of shares |
|---------------|---|---------------------|---------------------|---|
| (2) | Non-Institutional | | | |
| (a) | Bodies Corporate | 135 | 4,841,266 | 14.62 |
| (b) | Individuals | | | |
| | i. Individual shareholders holding nominal share capital upto ₹1 Lac | 1,883 | 548,034 | 1.65 |
| | ii. Individual shareholders holding nominal share capital in excess of ₹1 Lac | 23 | 1,241,507 | 3.75 |
| (c) | Any Other (specify) | | | |
| | i. Director/ Relative | 1 | 20,000 | 0.06 |
| | ii. Clearing Member | 36 | 210,589 | 0.64 |
| | iii. NRI (Repatriate) | 10 | 11,378 | 0.03 |
| | iv. NRI (Non-repatriate) | 7 | 17,319 | 0.05 |
| | v. Foreign Portfolio Investor (Corporate) | 1 | 885,000 | 2.67 |
| | Sub Total (B) (2) | 2,096 | 7,775,093 | 23.47 |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 2,106 | 9,688,315 | 29.25 |
| | TOTAL (A) + (B) | 2,139 | 33,123,913 | 100.00 |
| (C) | Shares held by Custodian and against which Depository Receipts have been issued | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 2,139 | 33,123,913 | 100.00 |

Note: 23,435,598 equity shares of promoter and promoter group shown herein above do not include 10,020 equity shares purchased by the persons belonging to the promoter and promoter group as on 30th March, 2015, as these shares were not credited into their respective Demat Account till 31st March, 2015.

(c) Dematerialization of shares and liquidity

Out of 3,31,23,913 equity shares 3,31,13,860 equity shares representing 99.97% are in dematerialized form as on 31st March, 2015. 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 Stakeholders' Relationship Committee.

(e) Disclosure in compliance with Clause 5 (A) (II) of the Listing Agreement for the year 2014-15

| | | |
|----|---|---|
| 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 |

XI. STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON MANDATORY REQUIREMENTS:

- i. The Company, being a listed public limited company as on 31st March, 2015, attracts provisions of Clause 49 of the Listing agreement. The Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement.
- ii. Adoption/non-adoption of non-mandatory requirement as on 31st March, 2015.
 - (a) 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, Nomination & Remuneration Committee and the Stakeholders' Relationship Committee, but secretarial and other assistance is provided to them whenever needed, to enable them to discharge their responsibility effectively.
 - (b) The Company has also adopted the non-mandatory requirement as specified in Annexure - XIII of the Listing Agreement regarding unqualified financial statements.

XII. 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 on behalf of the Board of Directors

Place: Mumbai
Dated:13th August, 2015

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, 2015 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
Dated: 13th August, 2015

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

Auditor's Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges

To,
The Board of Directors,
Mandhana Industries Limited

We have examined the compliance of conditions of Corporate Governance by Mandhana Industries Limited for the year ended 31st March, 2015, 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 with 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, 2015.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders' Relationship 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

Membership No: 101231
FRN : 116422W

Place: Mumbai
Dated: 12th August, 2015

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 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

- 1 As required by the Companies (Auditors Report) Order, 2015 ('the Order'), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.

FOR VISHAL H. SHAH & ASSOCIATES

Chartered Accountants

FRN -116422W

Vishal H. Shah

Proprietor

PLACE: MUMBAI

DATE: 29th May, 2015

Membership No.-101231

Annexure to the Auditors' Report

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' of our report of even date)

i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a program of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

ii) We have relied on the Inventory Audit carried out by:

M/S Nilesh Dhamecha & Associates, Chartered Accountants, for verification and valuation of inventory at Tarapur plants and warehouses and at all retail stores of the Company as on 31st March, 2015 and M/S B. Choraria & Mates, Chartered Accountants, for verification and valuation of inventory at Bangalore plants and warehouses of the Company as on 31st March, 2015.

We have framed our opinion on various areas of Inventory as mentioned below based on Inventory Audit Report submitted by the above Chartered Accountants Firms:

(a) As explained to us, inventory has been physically verified by management at reasonable intervals during the year.

(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by 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 verification between the physical stocks and the book records were not material.

iii) The Company has granted an interest free, repayable on demand loan to a Private Limited Company covered in the

register maintained under section 189 of the Companies Act, 2013. 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 ₹1.24 Lacs.

iv) 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 purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the central government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

vi) (a) According to the information and explanations given to us and as per the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and according to the records of the Company, there are no dues of income-tax or sales-tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited with the appropriate authorities on account of any dispute except as given below:

| Name of the Statute | Nature of the disputed dues | Amount (₹ in crore) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|-----------------------------|------------------------|------------------------------------|---|
| Central Excise Act, 1944 | Excise Duty | 2.91 | May'01 to May'03 | Mumbai High Court & Settlement Commission |
| Income Tax Act, 1961 | Income Tax | 0.59 | A.Y-2007-08 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 0.16 | A.Y-2012-13 | Commissioner of Income Tax (Appeals) |

- (c) The Company is not required to transfer any amounts to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under.

- vii) 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.
- viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the balance sheet date.
- ix) 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.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us,
- we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.
- xi) Clauses 3(iii) (b), 3(v) and 3(x) of the Order are not applicable to the Company.

FOR VISHAL H. SHAH & ASSOCIATES
Chartered Accountants
 FRN -116422W

Vishal H. Shah
Proprietor
 Membership No.-101231

PLACE: MUMBAI
 DATE: 29th May, 2015

Balance Sheet as at 31st March, 2015

(₹ In Lacs)

| Particulars | Note No. | As at 31.03.2015 | As at 31.03.2014 |
|--------------------------------------|----------|-------------------|-------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| a) Share Capital | 1 | 3,312.39 | 3,312.39 |
| b) Reserves & Surplus | 2 | 56,384.35 | 49,037.44 |
| | | 59,696.74 | 52,349.83 |
| 2 Non-current liabilities | | | |
| a) Long-Term Borrowings | 3 | 26,488.38 | 38,401.09 |
| b) Deferred Tax Liabilities(Net) | 4 | 8,194.24 | 8,088.23 |
| c) Other Long Term Liabilities | 5 | 26.75 | 26.70 |
| d) Long Term Provisions | 6 | 95.50 | 62.71 |
| Total Non Current Liabilities | | 34,804.87 | 46,578.73 |
| 3 Current Liabilities | | | |
| a) Short-Term Borrowings | 7 | 50,011.35 | 44,982.64 |
| b) Trade Payables | | 11,141.91 | 9,120.19 |
| c) Other Current Liabilities | 8 | 14,621.31 | 11,251.77 |
| d) Short Term Provisions | 9 | 4,314.15 | 3,104.26 |
| Total Current Liabilities | | 80,088.72 | 68,458.86 |
| TOTAL EQUITY AND LIABILITIES | | 174,590.33 | 167,387.42 |
| II. ASSETS | | | |
| 1 Non-Current Assets | | | |
| a) Fixed Assets | 10 | | |
| i) Tangible Assets | | 57,065.62 | 54,682.52 |
| ii) Intangible Assets | | 69.77 | 69.23 |
| iii) Capital work in progress | | - | 1,812.44 |
| Sub Total | | 57,135.39 | 56,564.19 |
| b) Long Term Loans and Advances | 11 | 4,757.94 | 6,784.23 |
| Total Non-Current Assets | | 61,893.33 | 63,348.42 |
| 2 Current Assets | | | |
| a) Current Investments | 12 | 0.26 | 78.97 |
| b) Inventories | 13 | 55,579.15 | 53,838.53 |
| c) Trade Recievables | 14 | 45,601.58 | 38,990.50 |
| d) Cash and Cash Equivalents | 15 | 1,180.11 | 1,080.86 |
| e) Short-term loans and advances | 16 | 6,972.48 | 5,876.13 |
| f) Other Current Assets | 17 | 3,363.42 | 4,174.01 |
| Total Current Assets | | 112,697.00 | 104,039.00 |
| TOTAL ASSETS | | 174,590.33 | 167,387.42 |

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 :29th May, 2015

Manish.B. Mandhana

Joint Managing Director

Vinay Sampat

Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2015

(₹ In Lacs)

| Particulars | Note No. | For year ended 31.03.2015 | For year ended 31.03.2014 |
|---|----------|---------------------------|---------------------------|
| I Income | | | |
| Revenue From Operations | 18 | 168,497.75 | 151,793.76 |
| II Other Income | 19 | 748.31 | (301.51) |
| III Total Revenue (I + II) | | 169,246.06 | 151,492.25 |
| IV Expenses | | | |
| Cost of Materials Consumed | 20 | 68,996.60 | 56,216.34 |
| Cost of goods Traded | 21 | 45,038.84 | 42,656.90 |
| Changes in inventories of finished good work-in-progress and Stock-in-Trade | 22 | (3,704.06) | (1,295.46) |
| Manufacturing and Operating Costs | 23 | 14,732.40 | 15,443.62 |
| Employee Benefit Expenses | 24 | 8,899.03 | 7,661.87 |
| Finance Costs | 25 | 10,775.88 | 9,697.21 |
| Depreciation & Amortisation Expenses | 10 | 3,999.63 | 2,918.71 |
| Other Expenses | 26 | 7,470.15 | 7,071.73 |
| Total Expenses | | 156,208.47 | 140,370.93 |
| V Profit before tax (III - IV) | | 13,037.59 | 11,121.32 |
| VI Tax Expense | | | |
| Current Tax | | 4,412.95 | 3,292.46 |
| Deferred Tax | | 190.62 | 801.43 |
| VII Profit (Loss) for the year (V - VI) | | 8,434.02 | 7,027.43 |
| Income Tax paid for earlier Year | | 125.42 | 1,103.17 |
| Balance carried to Balance Sheet | | 8,308.60 | 5,924.26 |
| Earning Per Equity Share of ₹10 each | | | |
| Basic EPS (₹) | | 25.08 | 17.89 |
| Diluted EPS (₹) | | 25.08 | 17.89 |
| Weighted average number of shares outstanding | | 33,123,913 | 33,123,913 |

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

As Per Our Report of even Date Attached

For Mandhana Industries Limited

Vishal H. Shah & Associates

Chartered Accountants

FRN -116422W

Vishal H. Shah

Proprietor

Membership No:101231

Place : Mumbai

Date :29th May, 2015

Purushottam.C. Mandhana

Chairman & Managing Director

Manish.B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Cash Flow Statement for the period from 1st April, 2014 to 31st March, 2015

(₹ In Lacs)

| Particulars | Current Year | | Previous Year | |
|--|--------------|-------------------|---------------|-------------------|
| Cash Flows from Operating Activities | | | | |
| Net Profit before taxation and extraordinary item | 13,037.59 | | 11,121.32 | |
| Adjustments for: | | | | |
| Depreciation charged to Profit & Loss A/c | 3,999.63 | | 2,918.71 | |
| Provision for Diminution in Value of Current Investments | (8.22) | | (0.23) | |
| Finance Charges and Gain/Loss on variation in Foreign Exchange Rates | 199.20 | | 1,103.59 | |
| Surplus on sales of Investment(Net) | (19.37) | | - | |
| Income from conversion of Stock to investment | 12.18 | | (12.18) | |
| Land premium w/off | 15.14 | | 15.14 | |
| Loss on sale of fixed assets | 3.51 | | 56.98 | |
| Profit on sale of fixed assets | (0.50) | | (2.79) | |
| Interest Expenses | 10,576.68 | | 8,593.62 | |
| Operating profit before working capital changes | 27,815.83 | | 23,794.17 | |
| Decrease (Increase) in Inventories | (1,740.62) | | (4,162.76) | |
| Decrease (increase) in Debtors | (6,611.08) | | (11,593.73) | |
| Decrease (Increase) in Shor term loan and Advances | (369.77) | | (231.56) | |
| (Decrease) Increase in Creditors | 2,021.72 | | 190.58 | |
| (Decrease) Increase in other liabilities | 782.28 | | (4.68) | |
| Cash generated from operations | 21,898.36 | | 7,992.02 | |
| Income Tax Paid | (3,338.01) | | (2,965.37) | |
| Net cash flow from / (used in) operating activities | | 18,560.35 | | 5,026.66 |
| Cash flows from investing activities | | | | |
| Purchase of fixed assets | (4,868.51) | | (3,893.40) | |
| Proceeds from sales of fixed assets | 30.61 | | 60.82 | |
| Capital Advances against Fixed Assest | 2,110.30 | | 537.99 | |
| FD placed with banks | (47.44) | | 106.67 | |
| Investments | 94.13 | | - | |
| Net cash from / (used in) investing activities | | (2,680.92) | | (3,187.92) |

Cash Flow Statement *(contd.)* for the period from 1st April, 2014 to 31st March, 2015

(₹ In Lacs)

| Particulars | Current Year | | Previous Year | |
|--|--------------|-------------|---------------|------------|
| Cash flow from financing activities | | | | |
| Increase in long term borrowings (Net) | (9,305.38) | | 2,732.23 | |
| Increase (Decrease) in Working Capital finance | 5,129.50 | | 5,185.48 | |
| Increase (Decrease) in unsecured loans | (300.00) | | (1,450.00) | |
| Dividend Paid (inclusive of dividend tax) | (775.07) | | (769.95) | |
| Interest paid | (10,576.68) | | (8,593.62) | |
| Net cash from financing activities | | (15,827.63) | | (2,895.87) |
| Net increase in cash and cash equivalents | | 51.80 | | (1,057.14) |
| Cash & cash equivalents at the beginning | | 390.32 | | 1,447.46 |
| cash & cash equivalents at the end | | 442.12 | | 390.32 |
| (As per note) | | | | |
| | | 51.80 | | (1,057.14) |

(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.

As Per Our Report of even Date Attached

Vishal H. Shah & Associates

Chartered Accountants

FRN -116422W

Vishal H. Shah

Proprietor

Membership No:101231

Place : Mumbai

Date :29th May, 2015

For Mandhana Industries Limited

Purushottam.C. Mandhana

Chairman & Managing Director

Manish.B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Notes to the Financial Statement

NOTE 1 - SHARE CAPITAL

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---|---------------------|---------------------|
| Authorised | | |
| 4,99,90,000 Equity Shares of ₹10/- each | 4,999.00 | |
| 3,99,90,000 Equity Shares of ₹10/- each | | 3,999.00 |
| 10,000 preference shares of ₹10 /- each | 1.00 | 1.00 |
| | 5,000.00 | 4,000.00 |
| Issued, Subscribed & Paid Up | | |
| 3,31,23,913 Equity shares of ₹10 each fully paid up | 3,312.39 | 3,312.39 |
| TOTAL | 3,312.39 | 3,312.39 |

The Company has only one class of equity shares having at par value of ₹10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

The details of shareholders holding more than 5 % shares.

| Name of Shareholder | As at 31.03.2015 | | As at 31.03.2014 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| PRIYAVRAT P. MANDHANA JT. PURUSHOTTAM C. MANDHANA | 3,613,140 | 10.91 | 3,483,732 | 10.52 |
| PURUSHOTTAM C. MANDHANA (HUF) | 3,214,000 | 9.70 | 3,214,000 | 9.70 |
| MANISH B. MANDHANA JT. SANGEETA M. MANDHANA | 2,210,454 | 6.67 | 2,149,140 | 6.49 |
| PURUSHOTTAM C. MANDHANA JT. PREMA P. MANDHANA | 2,093,081 | 6.32 | 2,026,140 | 6.12 |
| PREMA P. MANDHANA JT. PURUSHOTTAM C. MANDHANA | 2,075,734 | 6.27 | 1,972,595 | 5.96 |
| SUDHA B. MANDHANA JT. BIHARILAL C. MANDHANA | 2,085,970 | 6.30 | 1,946,599 | 5.88 |
| BIHARILAL C. MANDHANA JT. SUDHA B. MANDHANA | 1,682,000 | 5.08 | 1,682,000 | 5.08 |
| | 16,974,379 | | 16,474,206 | |

Notes to the Financial Statement

NOTE 2 - RESERVES AND SURPLUS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|--|---------------------|---------------------|
| A. Capital Reserve (Special Capital Incentive) | | |
| Opening Balance | 25.00 | 25.00 |
| Add:- Addition during the year | - | - |
| Closing Balance | 25.00 | 25.00 |
| B. Share Premium | 10,947.62 | 10,947.62 |
| Add:- Addition during the year | - | - |
| Closing Balance | 10,947.62 | 10,947.62 |
| C. General Reserve | | |
| Opening Balance | 4,514.97 | 3,714.97 |
| Add:- Addition during the year | 800.00 | 800.00 |
| Closing Balance | 5,314.97 | 4,514.97 |
| D. Debentures Redemption Reserve | | |
| Opening Balance | 2,000.00 | 1,750.00 |
| Add:- Addition during the year | - | 250.00 |
| Less:- Trasfer to Profit & Loss Account | (100.00) | - |
| Closing Balance | 1,900.00 | 2,000.00 |
| E. Surplus i.e Balance in Profit & Loss Account | | |
| Opening Balance | 31,549.84 | 27,450.65 |
| Add:- Surplus during the year | 8,308.60 | 5,924.26 |
| Transfer from Debentures Redemption Reserve(Net of Deffered tax Liability) | 100.00 | - |
| Less:- Proposed Dividends (Inclusive of Dividend Distribution Tax) | (797.37) | (775.07) |
| Transitional Provision for Depreciation as per Schedule II of the Companies Act 2013 (Net of Deffered Tax) | (164.32) | - |
| Transfer to Debentures Redemption Reserve | - | (250.00) |
| Transfer to General Reserves | (800.00) | (800.00) |
| Closing Balance | 38,196.76 | 31,549.84 |
| TOTAL | 56,384.35 | 49,037.44 |

NOTE 3 - LONG TERM LIABILITIES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---------------------------------------|---------------------|---------------------|
| a) Debenture (Secured) (Refer Note 1) | 5,700.00 | 7,600.00 |
| Secured | | |
| b) Term Loan (Refer Note 2) | | |
| From Banks | 20,788.38 | 30,801.09 |
| | 26,488.38 | 38,401.09 |

Notes to the Financial Statement

NOTE 3 - LONG TERM LIABILITIES (contd.)

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

| Nos | Particulars | Debenture Holder | As at 31.03.2015 | 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-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 |

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 Statement

NOTE 3 - LONG TERM LIABILITIES (contd.)

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

| Sr no. | Name of Bank | Sanctioned Amount | Balance Outstanding as on 31st, March 2015 (₹ 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 | 154.80 (309.40) | 13.35% (13.35%) | Secured by Hypothecation of Fixed Assets except vehicles at Peenya Ind. Area, Bangalore | 32 equal quarterly installments of ₹38.65 Lacs. Commencing from 30/04/2008, last instalment will fall due on 29/02/2016. |
| | | Term Loan of ₹2200.00 Lac | 667.83 (NIL) | 13.50% (NIL) | Extension of Paripassu first charges on land & building and P&M of the Bangalore Unit no-2 | Quarterly installments of ₹91.67 lacs each Commencing from the next quarter after a moratorium period of 12 month from the date of first drawdown. |
| 2 | Allahabad Bank, Nariman Point, Mumbai. | Term Loan of ₹1545.00 Lac | 213.08 (1101.00) | 12.55% (12.50%) | (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 | 93.04 (177.00) | 12.55% (12.50%) | | 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 | 1287.08 (1803.00) | 12.55% (12.50%) | | 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 | 5155.44 (6187.44) | 12.55% (12.50%) | | 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 | 1204.01 (816.00) | 12.55% (12.50%) | | 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. |
| | | Term Loan of ₹5000.00 Lac | 2874.84 (5000.00) | 13.25% (13.20%) | | 8 quarterly installments with first installment of 250 Lac falling due in June 2014, thereafter 4 equal installement of 625 Lac each for next 4 quarters and last 3 installments of 750 Lacs each due in last 3 quarters ending March 2016. |
| 3 | Axis Bank Limited | Term Loan of ₹5000.00 Lac | 2500.00 (3125.00) | 13.65% (13.50%) | (Secured by Hypothecation of Plant & Machineries & Mortgage of immovable properties of fixed assets of the Company excluding Assets charged on exclusive basis) | Repayable in 32 quarterly instalments commencing from 31/12/2010 and last instalment will fall due on 30/09/2018. |
| | Bank of Baroda | Term Loan of ₹8000.00 Lac | 3750.00 (4750.00) | 12.75% (12.75%) | | |
| | Indian Bank | Term Loan of ₹1250.00 Lac | 624.95 (781.21) | 14.00% (13.50%) | | |
| | Punjab National Bank | Term Loan of ₹4500.00 Lac | 2249.63 (2812.12) | 14.00% (14.00%) | | |
| | State Bank of India (Erstwhile State Bank of Saurashtra) * | Term Loan of ₹1500.00 Lac | 702.58 (890.07) | 14.25% (14.25%) | | |

Notes to the Financial Statement

NOTE 3 - LONG TERM LIABILITIES (contd.)

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

| Sr no. | Name of Bank | Sanctioned Amount | Balance Outstanding as on 31st, March 2015 (₹ In Lacs) | Interest Rate at Period end | Nature of Securities | Repayment terms of interest and principal |
|--------|-------------------|--|--|-----------------------------|--|--|
| 4 | Axis Bank Limited | Term Loan of ₹9500.00 Lac (Inclusive of Buyer's Credit of ₹469.60 (Lacs) | 4971.90 (6139.86) | 13.65% (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 instalment will fall due on 30/09/2020. |
| | | Term Loan of ₹5000.00 Lac | 2212.56 (3212.56) | 13.15% (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 instalment will fall due on 31/03/2019. |
| 5 | Bank of Baroda | Term Loan of ₹1200.00 Lac | 675.00 (825.00) | 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 instalment will fall due on 30/09/2019. |
| 6 | Karur Vyasya Bank | Term Loan of ₹2500.00 Lac | 2187.50 (2500.00) | 12.75% (12.75%) | (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 31.03.2016 (for Previous Year 31.03.2015) have been grouped under "Current maturities of Long Term debt". (Refer Note 8)

NOTE 4 - DEFERRED TAX LIABILITIES

(₹ In Lacs)

| Particulars | Deferred Tax Liability/ (Asset) as at 01.04.2014 | Current Year charge/(credit) | Deferred Tax Liability/ (Asset) as at 31.03.2015 |
|---|--|------------------------------|--|
| Deferred Tax Liabilities: | | | |
| Difference between book and tax Depreciation | 8135.41 | 197.42 | 8332.83 |
| Deferred Tax Asset | | | |
| Due to adoption of schedule II of Companies Act, 2013 | | (84.61) | (84.61) |
| Adjustment on account of application of AS-15 | (47.18) | (6.80) | (53.98) |
| TOTAL | 8,088.23 | 106.01 | 8,194.24 |

NOTE 5 - OTHER LONG TERM LIABILITIES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|--|------------------|------------------|
| Vehicle loans from Banks / Finance Co. | 26.75 | 26.70 |
| TOTAL | 26.75 | 26.70 |

Notes to the Financial Statement

NOTE 6 - LONG TERM PROVISIONS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---------------------------------|---------------------|---------------------|
| Provision for employee benefits | | |
| Gratuity (unfunded) | 95.50 | 62.71 |
| | 95.50 | 62.71 |

NOTE 7 - SHORT TERM BORROWINGS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---|---------------------|---------------------|
| Secured | | |
| Loans repayable on demand | | |
| From Banks | 50,011.35 | 44,682.64 |
| (Including ₹7,655.06 Lacs (Previous year ₹11,683.78 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) | | |
| Unsecured | | |
| From Others | - | 300.00 |
| | 50,011.35 | 44,982.64 |

NOTE 8 - OTHER CURRENT LIABILITIES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---|---------------------|---------------------|
| Current Maturities of long-term debt | 12,635.86 | 10,028.58 |
| Deposits/Advances from Dealers, Agent etc. | 707.40 | 332.10 |
| Statutory Dues | 245.97 | 196.91 |
| Advance against Sales | 163.36 | 131.77 |
| Accrued loss on outstanding Forward Contract | 79.71 | 1.01 |
| Salary Payable | 490.53 | 339.04 |
| Other Payables (Including Interest Payable on Debentures) | 298.49 | 222.37 |
| | 14,621.31 | 11,251.77 |

NOTE 9 - SHORT TERM PROVISIONS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---|---------------------|---------------------|
| (a) Provision for employee benefits | | |
| Gratuity - Funded | 63.33 | 76.10 |
| Gratuity - Unfunded | | |
| (b) Others | | |
| Proposed Dividend | 662.48 | 662.48 |
| Tax on proposed Dividend | 134.89 | 112.59 |
| (c) Provision for Income Tax (Net of Advance Taxes) | 3,453.45 | 2,253.10 |
| | 4,314.15 | 3,104.26 |

Notes to the Financial Statement

NOTE 10 - FIXED ASSETS

(₹ In Lacs)

| Sr. No. | Description of Asset | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | | |
|---------|--------------------------|-----------------------|-----------|-----------------------|---|-----------------------|------------------|--------------------|-----------------------|---|------------------|------------------|------------------|
| | | Cost as at 31.03.2014 | Additions | Deletion / Adjustment | Assets discard due to Schedule II of Companies Act,2013 | Cost as at 31.03.2015 | Up to 31.03.2014 | For the year ended | Deletion / Adjustment | Assets Discard Due to Schedule II of Companies Act,2013 | Up to 31.03.2015 | As on 31.03.2015 | As on 31.03.2014 |
| (i) | Tangible Assets | | | | | | | | | | | | |
| 1 | Lease Hold Land* | 1,430.52 | - | - | - | 1,430.52 | 100.52 | 15.14 | - | - | 115.66 | 1,314.86 | 1,330.00 |
| 2 | Freehold Land | 340.57 | - | - | - | 340.57 | - | - | - | - | - | 340.57 | 340.57 |
| 3 | Factory Building | 17,034.52 | 3,897.82 | - | - | 20,932.34 | 2,601.69 | 542.64 | - | - | 3,144.33 | 17,788.01 | 14,432.83 |
| 4 | Residential Building | 2,144.70 | 101.60 | - | - | 2,246.30 | 57.50 | 33.92 | - | - | 91.41 | 2,154.89 | 2,087.21 |
| 5 | Office Building | 291.83 | - | - | - | 291.83 | 29.51 | 4.61 | - | - | 34.12 | 257.71 | 262.32 |
| 6 | Plant & Machinery | 43,771.22 | 1,973.28 | 24.93 | 932.28 | 44,787.29 | 11,371.69 | 2,826.68 | 161.66 | 932.28 | 13,427.75 | 31,359.54 | 32,399.53 |
| 7 | Factory Equipment | 49.01 | 2.85 | - | 13.19 | 38.67 | 9.21 | 6.96 | 6.77 | 13.19 | 9.75 | 28.92 | 39.80 |
| 8 | Air Conditioner | 177.74 | 4.82 | - | 46.79 | 135.77 | 33.03 | 25.63 | 22.18 | 46.79 | 34.05 | 101.72 | 144.70 |
| 10 | Furniture & Fixtures | 3,365.53 | 518.82 | - | 110.66 | 3,773.70 | 526.23 | 326.62 | 5.01 | 110.66 | 747.21 | 3,026.49 | 2,839.30 |
| 11 | Motor Car & Bikes | 351.42 | 47.81 | 23.64 | - | 375.59 | 124.74 | 42.74 | 14.95 | - | 152.53 | 223.05 | 226.68 |
| 12 | Office Equipment | 287.99 | 46.08 | - | 84.74 | 249.33 | 50.29 | 43.03 | 40.48 | 84.74 | 49.06 | 200.27 | 237.70 |
| 13 | Electrical Installations | 93.34 | 0.25 | - | - | 93.59 | 5.84 | 8.88 | - | - | 14.71 | 78.88 | 87.50 |
| 14 | Computer Accessories | 593.96 | 55.83 | - | 270.91 | 378.88 | 339.58 | 106.67 | 12.82 | 270.91 | 188.16 | 190.72 | 254.38 |
| | Total | 69,932.35 | 6,649.17 | 48.56 | 1,458.58 | 75,074.37 | 15,249.82 | 3,983.52 | 263.88 | 1,458.58 | 18,008.75 | 57,065.62 | 54,682.52 |
| | Previous Year Total | 67,034.11 | 3,095.01 | 196.77 | - | 69,932.35 | 12,427.03 | 2,904.56 | 81.76 | - | 15,249.82 | 54,682.52 | 54,607.08 |

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

** In accordance with the provision of the schedule II to the Companies Act, 2013 in respect of the assets whose useful life had exhausted as on 01.04.2014 applying the useful life as per specified in relevant schedule II, Due course, Fixed Assets having WDV of ₹248.93 lacs has been adjusted against Retain Earning, Accordingly fixed Assets amounting ₹1458.58 lacs has been discarded from gross block as well as Accumulated Depreciation.

(ii) Intangible Assets

| (ii) Intangible Assets | | | | | | | | | | | | | (₹ In Lacs) |
|------------------------|-----------------------|--------|-------|---|---|--------|--------|-------|---|---|--------|-------|-------------|
| 1 | Computer Software | 200.60 | 31.79 | - | - | 232.39 | 131.37 | 31.25 | - | - | 162.62 | 69.77 | 69.23 |
| | Total : | 200.60 | 31.79 | - | - | 232.39 | 131.37 | 31.25 | - | - | 162.62 | 69.77 | 69.23 |
| | Previous Year Total : | 191.26 | 9.34 | - | - | 200.60 | 102.08 | 29.29 | - | - | 131.37 | 69.23 | 89.18 |

Notes to the Financial Statement

(III) CAPITAL WORK IN PROGRESS:

(₹ In Lacs)

| Particulars | Garment Unit - Baramati* | |
|---------------------------------|--------------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| OPENING BALANCE | 1,812.44 | 1,023.40 |
| Add: Investment during the year | 3,349.04 | 789.04 |
| Less: Transfer to Fixed Assets | 5,161.48 | - |
| CLOSING BALANCE | - | 1,812.44 |

*. During the year under review Company started commercial operations of its Garment Unit situated at Baramati in March 2015. In view of the same all expenses incurred for the said operational unit are capitalized to respective Fixed Assets till the date of commencement of Project.

NOTE 11 - LONG TERM LOANS AND ADVANCES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|-----------------------------|---------------------|---------------------|
| Capital Advances* | 1,144.64 | 3,254.94 |
| Unsecured, Considered Goods | | |
| Security Deposits | 3,613.30 | 3,529.29 |
| Unsecured, Considered Goods | | |
| | 4,757.94 | 6,784.23 |

* Capital Advances Includes advance for Garment Project at Baramati

Notes to the Financial Statement

NOTE 12 - CURRENT 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 |
|---------|--|---|-----------------------|-----------|-------------------|--------------------------|----------------|-----------|---------------------------------|--|
| | | | 31-Mar-15 | 31-Mar-14 | | | 31-Mar-15 | 31-Mar-14 | | |
| A. | Details of Trade Investments | | | | | | | | | |
| (a) | Investment Properties | | | | | | | | | |
| | Residential Flat | | - | 1 | | | - | 12.18 | NA | Previous Year Valued at cost of Construction |
| (b) | Investement in Equity Instruments | | | | | | | | | |
| | Mandhana Retail Venture Limited | Others | - | 100 | Unquoted | Fully Paid | - | 0.01 | NA | |
| | The Saraswat Co-Op Bank Ltd | Others | 2,500 | - | Unquoted | Fully Paid | 0.25 | - | Yes | |
| (c) | Investments in Mutual Funds | | | | | | | | | |
| 1) | HDFC MF Monthly Income Plan - Long Term - Growth | | - | 225,414 | | | - | 50.00 | NA | Previous Year valued at Cost |
| 2) | Baroda Pioneer PSU Equity Fund | | - | 250,000 | | | - | 16.78 | NA | Previous Year valued at Market Value |
| | Total | | | | | | 0.25 | 78.97 | | |

* Company has decided to convert its residential flat held as investment to stock in trade. The Residential Flat has also been sold during the year and income recognize from selling of the said residential flat treat as normal business income and shown under the head sale /revenue.

** During the year under review, 100 equity share of 10 each of mandhana retail ventures limited held by the Company, were disposed off at face value of the said shares.

Notes to the Financial Statement

NOTE 13 - INVENTORIES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|-----------------|---------------------|---------------------|
| Finished Goods | 41,530.05 | 37,522.83 |
| Raw Materials | 11,358.48 | 13,330.60 |
| Store & Spares | 1,110.37 | 1,101.69 |
| Work in Process | 1,580.25 | 1,883.41 |
| Total | 55,579.15 | 53,838.53 |

Details of Finished Goods

(₹ In Lacs)

FINISHED GOODS

| | | |
|---------------|------------------|------------------|
| Grey Fabric | 16,697.46 | 12,506.62 |
| Finish Fabric | 18,648.69 | 19,614.82 |
| Garments | 6,183.90 | 5,401.39 |
| | 41,530.05 | 37,522.83 |

Details of Raw Materials

(₹ In Lacs)

RAW MATERIALS

| | | |
|---------------|------------------|------------------|
| Yarn | 1,858.15 | 1,878.95 |
| Grey Fabric | 6,340.07 | 6,019.37 |
| Finish Fabric | 3,160.26 | 5,432.29 |
| | 11,358.48 | 13,330.60 |

Details of Work in Progress

(₹ In Lacs)

WORK IN PROGRESS

| | | |
|----------------|-----------------|-----------------|
| Yarn | 153.61 | 503.30 |
| Finish Fabrics | 1,282.04 | 837.26 |
| Garments | 144.60 | 542.85 |
| | 1,580.25 | 1,883.41 |

NOTE 14 - TRADE RECEIVABLE

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|--|---------------------|---------------------|
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| unsecured, considered good | 45,201.81 | 38,518.98 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| unsecured, considered good | 399.76 | 471.52 |
| Unsecured, considered doubtful | 115.25 | 58.86 |
| Less: Provision for Doubtful Debts | (115.25) | (58.86) |
| Total | 45,601.58 | 38,990.50 |

Notes to the Financial Statement

NOTE 15 - CASH AND CASH EQUIVALENTS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|---|---------------------|---------------------|
| (i) Cash and Cash Equivalents | | |
| a. Balances with Banks | 380.03 | 298.04 |
| b. Cash on Hand | 62.09 | 92.28 |
| (ii) Other Bank Balances | | |
| a. Balances with banks to the extent held as margin money | 737.99 | 690.55 |
| Total | 1,180.12 | 1,080.86 |

* Margin Money of ₹324.15 lacs (Previous Year ₹43.19 lacs) paid for Bank Guaranty to Sales tax Department & MSEB and remaining for LC Margin due course of Business.

NOTE 16 - SHORT TERM LOANS AND ADVANCES

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|--|---------------------|---------------------|
| a. Loans and advances to related parties | 1.24 | 4.24 |
| Mandhana Retail Ventures Limited | | |
| Unsecured, Considered Good | | |
| b. Others | 6,971.23 | 5,871.88 |
| Unsecured, Considered Good | | |
| Total | 6,972.48 | 5,876.13 |

NOTE 17 - OTHER CURRENT ASSETS

(₹ In Lacs)

| Particulars | As at 31.03.2015 | As at 31.03.2014 |
|--|---------------------|---------------------|
| a. Exports Incentives receivable | 1,120.07 | 1,408.05 |
| b. TUF Interest Subsidy Receivable | 1,264.13 | 1,496.83 |
| c. Claims and Other Receivable | 63.84 | 356.21 |
| d. Vat Refund Receivable | 581.75 | 561.68 |
| e. Forward Contract Premium Receivable | 227.73 | 228.87 |
| f. Pre Paid Expenses | 105.90 | 122.37 |
| Total | 3,363.42 | 4,174.01 |

Notes to the Financial Statement

NOTE 18 - REVENUE FROM OPERATIONS

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|---|------------------------------|------------------------------|
| Sale of Products | | |
| 1) Local Sales | 142,826.00 | 121,742.16 |
| 2) Export Sales | 21,475.49 | 26,044.06 |
| Sale of Services | | |
| 1) Processing & Services Charges | 2,519.83 | 1,923.05 |
| 2) Duty Drawbacks & Other Export Entitlements | 1,676.43 | 2,084.49 |
| | 168,497.75 | 151,793.76 |

Details of Sales of Prodcuts:

(₹ In Lacs)

| | | |
|-----------------------|-------------------|-------------------|
| Class of Goods | | |
| Local Goods | | |
| Fabrics | 130,760.17 | 114,335.71 |
| Garments & Accessory | 11,966.73 | 7,270.40 |
| Yarn | 99.10 | 136.05 |
| (A) TOTAL | 142,826.00 | 121,742.16 |
| Exports | | |
| Fabrics | 2,315.72 | 5,574.85 |
| Garments & Accessory | 19,159.77 | 20,469.21 |
| (B) TOTAL | 21,475.49 | 26,044.06 |

NOTE 19 - OTHER INCOME

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|--|------------------------------|------------------------------|
| Interest Income | 137.42 | 69.10 |
| Foreign Exchange Fluctuation | 417.12 | (452.65) |
| Profit /(Loss) on Sale of Assets | (3.01) | (54.19) |
| Profit on sale of Mutual Fund & Shares | 19.37 | - |
| Provision for diminution in value of current investments | 8.22 | 0.23 |
| Miscellaneous Income | 169.18 | 136.01 |
| | 748.31 | (301.51) |

Notes to the Financial Statement

NOTE 20 - COST OF MATERIAL CONSUMED

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|---------------------|------------------------------|------------------------------|
| Opening Stock | 13,330.60 | 10,536.46 |
| Purchases | 67,024.48 | 59,010.48 |
| | 80,355.08 | 69,546.94 |
| Less: Closing Stock | 11,358.48 | 13,330.60 |
| Total | 68,996.60 | 56,216.34 |

Imported and Indigenous Raw Materials Consumed

(₹ In Lacs)

| | For year ended 31.03.2015 | % age | For year ended 31.03.2014 | % age |
|------------|------------------------------|---------|------------------------------|---------|
| Imported | 784.83 | 1.14% | 871.16 | 1.55% |
| Indigenous | 68,211.77 | 98.86% | 55,345.18 | 98.45% |
| | 68,996.60 | 100.00% | 56,216.34 | 100.00% |

Details of Raw Materials Consumed

(₹ In Lacs)

| Class of Goods | | |
|----------------|------------------|------------------|
| Fabric | 53,144.26 | 39,526.98 |
| Yarn | 15,852.34 | 16,689.36 |
| TOTAL | 68,996.60 | 56,216.34 |

NOTE 21 - PURCHASE OF STOCK IN TRADE

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|-------------|------------------------------|------------------------------|
| Fabrics | 39,383.69 | 36,506.65 |
| Garments | 5,655.15 | 6,150.25 |
| | 45,038.84 | 42,656.90 |

NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOOD WORK-IN-PROGRESS AND STOCK-IN-TRADE"

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|--------------------------------|------------------------------|------------------------------|
| Opening Stock | | |
| Finished Goods | 37,522.83 | 37,502.60 |
| Work-in-Progress | 1,883.41 | 608.18 |
| Total | 39,406.24 | 38,110.78 |
| Closing Stock | | |
| Finished Goods | 41,530.05 | 37,522.83 |
| Work-in-Progress | 1,580.25 | 1,883.41 |
| Total | 43,110.30 | 39,406.24 |
| Total Increase in Stock | 3,704.06 | 1,295.46 |

Notes to the Financial Statement

NOTE 23 - MANUFACTURING AND OPERATING COSTS

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|--|------------------------------|------------------------------|
| Consumption of Auxilliary Materials | 5,800.02 | 5,601.69 |
| Packing Materials | 613.13 | 677.57 |
| Garment Stitching Charges | 1,615.31 | 1,908.24 |
| General Factory Expenses | 74.65 | 67.07 |
| Labour Charges | 945.94 | 1,224.50 |
| Power, fuel and water charges | 5,198.54 | 5,605.77 |
| Repair and Maintenance to building | 25.77 | 4.16 |
| Repair and Maintenance to machinery | 125.07 | 91.95 |
| Testing & Inspection Fees | 164.04 | 113.76 |
| Yarn Winding, Sizing & Weaving Charges | 169.92 | 148.91 |
| TOTAL | 14,732.40 | 15,443.62 |

Imported and Indigenous Auxiliary Materials Consumed

(₹ In Lacs)

| | For year ended 31.03.2015 | % age | For year ended 31.03.2014 | % age |
|------------|------------------------------|----------------|------------------------------|----------------|
| Imported | 126.58 | 2.18% | 336.88 | 6.01% |
| Indigenous | 5,673.44 | 97.82% | 5,264.81 | 93.99% |
| | 5,800.02 | 100.00% | 5,601.69 | 100.00% |

NOTE 24 - EMPLOYEE BENEFIT EXPENSES

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|--|------------------------------|------------------------------|
| Salary & Wages (inclusive of Bonus, Gratuity & other Allowances) | 8,033.88 | 6,892.24 |
| Contribution to P.F, ESIC, etc | 625.10 | 535.87 |
| Employee's Welfare and amenities | 240.05 | 233.75 |
| TOTAL | 8,899.03 | 7,661.87 |

NOTE 25 - FINANCE COSTS

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|---|------------------------------|------------------------------|
| Banks/Financial Institutions for Term Loans | 3,976.59 | 2,906.92 |
| (Net of interest subsidy of ₹445.64 Lacs (Previous Year 1496.83 lacs) under TUF scheme) | | |
| Debenture 's Holder | 1,013.64 | 948.17 |
| Banks for Working Capital | 5,514.37 | 4,496.64 |
| Net Loss on Currency fluctuation and translation | 199.20 | 1,103.59 |
| Others | 72.08 | 241.90 |
| TOTAL | 10,775.88 | 9,697.21 |

Notes to the Financial Statement

NOTE 26 - OTHER EXPENSES

(₹ In Lacs)

| Particulars | For year ended 31.03.2015 | For year ended 31.03.2014 |
|---|------------------------------|------------------------------|
| Auditor's Remuneration | 13.48 | 13.48 |
| Bank Charges & Commission | 447.23 | 635.04 |
| Commission on Sales | 358.24 | 413.29 |
| Communication Expenses | 75.02 | 89.53 |
| Courier Charges | 131.75 | 151.66 |
| Director's Remuneration & Sitting Fees | 496.31 | 484.44 |
| Donations | 2.56 | 1.81 |
| Electricity Charges | 134.33 | 105.29 |
| Freight / Transportation (Net) | 1,135.78 | 1,419.10 |
| General Office Expenses | 82.41 | 64.95 |
| Insurance (Net) | 90.73 | 90.03 |
| Land Premium W/off | 15.14 | 15.14 |
| Legal & Licence Fees | 642.18 | 462.85 |
| Printing & Stationary Charges | 59.10 | 74.18 |
| Repair & maintenance | 57.66 | 21.65 |
| Professional Fees | 646.67 | 706.83 |
| Rent & Municipal Taxes | 1,763.65 | 1,258.28 |
| Octroi, Rates & Taxes | 159.32 | 161.97 |
| Advertisement & Sales Promotion Expenses | 457.04 | 315.20 |
| Travelling Expenses | 381.40 | 376.21 |
| Watch & Ward Exp. | 122.93 | 93.39 |
| Miscellaneous Expenses | 197.24 | 117.42 |
| TOTAL | 7,470.15 | 7,071.73 |
| Details of payments to auditors (included in Auditor's Remuneration) | | |
| a. Statutory Audit Fees | 10.11 | 10.11 |
| b. Tax Audit Fees | 3.37 | 3.37 |
| | 13.48 | 13.48 |

NOTE 27 - Value of Imports calculated on C.I.F. basis in respect of:

(₹ In Lacs)

| Particulars | F.Y. 2014-15 | F.Y. 2013-14 |
|---|--------------|--------------|
| Auxiliary Material, Yarn, Garment & Accessory | 950.80 | 1,208.04 |
| Capital Goods | 1,033.35 | 292.69 |

NOTE 28 - Expenditure in Foreign Currency on account of:

(₹ In Lacs)

| Particulars | F.Y. 2014-15 | F.Y. 2013-14 |
|-------------------------|--------------|--------------|
| Export Sales Commission | 87.64 | 73.35 |
| Interest | 1,300.80 | 1,071.85 |
| Foreign Travelling | 60.78 | 47.28 |
| Others | 158.29 | 40.18 |

Notes to the Financial Statement

NOTE 29 - Earnings in Foreign Currency on account of:

(₹ In Lacs)

| Particulars | F.Y. 2014-15 | F.Y. 2013-14 |
|---|--------------|--------------|
| Export of Goods calculated on FOB Value | 21,475.49 | 26,044.06 |

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)

| Particulars | CURRENCY | FORWARD AMOUNT F.Y. 2014-2015 | FORWARD AMOUNT F.Y. 2013-2014 | TYPE OF CONTRACT |
|-----------------|----------|-------------------------------------|-------------------------------------|---------------------|
| Against Exports | USD /INR | USD 112.57 | USD 82.50 | Sale |
| | EUR/INR | EUR 4.50 | EUR 6.00 | Sale |
| | GBP/INR | GBP 2.00 | GBP 1.50 | 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 | F.Y. 2014-2015 | F.Y. 2013-2014 |
|---|----------|----------------|----------------|
| Secured Loans | USD | 124.08 | 190.55 |
| Secured Loans | EURO | 4.86 | 8.97 |
| Secured Loans | GBP | 0.03 | - |
| Outstanding Capital Commitments (Import LC) | USD | Nil | Nil |
| | EURO | Nil | Nil |

NOTE 33 - Related Party Disclosures

1. Relationship :-

Key Management Personnel and their Relatives.

Shri Purushottam C. Mandhana
Shri Biharilal C. Mandhana
Shri Manish B. Mandhana
Smt. Prema P. Mandhana
Priyavrat Mandhana
Smt. Sudha B. Mandhana
Smt. Sangeeta M. Mandhana
Ms. Preeti P. Mandhana

Entities over which key Management
Personnel and their relatives are able
To exercise significant influence

Relationship

Chairman& Managing Director
Executive Director
Director
Wife of Mr. Purushottam Mandhana
Son of Mr. Purushottam Mandhana
Wife of Mr. Biharilal Mandhana
Wife of Mr. Manish Mandhana
Daughter of Mr. Purushottam Mandhana

Mahan Synthetics Textiles Private Limited
Balaji Corporation
Golden Seam Textile Pvt. Ltd.
Mandhana Retail Vanture limited

Notes to the Financial Statement

NOTE 33 - Related Party Disclosures (contd.)

| (₹ In Lacs) | | |
|--|---------------------------|---------------------------|
| 2. Transactions with related parties : | | |
| Particulars | Referred in 1(a) Above | Referred in 1(b) Above |
| Purchases : | | |
| Fabrics & Garments | | 1,020.54 |
| | | (1,490.27) |
| Sales : | | |
| Fabrics & processing chgs. | | 140.75 |
| | | (342.86) |
| Expenses : | | |
| Directors Remuneration & Perquisites | 480.00 | |
| | (480.00) | |
| Salary to Relatives of Directors | 19.77 | |
| | Nil | |
| Rent To Directors & Relatives of Directors | 68.27 | |
| | (85.30) | |
| Deposits against premises: | 2,877.00 | |
| | (2,881.25) | |
| Outstanding : | | |
| Advances | - | - |
| | | 451.48 |
| | | (4.24) |

Note:- Figures in brackets represents previous years figure.

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 31.03.2015 | As at 31.03.2014 |
| Not later than one year | 1125.58 | 730.25 |
| Later than one year and not later than five year' | 2396.23 | 1,911.88 |
| later than five year | 59.50 | 129.50 |
| Total | 3581.31 | 2,771.63 |
| Operating lease rentals debited to profit and loss accounts (net) | 1317.06 | 852.99 |
| Operating lease capitalized to Fixed Assets | NIL | NIL |

Notes to the Financial Statement

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 plans:

(₹ In Lacs)

| Particulars | F.Y. 2014-15 | F.Y. 2013-14 |
|----------------|--------------|--------------|
| Provident Fund | 519.41 | 437.18 |

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 plans:

(₹ In Lacs)

| Particulars | F.Y. 2014-15 | F.Y. 2013-14 |
|----------------------------|--------------|--------------|
| Employee's State Insurance | 104.24 | 98.68 |

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 31-03-2015. Company has already framed Gratuity scheme through trust fund managed by LIC for certain class of employees and for other employees provisions has been made in the books and fund for the same shall be set up in due course of time.

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

(₹ In Lacs)

| Particulars | March 31,2015 | | | March 31,2014 | | |
|---|---------------|----------|----------|---------------|----------|----------|
| | Funded | Unfunded | Total | Funded | Unfunded | Total |
| Components of employer expenses | | | | | | |
| 1) Current Service Cost | 9.28 | 37.35 | 46.63 | 8.63 | 34.10 | 42.73 |
| 2) Interest Cost | 6.72 | 13.04 | 19.76 | 5.84 | 16.76 | 22.59 |
| 3) Expected Return on Plan Assets | (9.13) | - | (9.13) | (7.58) | - | (7.58) |
| 4) Net Actuarial (Gain) /Loss | 13.20 | (22.78) | (9.57) | 5.26 | (111.55) | (106.28) |
| 5) Total expense/(Gain) recognized in the Profit and Loss Account | 20.07 | 27.61 | 47.69 | 12.15 | (60.69) | (48.54) |
| Net Assets /Liability recognised in Balance Sheet | | | | | | |
| 1) Present Value of Defined benefit obligation | (103.20) | (175.50) | (278.70) | (84.00) | (147.90) | (231.89) |
| 2) Fair Value of plan assets | 119.88 | - | 119.88 | 93.08 | - | 93.08 |
| 3) Assets/ (Liability) recognized in Balance Sheet. | 16.67 | (175.50) | (158.83) | 9.09 | (147.90) | (138.81) |
| Change in Present Value of the Defined Benefit Obligation | | | | | | |
| 1) Opening Present Value of obligation | 84.01 | 147.88 | 231.89 | 72.96 | 208.58 | 281.54 |
| 2) Interest Cost | 6.72 | 13.04 | 19.76 | 5.84 | 16.76 | 22.59 |
| 3) Current Service Cost | 9.28 | 37.35 | 46.63 | 8.63 | 34.10 | 42.73 |

Notes to the Financial Statement

NOTE 35 - DISCLOSURES PURSUANT TO ACCOUNTING STANDARD -15 "EMPLOYEE BENEFITS" (contd.)

(₹ In Lacs)

| Particulars | March 31,2015 | | | March 31,2014 | | |
|--|--------------------------------|---|---------|--------------------------------|--------------------------------|----------|
| | Funded | Unfunded | Total | Funded | Unfunded | Total |
| 4) Benefits Paid | (10.02) | - | (10.02) | (8.69) | - | (8.69) |
| 5) Actuarial (Gain) /Loss | 13.20 | (22.78) | (9.57) | 5.26 | (111.55) | (106.28) |
| 6) Closing Present Value of obligation. | 103.20 | 175.50 | 278.70 | 84.00 | 147.90 | 231.89 |
| Change in the fair value of plan Assets | | | | | | |
| 1) Opening Value of plan assets | 93.08 | - | 93.08 | 80.14 | - | 80.14 |
| 2) Expected return on plan Assets | 9.13 | - | 9.13 | 7.58 | - | 7.58 |
| 3) Actual Company Contribution | 27.66 | - | 27.66 | 14.05 | - | 14.05 |
| 4) Benefits Paid | (10.02) | - | (10.02) | (8.69) | - | (8.69) |
| 5) Closing Fair Value of plan assets | 119.86 | - | 119.86 | 93.08 | - | 93.08 |
| Actuarial Assumption | | | | | | |
| Discount rate (per annum) | 8.00% | 7.80% | | 8.00% | 9.10% | |
| Expected rate of return on assets (per annum) | 8.00% | 9.00% | | 8.00% | 9.00% | |
| Salary escalation rate* | 4.00% | 5.10% | | 4.00% | 5.00% | |
| Mortality Rate | LIC (1994-96) Ultimate | Indian Assured Lives mortality (2006-08) | | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate | |
| Withdrawal Rate | 1 %-3 % depending on age | 1 %-5 % depending on age | | 1 %-3 % depending on age | 1 %-5 % depending on age | |

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

NOTE 36 - Segmental reporting for the year ended on 31st March, 2015 is as under.

(A) On the basis of Business Segments

(₹ In Lacs)

| Particulars | F.Y. 2014-2015 | | | F.Y. 2013-2014 | | |
|-------------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Textiles | Garment | Total | Textiles | Garment | Total |
| External Revenues | 132,847.60 | 31,126.50 | 163,974.10 | 120,046.62 | 27,739.61 | 147,786.23 |
| Internal Segment Revenues | - | - | - | 944.60 | - | 944.60 |
| Other Allocable Income | 2,530.00 | 1,666.26 | 4,196.25 | 2,148.85 | 1,858.68 | 4,007.53 |
| Total Revenues | 135,377.60 | 32,792.76 | 168,170.35 | 123,140.07 | 29,598.29 | 152,738.36 |
| Less: Elimination | - | - | - | 944.60 | - | 944.60 |
| Net Revenue | 135,377.60 | 32,792.76 | 168,170.35 | 122,195.47 | 29,598.29 | 151,793.76 |
| SEGMENT RESULT | 15,230.94 | 7,506.82 | 22,737.76 | 14,287.72 | 6,832.32 | 21,120.05 |
| Other Non-allocable Income / (Exps) | | | | | | |
| Non reportable Segment Revenue | | | 327.39 | | | |
| Other Income | | | 748.31 | | | (301.51) |
| Interest Cost | | | 10,775.88 | | | 9,697.21 |
| Provision for Taxes | | | 4,728.99 | | | 5,197.06 |
| NET PROFIT | | | 8,308.60 | | | 5,924.26 |

Notes to the Financial Statement

NOTE 36 - Segmental reporting for the year ended on 31st March, 2015 is as under. (contd.)

(₹ In Lacs)

| Particulars | F.Y. 2014-2015 | | | F.Y. 2013-2014 | | |
|--|----------------|-----------|-------------------|----------------|-----------|-------------------|
| | Textiles | Garment | Total | Textiles | Garment | Total |
| OTHER INFORMATION | | | - | | | |
| Segment Assets | 134,651.97 | 39,938.10 | 174,590.07 | 128,732.21 | 38,588.42 | 167,320.63 |
| Unallocable Corporate Assets | | | 0.26 | | | 66.79 |
| TOTAL ASSETS | | | 174,590.33 | | | 167,387.42 |
| Segment Liabilities | 66,267.98 | 36,021.71 | 102,289.69 | 71,372.70 | 32,409.69 | 103,782.40 |
| Unallocable Liabilities | | | 12,603.89 | | | 11,255.20 |
| TOTAL LIABILITIES | | | 114,893.58 | | | 115,037.60 |
| CAPITAL EXPENDITURE | | | - | | | - |
| Segment Capital Expenditure | 772.48 | 3,962.64 | 4,735.12 | 1,637.23 | 1,467.12 | 3,104.35 |
| Unallocated Capital Expenses | | | 133.39 | | | 789.04 |
| TOTAL CAPITAL EXP. | | | 4,868.51 | | | 3,893.39 |
| DEPRECIATION & AMORTISATION | | | | | | - |
| Segment Dep. & Amort. | 3,183.63 | 816.00 | 3,999.63 | 2,398.23 | 520.48 | 2,918.71 |
| Unallocated Dep. & Amort. | | | - | | | - |
| TOTAL DEPRECIATION & AMORTISATION | | | 3,999.63 | | | 2,918.71 |

(B) On the basis of Geographical Segments

(₹ In Lacs)

| Particulars | Domestic | Exports | Total | Domestic | Exports | Total |
|---------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| Segment Revenues | 145,345.83 | 23,151.91 | 168,497.75 | 123,665.21 | 28,128.55 | 151,793.76 |
| Internal Segment Revenues | - | - | - | 944.60 | | 944.60 |
| Total Revenues | 145,345.83 | 23,151.91 | 168,497.75 | 124,609.81 | 28,128.55 | 152,738.36 |
| Less : Elimination | - | - | - | 944.60 | | 944.60 |
| NET REVENUES | 145,345.83 | 23,151.91 | 168,497.75 | 123,665.21 | 28,128.55 | 151,793.76 |
| Segment Result | 17,996.62 | 4,741.15 | 23,065.16 | 14,318.26 | 6,801.78 | 21,120.05 |
| Carrying Cost of segment assets | 138,621.27 | 35,968.80 | 174,590.07 | 129,575.35 | 37,745.28 | 167,320.63 |
| Addition to Fixed Assets | 772.48 | 3,962.64 | 4,735.12 | 1,637.23 | 1,467.12 | 3,104.35 |

* 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.

Notes to the Financial Statement

NOTE 37 - Contingent Liabilities not provided for in respect of:

- a) Export invoices backed by letter of credit purchased by the bank amounting to ₹577.08 Lacs (Previous year ₹909.43 Lacs).
- b) Sales invoices Discounted with the bank amounting to ₹65.13 Lacs. (Previous Year 242.59 Lacs).
- c) Claim against the Company not acknowledged as debts in respect of disputed Income Tax demand amounting to ₹75.09 Lacs (Previous Year ₹373.70 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 ₹374.15 Lacs. (Previous Year ₹431.11 Lacs).

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

During the year, with a view to unlock the valuation of the Company's Retail Operation segment, the Board of Directors of Mandhana Industries Limited ("the Company"/"MIL") at its meeting held on 22.11.2014 decided to demerge its retail business of brand 'Being Human' ("the Retail Business") into a separate company viz. Mandhana Retail Ventures Limited ("MRVL"), to be listed post demerger, subject to sanction of the High Court of judicature at Bombay / National Company Law Tribunal and other statutory/regulatory authority(ies) as may be required. It has decided to transfer the Retail Business along with all its assets and liabilities into MRVL. It has been further decided to transfer all the properties, assets, liabilities etc. of the Retail Business at the value appearing in its books of accounts immediately before the demerger. The Company has filed draft Scheme of Arrangement/Demerger along with all the required documents with BSE Limited and National Stock Exchange of India Limited.

It is further proposed that shareholders of MIL shall receive 2 equity shares of MRVL for every 3 equity shares held in the Company in accordance with the valuations determined by the Valuation Expert.

NOTE 40

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

As Per Our Report of even Date Attached

Vishal H. Shah & Associates

Chartered Accountants

FRN -116422W

Vishal H. Shah

Proprietor

Membership No:101231

Place : Mumbai

Date :29th May, 2015

For Mandhana Industries Limited

Purushottam.C. Mandhana

Chairman & Managing Director

Manish.B. Mandhana

Joint Managing Director

Biharilal C. Mandhana

Director

Vinay Sampat

Company Secretary

Statement of Significant Accounting Policies and Practices

(annexed to and forming part of the financial statements for the year ended 31st March, 2015)

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, including the accounting standards notified under the relevant provisions of the Companies Act, 2013.

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 / materialized.

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.
- 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

Tangible Assets

- a. Depreciation on fixed Assets is charged as follows :
 - i) Depreciation on Fixed assets is provided base on useful life of assets as prescribed by schedule II to the companies Act 2013 or reassessed based on management evaluation . In case of following assets useful life is different than those prescribed in schedule II to The Companies Act,2013.

The useful life of those assets are as follows

Tangible Assets

| Assets Classification | Useful life assessed by management |
|--|------------------------------------|
| Plant And Machinery | 16 -20 Years |
| Office & Factory Equipments | 6-8.5 years |
| Furniture & fixtures | 11 -13.5 Years |
| Lease hold land | Over the period of lease term |
| Capital Expenditure on rented Premises | 10-12 Years |
| Vehicles | 8-10 Year |
| Computers & Accessories | 3.5-4.5 Years |

Statement of Significant Accounting Policies and Practices

(annexed to and forming part of the financial statements for the year ended 31st March, 2015)

Intangible Assets

These are amortized as under

| Assets Classification | Amortization |
|-----------------------|---------------------------|
| Computer Software | Over the period of 5 Year |

- 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.

G. INVENTORIES

- a. Finished goods are valued at cost or net realizable whichever is lower.
- 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 FIFO 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 realizable value.
- d. 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. 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 recognized 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.

Statement of Significant Accounting Policies and Practices

(annexed to and forming part of the financial statements for the year ended 31st March, 2015)

- 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 capitalized up to 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. 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 recognized, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

M. 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.

N. 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 recognized 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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