

MANDHANA

a whirlpool of ideas!

CIN : L17120MH1984PLC033553

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

3rd December, 2018

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051

Dear Sir/Madam,

Sub: Notice of the 34th Annual General Meeting and Annual Report 2017-18

Ref: BSE Scrip Code – 533204; NSE Symbol - MANDHANA

We wish to inform you that the 34th Annual General Meeting ('AGM') of Mandhana Industries Limited ('Company') is scheduled to be held on Friday, the 28th day of December, 2018 at 12.00 Noon at Plot No. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, District Palghar - 401506.

The Notice of the 34th AGM and the Annual Report of the Company for the financial year 2017-18 are enclosed herewith for your records.

Kindly take the above on your records and oblige.

Yours faithfully,

for **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited

(A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Encl.: As above.

C.C.:

National Securities Depository Limited

Trade World "A" Wing,
Kamala Mills Compound, 4th Floor,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 033.

Central Depository Services (India) Limited

25th Floor, Marathon Futurex,
N M Joshi Marg, Lower Parel (East),
Mumbai – 400013.

Link Intime India Private Limited

C-101, 247 Park, L.B.S. Marg,
Vikhroli (W), Mumbai - 400 083.



MANDHANA INDUSTRIES LTD.

Office: 205 - 214, Peninsula Center, Dr. S.S. Rao 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- 401506

Corporate Office: 205-214, Peninsula Center, Dr. S.S. Rao Road, Parel, Mumbai – 400012

Tel: 91-22-4353 9191 **Fax:** +91 22 4353 9358 **E-mail:** cs@mandhana.com

Website: www.mandhana.com

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

To,
The Members,

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of **Mandhana Industries Limited** will be held at the premises of the Company at Plot No. C-2, MIDC, Tarapur Industrial Area, Boisar, District Palghar - 401 506 on Friday, the 28th day of December 2018 at 12 Noon for the purpose of transacting the following business:

BACKGROUND:

The members are hereby informed that Corporate Insolvency Resolution Process ('CIRP') has been initiated for the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 ('IBC') by the National Company Law Tribunal vide Order no. C.P. No. 1399/I&BP/NCLT/MAH/2017 ('order') with effect from 29th September, 2017. Further, vide the aforesaid NCLT order (certified copy received on 11th October, 2017), and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended, and such powers are vested with the Interim Resolution Professional, Mrs. Charu Desai (IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757). Her appointment was subsequently confirmed by the Committee of Creditors ('COC') as the Resolution Professional (the 'RP'). Accordingly, Mrs. Charu Desai in her capacity as RP took control and custody of the management and operations of the Company from 11th October, 2017. Consequently, all actions that are deemed to be taken by the Board of Directors have been given effect to by the RP during the continuance of the CIRP as per the provisions of the IBC. In view thereof, the 34th Annual General Meeting (AGM) of the Members of the Company is being convened by the RP.

On 9th July, 2018, in accordance with Section 30(6) of the IBC, a resolution plan as approved by the COC with the

requisite majority as per Section 30(4) of the IBC, was filed with NCLT, Mumbai Bench for its approval. Currently, the Company is awaiting the final order from the NCLT on the resolution plan. All appointments/reappointments of directors being made shall be subject to changes as per proposed implementation of the plan post NCLT approval.

The appointment/re-appointments of the Directors are recommended only for the sole purpose of complying with the applicable provision(s) of the Companies Act, 2013 (as amended) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, pursuant to Section 17 of the IBC, the powers the Board of Directors shall stand suspended during the continuance of the CIRP.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Directors and Auditors thereon, subject to such consequential modifications and amendments, if any, as the National Company Law Tribunal may direct, pursuant to an application made by the Company for revision of financial statements (along with the Directors Report) for the financial year 2014-15 and financial year 2015-16;
2. To appoint a Director in place of Mr. Manish B. Mandhana, (DIN: 00025449) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Re-appointment of Mr. Purushottam C. Mandhana (DIN: 00025633) as Non - Executive**



Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) and all other regulations of the Listing Regulations, (including any statutory modifications or re-enactment thereof, for the time being in force), Mr. Purushottam C. Mandhana (DIN: 00025633), who was appointed as a Director by the Promoters of the Company with effect from 28th September, 2017 and who holds office till the date of the 34th Annual General Meeting, in terms of Section 167(3) of the Act and in respect of whom, for the sole purpose of complying with the provisions of Section 160 of the Act, the Company has received a notice in writing from the Resolution Professional, recommending Mr. Purushottam C. Mandhana as a candidate for the office of a Director of the Company, be and is hereby re-appointed as a Non - Executive Director of the Company liable to retire by rotation, provided that pursuant to Section 17 of the Insolvency and Bankruptcy Code, 2016, his powers as a Director shall stand suspended during the continuance of the Corporate Insolvency Resolution Process.

RESOLVED FURTHER THAT the Resolution Professional/ any one Director of the Company or the Company Secretary be and is hereby authorized to do all such acts, deeds and things which are necessary to give effect to this resolution.”

4. Re-appointment of Mr. Manish B. Mandhana (DIN: 00025449) as Non - Executive Director of the Company

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

“RESOLVED THAT “RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) and

all other regulations of the Listing Regulations, (including any statutory modifications or re-enactment thereof, for the time being in force), Mr. Manish B. Mandhana (DIN: 00025449), who was appointed as a Director by the Promoters of the Company with effect from 28th September, 2017 and who holds office till the date of the 34th Annual General Meeting, in terms of Section 167(3) of the Act and in respect of whom, for the sole purpose of complying with the provisions of Section 160 of the Act, the Company has received a notice in writing from the Resolution Professional, recommending Mr. Manish B. Mandhana as a candidate for the office of a Director of the Company, be and is hereby re-appointed as a Non - Executive Director of the Company liable to retire by rotation, provided that pursuant to Section 17 of the Insolvency and Bankruptcy Code, 2016, his powers as a Director shall stand suspended during the continuance of the Corporate Insolvency Resolution Process.

RESOLVED FURTHER THAT the Resolution Professional/any one Director of the Company or the Company Secretary be and is hereby authorized to do all such acts, deeds and things which are necessary to give effect to this resolution.”

5. Re-appointment of Mr. Monarch Gandhi (DIN: 07183740) as Non - Executive Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) and all other regulations of the Listing Regulations, (including any statutory modifications or re-enactment thereof, for the time being in force), Mr. Monarch Gandhi (DIN: 07183740), who was appointed as a Director by the Promoters of the Company with effect from 28th September, 2017 and who holds office till the date of the 34th Annual General Meeting, in terms of Section 167(3) of the Act and in respect of whom, for the sole purpose of complying with the provisions of Section 160 of the Act, the Company has received a notice in writing from the Resolution Professional, recommending

Mr. Monarch Gandhi as a candidate for the office of a Director of the Company, be and is hereby re-appointed as a Non - Executive Director of the Company liable to retire by rotation, provided that pursuant to Section 17 of the Insolvency and Bankruptcy Code, 2016, his powers as a Director shall stand suspended during the continuance of the Corporate Insolvency Resolution Process.

RESOLVED FURTHER THAT the Resolution Professional/any one Director of the Company or the Company Secretary be and is hereby authorized to do all the acts, deeds and things which are necessary to give effect to this resolution."

6. Ratification of the remuneration to be paid to M/s. C.B Modh & Co., Cost Accountant, for the FY 2018-19

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 if any, including any statutory modification(s) or re-enactment thereof, for the time being in force and the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to M/s. C.B Modh & Co., Cost Accountant, the Cost Auditor of the Company, to audit the cost records maintained by the Company for the Financial Year 2018-19, amounting to ₹ 1,00,000/- (Rupees One Lakh Only) plus taxes as applicable and reimbursement of actual travel and out of pocket expenses be and is hereby ratified and confirmed."

For MANDHANA INDUSTRIES LIMITED

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional
Mandhana Industries Limited (A
company under corporate insolvency
resolution process by NCLT order no. C.P.
No. 1399/I&BP/NCLT/MAH/2017)

Registered Office:

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

Place : Mumbai

Date : 31st October, 2018

NOTES:

1. The Company has made an application to National Company Law Tribunal (NCLT) under section 131 of the Companies Act, 2013 for seeking revision of the financial statements for the financial year 2014-15 and financial year 2015-16. The matter is pending before the NCLT and the outcome thereof may impact the financial statements (including the Directors Report) of the Company for the financial year 2017-18. Hence, the consent of the Members approving the financial statements for the financial year ended 31st March, 2018 and the Reports of the Directors and Auditors thereon is sought, subject to such modifications as the NCLT may direct.
2. The relevant Explanatory Statement pursuant to section 102 of the Companies Act, 2013 ('Act') in respect of the business under Item Nos. 3 to 6 of the Notice, is annexed hereto. The relevant details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations'), of person/s seeking appointment/re-appointment as Director(s) forms part of this notice.
3. 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/herself/itself 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 commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total paid-up share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total paid-up share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. The Members are requested to note that as the order of the NCLT is awaited on the resolution plan submitted with it, the Company had applied for extension of date for holding its 34th Annual General Meeting (AGM). The Company has received the order of the Registrar of Companies,



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Mandhana Industries Limited

Mumbai dated 29th September, 2018 under section 96(1) of the Companies Act, 2013 (Act) to conduct the said AGM within 3 months from the period as mentioned under section 96 of the Act. The said AGM, as enumerated in the notice herein above, is being convened on 28th December, 2018, which is within the extended time period granted by the Registrar of Companies.

5. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd December, 2018 to Friday, 28th December, 2018 (both days inclusive), both days inclusive, ('Book Closure period') for the purpose of holding Annual General Meeting.
7. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
8. Mr. Manish B. Mandhana is liable to retire by rotation. He being eligible, offers himself for re-appointment.

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

9. 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 RTA.

SEBI has mandated that securities of listed companies can be transferred only in dematerialised form with effect from 5th December, 2018. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form. For ease of reference, the procedure of dematerialisation of shares is also provided on the website of the Company.

10. 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.
11. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her/its 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.
12. During the year under review, the Company has credited ₹ 11,612/- to the Investor Education and Protection Fund (IEPF) pursuant to the provisions of the Companies Act, 2013. In accordance with the provisions of Companies Act, 2013 the Company has transferred 208 Equity Shares of ₹ 10/- each, to the credit of IEPF Authority, on 26th December, 2017, in respect of which dividend had not been paid or claimed by the Members for seven consecutive years or more. The Company has uploaded on its website the details of unpaid and unclaimed amounts lying with the Company as on date of last Annual General Meeting and details of shares transferred to IEPF during financial year 2017-18 which can be accessed at: <http://mandhana.com/investorRelation.php>. The Company has also uploaded these details on the website of the IEPF Authority (www.iepf.gov.in). The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.
13. Members who have not encashed their Interim / Final Dividend for the financial year ended 31st March, 2012, 31st March, 2013, 31st March, 2014 and 31st March,

2015 are requested to write to the RTA 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
2011-12	20 th February, 2012	10%	26 th March, 2019	27 th March, 2019
2011-12	24 th September, 2012	10%	30 th October, 2019	31 st October, 2019
2012-13	19 th September, 2013	20%	25 th October, 2020	26 th October, 2020
2013-14	18 th September, 2014	20%	21 st October, 2021	22 nd October, 2021
2014-15	30 th September, 2015	20%	27 th October, 2022	28 th October, 2022

14. 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 34th AGM along with the Annual Report for FY 2017-18 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.
15. 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 as well as the Head Office/ Corporate Office (viz. 205-214, Peninsula Center, Dr. S.S. Rao Road, Parel, Mumbai - 400012) of the Company during the business hours. However, in case a Member wishes to receive a physical copy of the said documents, he / she/it is required to send a letter or an e-mail to rnt.helpdesk@linkintime.co.in or to cs@mandhana.com duly quoting his / her/ its DP ID & Client ID or Folio number, as the case may be, and the said documents will be dispatched to the Members.
16. 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 Regulation 44 of the Listing Regulations, the Company is pleased to provide the Members a facility to exercise their right to vote on resolutions proposed to be considered at the 34th 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 ('CDSL'). In addition, the facility for voting through Ballot Paper shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM.
17. Based on the shareholding of the Members, whose names appear in the Register of Members / List of beneficial owners, received from National Securities Depository Limited ('NSDL') / CDSL as on close of the business hours on Friday, 21st December, 2018 (close of business hours) ('cut-off date'), 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.
18. 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.
19. The remote e-voting period commences on Tuesday, 25th December, 2018 (9.00 a.m.) (IST) to and ends



on Thursday, 27th December, 2018 (5.00 p.m.) (IST). The e-voting module shall be disabled by CDSL for voting thereafter

20. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 21st December, 2018, 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.

21. **The instructions for remote 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
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next, enter the Image Verification as displayed and 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 (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 provided as follows: <ol style="list-style-type: none"> a) 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; b) For Members to whom the Notice of the AGM has been sent physically, the sequence number has been provided on the cover page of the Annual Report 2017-18.
DOB*	Enter the Date of Birth as recorded in your Demat Account or in the Company records for the said Demat Account or folio 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 or folio.

** 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 member 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 directly reach 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 account holders for voting on resolutions of any other company on which they are eligible to vote, provided that 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) Click on the EVSN of Mandhana Industries Limited.
- (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) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (x) After selecting the resolution you have decided to vote on, 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 password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xiv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xv) **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 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.
- (xvi) 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 at cs@mandhana.com.
- 22. Mr. Nitin R. Joshi, Practicing Company Secretary (Membership No. FCS: 1884) (Address: 415, Marathon Max, Next to Udyog Shetra, Junction of L.B.S. Marg and Goregaon Link Road, Mulund (W), Mumbai 400 080) has been appointed as the Scrutinizer to scrutinize the entire voting process in a fair and transparent manner. Scrutinizer's email address is: n_r_joshi@yahoo.com.
- 23. 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).
- 24. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of Friday, 21st December, 2018.
- 25. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holds shares as of the cut-



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- off date i.e. Friday, 21st December, 2018, 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.
26. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
27. The Resolution Professional 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.
28. The Scrutinizer shall, after the conclusion of voting at the AGM, 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, within 48 hours from the conclusion of the Annual General Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Resolution Professional or a person authorized by her/Board of Directors, who shall countersign the same and declare the result of the voting forthwith.
29. 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 immediately after the declaration of results by the Resolution Professional or a person authorized by her in writing. The voting results shall also be forwarded to the Stock Exchanges on which the shares of the Company are listed i.e. BSE Limited & the National Stock Exchange of India Limited.
30. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the company. Blank forms will be supplied on request in writing.
31. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office as well as the Head Office/ Corporate 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.

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional
Mandhana Industries Limited (A
company under corporate insolvency
resolution process by NCLT order no. C.P.
No. 1399/I&BP/NCLT/MAH/2017)

Registered Office:

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

Place : Mumbai

Date : 31st October, 2018

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

Item No. 2, 3, 4 and 5:

Appointment / Re-appointment of Director

Mr. Manish B. Mandhana, Director is liable to retire by rotation. He being eligible, offers himself for re-appointment.

Mr. Purushottam C. Mandhana, Mr. Manish B. Mandhana and Mr. Monarch Gandhi, were appointed as the Directors by the Promoters of the Company with effect from 28th September, 2017 in accordance with the provisions of Section 167(3) of the Companies Act, 2013 (Act) and Article of Association of the Company, on account of vacation occurred in the office of all the erstwhile Directors of the Company. Pursuant to Section 167(3) of the Act, the above directors' holds office up to the date of the ensuing 34th Annual General Meeting. For the sole purpose of complying with the applicable provision(s) of the Act, the Company has received a notice in writing from the Resolution Professional recommending all of the aforesaid as the Directors of the Company.

Except Mr. Purushottam C. Mandhana and Mr. Manish Mandhana, none of the other Directors or Key Managerial Personnel ('KMP') or their relatives, is in any way concerned or interested, financially or otherwise, in the Resolutions at Item Nos. 2, 3 and 4.

Except the Director proposed to be appointed, none of the Directors, KMP of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the Resolutions at Item No. 4.

Brief profile of Mr. Purushottam C. Mandhana, Mr. Manish Mandhana and Mr. Monarch Gandhi who are proposed to be appointed as Directors, as required under Secretarial Standard on General Meeting ('SS-2') and Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is given herein below:

Name of the Director	Mr. Purushottam C. Mandhana	Mr. Manish B. Mandhana	Mr. Monarch Gandhi
Age	63 years	50 years	32 years
Qualifications	Commerce graduate from University of Rajasthan.	Commerce graduate from Mumbai University.	Law and Commerce graduate.
Experience/ Resume/ Expertise	Mr. Mandhana has over 42 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 modernisation of process unit of the Company. Under his administrative supervision, the Company's export division has performed consistently.	Mr. Mandhana has over 21 years of experience in the textile industry. He was overall in charge of the export activities of Mandhana Industries Limited. His marketing and administrative abilities have helped the Company's export division grow rapidly. He is in sync with the latest trends in the export market and understands the taste of the foreign fashion Industry.	Mr. Gandhi is founder of a corporate advisory firm, 'Legal Corporate Services' and is an experienced Corporate Law Consultant who has successfully completed various business deals which includes Mergers, Acquisitions, Transfer of NBFC Companies within state limits and outside the state limits, Obtaining NBFC Licenses and NOC from RBI etc. He also has a specialization in NBFC Compliances. He has worked with the organizations like Olacabs, Arti Industries Limited prior to founding Legal Corporate Services.
Terms and conditions of re-appointment	To perform the duties of Director in accordance with the provisions of the Companies Act, 2013 and such other statutes, rules and regulations as may be applicable to the Company.		



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Name of the Director	Mr. Purushottam C. Mandhana	Mr. Manish B. Mandhana	Mr. Monarch Gandhi
Remuneration to be paid to the Director	NIL		
Remuneration last drawn by the Director	Details provided in the Corporate Governance Report annexed herewith.		
Date of first appointment on the Board	28 th September, 2017, by the Promoters of the Company as the Non-Executive Directors.		
Shareholding	3,39,681	4,68,339	NIL
Relationship with other Directors, Manager and KMP	Mr. Purushottam C. Mandhana is uncle of Mr. Manish B. Mandhana.	Mr. Manish B. Mandhana is nephew of Mr. Purushottam C. Mandhana.	Not related to any Director, Manager or KMP
Number of Board meetings attended during the financial year (2017-18)	NIL in capacity of Non-Executive Director 3 meetings in the capacity of Chairman and Managing Director of the Company	1	NIL
Directorships, Membership/ Chairmanship of Committees in other Companies* *Membership/ Chairmanship of Audit and Stakeholders Relationship Committee only is provided.	He is a Director in the following other Companies: 1. Mandhana - WD Limited 2. Sundhya Chhaya Finvest Private Limited 3. Dhumketu Finvest Private Limited 4. CKM Investment Private Limited He is a neither a Member nor a Chairperson of the Committees in any other Company.	He is a Director in the following other Companies: 1. Mandhana - WD Limited 2. Sundhya Chhaya Finvest Private Limited 3. Dhumketu Finvest Private Limited He is a neither a Member nor a Chairperson of the Committees in any other Company.	He does not hold Directorship in any other Company. He is a neither a Member nor a Chairperson of the Committees in any other Company.
Justification	Considering the fact that the outcome of the Corporate Insolvency Resolution Process, which is currently underway, may result in change in the Board of Directors of the Company, the appointments of Mr. Purushottam C. Mandhana, Mr. Manish B. Mandhana and Mr. Monarch Gandhi are proposed only in order to comply with the provisions of the Companies Act, 2013 and the Listing Regulations.		

Item No. 6:

Ratification of the remuneration of M/s. C.B Modh & Co., Cost Accountant, as the Cost Auditor for the FY 2018-19

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, as amended from time to time, the cost audit records maintained by the Company are required to be audited by a Cost Accountant in practice who shall be appointed by the Board of Directors on such remuneration as may be determined by the Members of the Company.

In light of Corporate Insolvency Resolution Professional, the Resolution Professional, on 17th September, 2018, has appointed of M/s. C.B Modh & Co., Cost Accountant as the Cost Auditor of the Company for the FY 2018-19, at remuneration of ₹ 1,00,000/- (Rupees One Lakh Only) plus Goods and Service Tax ("GST") and / or any other tax, as may be applicable, subject to the ratification by the Members at the Annual General Meeting.

Accordingly, the resolution at Item No. 3 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, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, finance ally or otherwise, in the Resolutions at Item No. 3.

The Resolution Professional recommends the Resolution at Item No. 3 for approval of the Members.

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Registered Office:

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

Place : Mumbai

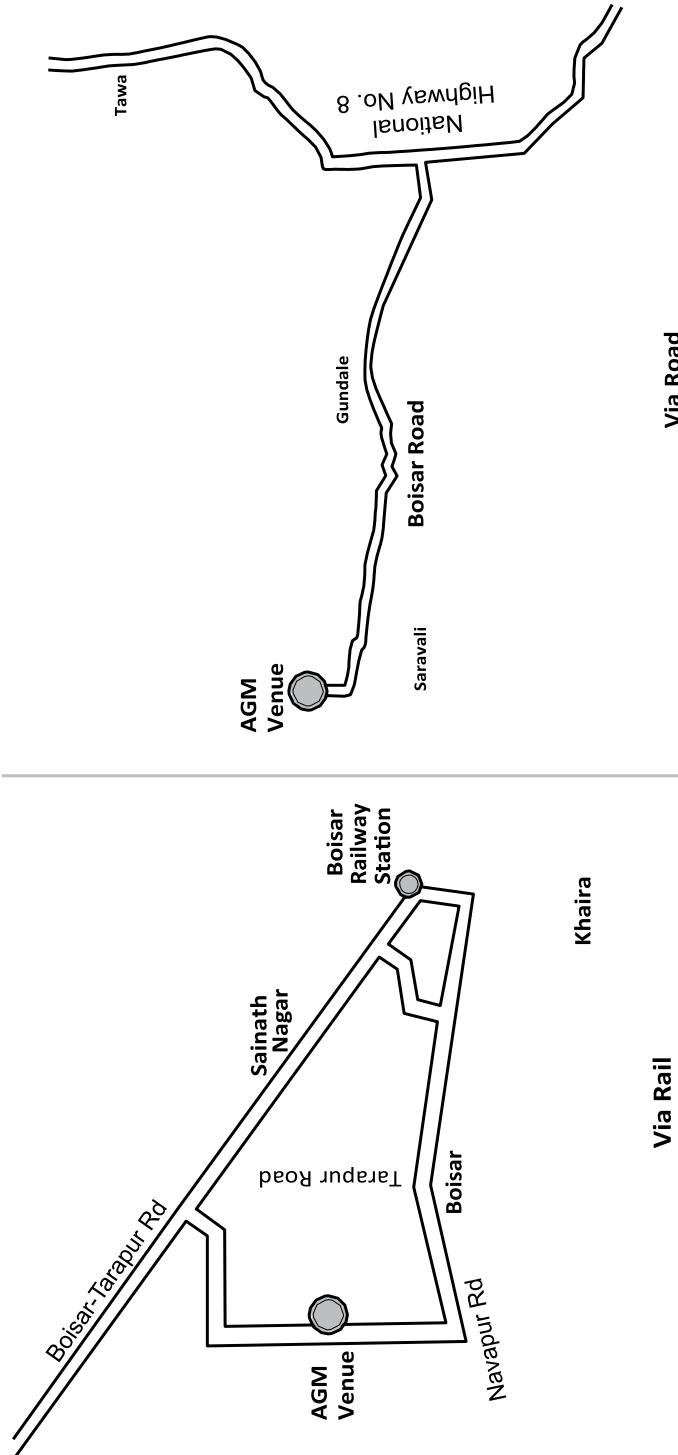
Date : 31st October, 2018



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Mandhana Industries Limited

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- 401506

Corporate Office: 205-214, Peninsula Center, Dr. S.S. Rao Road, Parel, Mumbai – 400012

Tel: 91-22-4353 9191 • **Fax:** +91 22 4353 9358 • **E-mail:** cs@mandhana.com

Website: www.mandhana.com

ATTENDANCE SLIP

I/We, hereby record my/our presence at the 34th ANNUAL GENERAL MEETING of the Company on Friday, 28th December, 2018 at 12 Noon at Plot No. C-2, MIDC, Tarapur Industrial Area, Boisar, Palghar – 401 506.

Registered Folio No./DP ID & Client ID*	
No. of Shares held	
Name and address of the Member	
Joint Holder 1	
Joint Holder 2	

*DP ID & Client ID are applicable for members holding shares in electronic form.

If Member, please sign here	If proxy, please mention name and sign here	
	Name of Proxy	Signature

Note:

Shareholder/Proxy holder, as the case may be, is requested to produce the attendance slip duly signed at the entrance of the Meeting venue.



Mandhana Industries Limited

CIN: L17120MH1984PLC033553

Registered Office: Plot No. C-3, M.I.D.C. Tarapur Industrial Area, Boisar, Dist. Palghar- 401506

Corporate Office: 205-214, Peninsula Center, Dr. S.S. Rao Road, Parel, Mumbai – 400012

Tel: 91-22-4353 9191 • **Fax:** +91 22 4353 9358 • **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 and Client Id	

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

1.	Name:	Email ID :
	Address:	Signature :

or failing him/her

2.	Name:	Email ID :
	Address:	Signature :

or failing him /her

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 **34th Annual General Meeting** of the Company, to be held on Friday, the 28th day of December, 2018 at 12 Noon at Plot No. C-2, MIDC, Tarapur Industrial Area, Boisar, Palghar – 401 506 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	Optional*	
Ordinary Business		For	Against
1.	Ordinary resolution for adoption of the Audited Financial Statements of the Company for the financial year ended 31 st March, 2018 and the Reports of the Directors and Auditors thereon, subject to such consequential modifications and amendments, if any, as the National Company Law Tribunal may direct, pursuant to an application made by the Company for revision of financial statements (along with the Directors Report) for the financial year 2014-15 and financial year 2015-16.		
2.	Ordinary resolution for appointment of a Director in place of Mr.Manish B. Mandhana, (DIN: 00025449) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.		
Special Business			
3.	Ordinary resolution for re-appointment of Mr. Purushottam C. Mandhana (DIN: 00025633) as Non - Executive Director of the Company		
4.	Ordinary resolution for re-appointment of Mr. Manish B. Mandhana (DIN: 00025449) as Non - Executive Director of the Company		
5.	Ordinary resolution for re-appointment of Mr. Monarch Gandhi (DIN: 07183740) as Non - Executive Director of the Company		
6.	Ordinary resolution for ratification of the remuneration of M/s. C.B Modh & Co., Cost Accountant, as the Cost Auditor for the FY 2018-19		

*It is optional to put a (✓) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' of '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 _____, 2018.

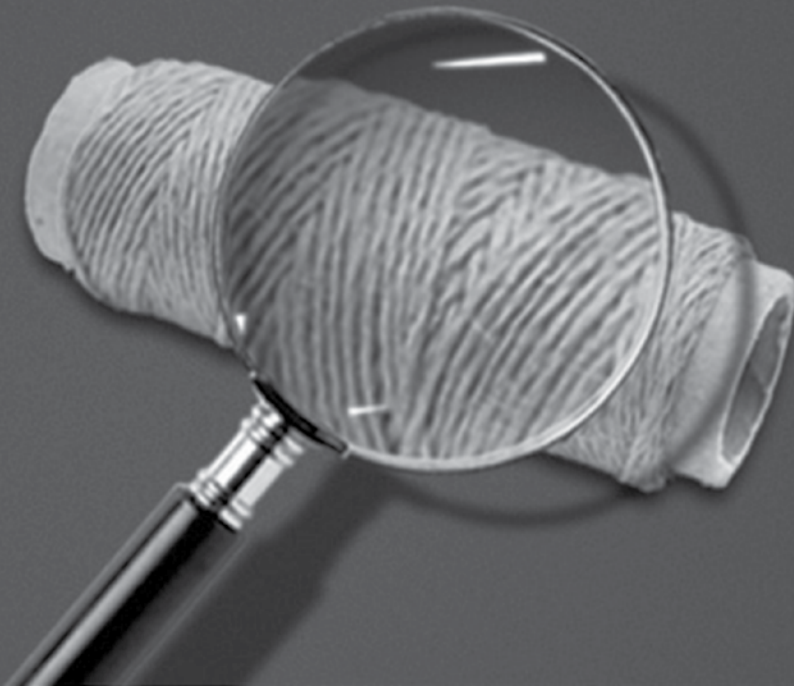
Affix Re.1
Revenue
Stamp

Signature of Member (s)

Signature of Proxy holder (s)

Note:

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.



34th ANNUAL REPORT

2017-18

Mandhana Industries Limited

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CORPORATE INFORMATION

Resolution Professional

Mrs. Charu Desai

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Board of Directors (Powers suspended on account of continuance of CIRP)

Mr. Purushottam C. Mandhana

- Non-Executive Director

Mr. Manish B. Mandhana

- Non-Executive Director

Mr. Monarch Gandhi

- Non-Executive Director

Mrs. Divya Trivedi

Company Secretary and Compliance Officer

Auditors

M/s. KPND & Co.

Chartered Accountants

Solicitors

M/s. Crawford Bayley & Co.

Advocates & Solicitors

Internal Auditors

M/s. Ram Agarwal & Associates

Chartered Accountants

(For Corporate Office, Mumbai & Tarapur)

M/s. B. Choraria & Mates

Chartered Accountants

(For Bengaluru)

Cost Auditors

M/s. C.B Modh & 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

Indian Overseas Bank (NCD Holder)

Canara Bank (NCD Holder)

ICICI Bank (Vehicle Loan)

State Bank of India

The Saraswat Co-Op. Bank Ltd.

Bank of India

Axis Bank Limited

HDFC Bank Limited

Karur Vysya Bank

L&T Finance Ltd. (NCD holder)

Small Industries Development Bank of India

Registered Office

Plot No. C-3, MIDC,

Tarapur Industrial Area,

Boisar, Dist: Palghar - 401506

Tel : 91-2525-272228/29

Fax: 91-2525-260251

Corporate Office

205-214, Peninsula Centre,

Dr. S. S. Rao Road,

Parel, Mumbai 400 012

Tel : 91-22-4353 9191

Fax: 91-22-4353 9216

email : info@mandhana.com

Web: www.mandhana.com



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Mandhana Industries Limited

Registrar and Share Transfer Agents

Link Intime India Private Limited
(Unit : Mandhana Industries Limited)
C-101, 247 Park, L.B.S.Marg,
Vikhroli (W), Mumbai - 400 083.
Tel : 91-22-4918 6000
Fax : 91-22-4918 6060
email : rnt.helpdesk@linkintime.co.in
Web: www.linkintime.co.in

Other Offices

Bangalore
26/A, Peenya II Phase,
Peenya Industrial Area,
Near NTTF Bus Stop,
Bengaluru - 560058.

New Delhi
1508, 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

(A Division of Mandhana Industries Limited)
Plot no. E-33, 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)
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 WEAVING HOUSE

(Shirting Division)
(A Division of Mandhana Industries Limited)
Plot No. C-2, 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

Baramati Hi-Tech Textile Park Ltd.,
Plot No.17-20, Plot No.E-1/2,
M.I.D.C. Industrial Area,
Baramati – 413 133.

MANDHANA INDUSTRIES LIMITED

(Garment Division)
Plot No.31, Survey No.161,
Laggare Village, Yeshwanthpura,
Hobli, Bangalore North Taluka,
Bengaluru – 560 058.

MANDHANA INDUSTRIES LIMITED

(Garment Division)
Unit No. 36/2, Maruti Plaza,
Madanayakanahalli Village, Dasanapura,
Hobli, Tumkur Road, Bengaluru - 562 123

DIRECTORS' REPORT

Dear Shareholders,

The Directors and the Resolution Professional present the 34th Annual Report and the Financial Statements of the Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

	(Rupees in Lakh)	
	2018	2017
Total Turnover	32,783.87	51,671.16
Other Income	562.28	355.52
Profit/(Loss) before Finance Cost, Depreciation & Amortisation and Taxation	-58,015.01	-55,833.36
Less: 1. Finance Cost	16,806.69	13,805.06
2. Depreciation & Amortisation	5,895.78	5,207.46
Profit/ (Loss) Before Taxation	-80,717.48	-74,845.88
Less: Provision for Taxation		
Current Tax		
Deferred Tax	-807.90	-1,000.61
Net Profit/(Loss) for the Year	-79,909.57	-73,845.27
Less: Income Tax paid for earlier year	-	-997.15
Profit/(Loss) after Taxation	-79,909.57	-72,848.13
Add: Other Comprehensive Income	-	98.26
Total Comprehensive Income	-79,909.57	-72,749.87
Add : Balance of Profit (Loss) from earlier years	-32,104.12	40,645.75
Amount available for Appropriations	-1,12,013.69	-32,104.12
Add: Transfer from Debenture Redemption Reserve	-	-
Less: Dividend	-	-
Tax on distributed Profits	-	-
Balance carried forward	-1,12,013.69	-32,104.12

Notes: Previous years' figures have been reclassified/regrouped wherever necessary, to correspond with those of the current year.

COMPANY PERFORMANCE AND BUSINESS OVERVIEW

The total revenue from operations for the year 2017-18 was ₹ 32,783.87 Lakh. The total loss before tax was ₹ 80,717.48 Lakh mainly due to lower manufacturing capacity utilization due to the stressed financial condition of the Company.

Further discussion of operations for the year ended 31st March, 2018 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 2017-18

Corporate Insolvency Resolution Process (CIRP) has been initiated under the Insolvency and Bankruptcy Code, 2016 by the National Company Law Tribunal (NCLT), Mumbai vide its order dated 29th September, 2017 owing to defaults in repayment of principal debt and interest thereon by the Company. Further, vide the above mentioned NCLT order and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended and



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Mandhana Industries Limited

such powers were vested with the Interim Resolution Professional, Mrs. Charu Desai (IP Registration no. IBBI/ IPA-001/IP-P00434/2017-18/10757). Her appointment was subsequently confirmed by the Committee of Creditors (COC) as the Resolution Professional (the "RP"). Accordingly, Mrs. Charu Desai in her capacity as RP took control and custody of the management and operations of the Company with effect from 11th October, 2017.

On 9th July, 2018, in accordance with Section 30(6) of the IBC, a resolution plan as approved by the COC with the requisite majority as per Section 30(4) of the IBC, was filed with NCLT, Mumbai Bench for its approval. Currently, the Company is awaiting the final order from NCLT on the resolution plan. All appointments/reappointments of directors being made shall be subject to changes as per proposed implementation of the resolution plan post NCLT approval.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Except the changes occurred during and subsequent to the financial year 2017-18, stated hereinabove, no material changes and commitments has occurred after the close of the year till the date of this report, which affect the financial position of the Company.

DIVIDEND

In view of the losses, your Company does not recommend any dividend for the year under review.

TRANSFER TO RESERVE

Nil.

CORPORATE GOVERNANCE

Reports on Corporate Governance and Management Discussion and Analysis, in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), along with a certificate from Auditors regarding compliance of the Corporate Governance are given separately in this Annual Report.

All Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2017-18. A declaration to this effect signed by the

Resolution Professional of the Company is contained in this annual report.

PUBLIC DEPOSIT

Your Company has not accepted any Public deposits under Chapter V of Companies Act, 2013.

NON CONVERTIBLE DEBENTURES (NCDs)

During the financial year 2017-18 the Company has defaulted in redeeming Secured Redeemable Non-Convertible Debentures (NCDs) for an amount aggregating to ₹ 29,00,00,000 (Rupees Twenty Nine Crore only) on account of stretched financial conditions of the Company. The details of outstanding NCDs as on 31st March, 2018 are provided in annexure to Note No. 11 on Long Term Borrowings forming part of Financial Statements contained in this 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 exchange.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The CIRP was initiated against the Company on 29th September, 2017 and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended, and such powers are vested with the Resolution Professional, Mrs. Charu Desai. The resolution plan as approved by Committee of Creditors is submitted to Honorable NCLT for its approval. The outcome of the CIRP may result in change in the Board of Directors of the Company followed by reconstitution of the statutory committees of the Board of Directors of the Company.

In accordance with the provisions of the Companies Act, 2013 ('Act'), Mr. Manish B. Mandhana retires by rotation at the ensuing Annual General Meeting ('AGM') and is eligible for re-appointment.

The changes in the Directors of the Company prior to the initiation of CIRP is summarized herein below.

The Board of Directors of the Company in its meeting held on 25th September 2017 has appointed Mr. Laxman Kamble (DIN: 07942013), Mr. Yogesh Hate (DIN: 07942165) and Mr. Manish Hate (DIN: 07942068), as Additional Directors (Non-Executive and Independent Director) of the Company.

Mr. Purushottam C. Mandhana (DIN: 00025633), Mr. Manish B. Mandhana (DIN: 00025449), Mr. Jeenendra

Bhandari (DIN: 00050150), Mr. Chandrakant Shetty (DIN: 07670406) and Mr. Pandharinath Parab (DIN: 07678456) tendered their resignations from the Directorship of the Company w.e.f. 25th September, 2017. As the Company has defaulted in honouring the dues to debenture holders for a period beyond one year, pursuant to the provisions of Section 164(2) read with Section 167 of the Act, with effect from 28th September, 2017, all the then existing directors (viz., Mr. Laxman Kamble, Mr. Yogesh Hate and Mr. Manish Hate) vacated the office of Directors.

Subsequently, Mr. Monarch Gandhi (DIN: 07183740), Mr. Purushottam C. Mandhana (DIN: 00025633) and Mr. Manish B. Mandhana (DIN: 00025449) were appointed as the Non - Executive Directors by the Promoters of the Company pursuant to the provisions of Section 167(3) of the Act. Further, pursuant to Section 167(3) of the Act, the above Directors' hold office up to the date of the 34th Annual General Meeting (AGM) and approval of the shareholders is being sought at the AGM in order to enable the Company to remain compliant with the requirements of the Act.

Brief details of Directors proposed to be appointed/re-appointed as required under Regulation 36(3) of Listing Regulations are provided in the explanatory statement Annexed to the notice of the AGM.

Mr. Vinay Sampat has resigned from the post of the Company Secretary and Compliance Officer of the Company w.e.f. 20th May, 2017. The Board of Directors of the Company in its meeting held on 9th August, 2017 has appointed Ms. Divya Trivedi as the Company Secretary and Compliance Officer of the Company w.e.f. 16th August, 2017.

BOARD EVALUATION

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. Evaluation of performance of all Directors is undertaken annually during the last quarter of the corresponding financial year, however as the CIRP was initiated against the Company w.e.f. 29th September, 2017, the powers of the Board of Directors (including evaluating the performance of Board, its Committee and individual Directors) were suspended. Therefore the evaluation of the performance of the Board of Directors and of its Committees and individual Directors were not undertaken during the financial year 2017-18.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Three (3) Board Meetings, were convened and held during the financial year 2017-18 (i.e. upto 29th September, 2017, post which the powers of the Board of Directors stood suspended on account of initiation of CIRP against the Company). Details of meetings of the Board and its Committees alongwith the attendance of the Directors therein have been disclosed in the Corporate Governance Report (Annexed herewith).

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 behavior, 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/investorRelation.php>

AUDIT COMMITTEE

Subsequent to resignation of the Independent Directors as on 25th September, 2017 and initiation of the CIRP against the Company w.e.f. 29th September, 2017, the Audit Committee of the Board of Directors could not be constituted upto the period ended 31st March 2018. Prior to such resignation of Independent Directors/initiation of CIRP, the Audit Committee were comprised of 4 members including 3 Independent Directors and 1 Executive Director, details of which is provided below:

1.	Mr. Jeenendra Bhandari – Chairman
2.	Mr. Chandrakant Shetty
3.	Mr. Pandharinath Parab
4.	Mr. Purushottam C. Mandhana

Further details on the Audit Committee are provided in the Corporate Governance Report (Annexed herewith).

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.



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The Policy also provides for remuneration of Directors, Members of Senior Management and Key Managerial Personnel.

Details of the Key Features of Nomination and Remuneration Policy are given under Annexure - 'A' to this Report

RISK MANAGEMENT POLICY

The Company has in place a 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 sections 186 of the Companies Act, 2013, have been given or provided during the year. Details of the investments made and loans outstanding as of 31st March, 2018, pursuant to Section 186 of the Act are provided under note nos. 6 and 7 of the Financial Statements (annexed herewith). Loan taken by the recipient was proposed to be utilized for their general corporate/business purposes.

MANAGERIAL REMUNERATION

Remuneration to Directors and Key Managerial Personnel

- i. The percentage increase in remuneration of each Director and Company Secretary during FY 2017-18 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2017-18 are as under:

Sr. No.	Name of Director /KMP and Designation	Remuneration of Director/ KMP for FY 2017-18 (In ₹)	% increase/ decrease in remuneration in FY 2017-18	Ratio of remuneration of each Whole-Time Director to median remuneration of employees
1.	Mr. Purushottam C. Mandhana @# Non- Executive Director	NIL	N.A	N.A.
2.	Mr. Manish B. Mandhana @# Non-Executive Director	50,000	N.A	N.A
3.	Mr. Monarch Gandhi # Non-Executive Director	N.A	N.A	N.A
4.	Mr. Jeenendra Bhandari @ Non-Executive & Independent Director	1,25,000	N.A	N.A
5.	Mr. Chandrakant Shetty @ Non-Executive & Independent Director	1,25,000	N.A	N.A

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 under Regulation 23 of Listing Regulation. 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. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed through the following link: <http://www.mandhana.com/investorRelations.php>. Your Directors draw attention of the members to Note no. 33 to the financial statements which sets out related party disclosures.

Prior omnibus approval is obtained on an annual basis for the 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 and Board of Directors for their review on a periodic basis.

Sr. No.	Name of Director /KMP and Designation	Remuneration of Director/ KMP for FY 2017-18 (In ₹)	% increase/ decrease in remuneration in FY 2017-18	Ratio of remuneration of each Whole-Time Director to median remuneration of employees
6.	Mr. Pandharinath Parab [®] Non-Executive & Independent Director	90,000	N.A	N.A
7.	Mr. Laxman Kamble [#] Non-Executive & Independent Director	N.A	N.A	N.A
8.	Mr. Yogesh Hate [#] Non-Executive & Independent Director	N.A	N.A	N.A
9.	Mr. Manish Hate [#] Non-Executive & Independent Director	N.A	N.A	N.A
10.	Mr. Vinay Sampat [§] Vice President - Legal & Company Secretary	3,59,664	Nil	N.A.
11.	Mrs. Divya Trivedi [§] Company Secretary & Compliance Officer	1,87,904	N.A	N.A.

[®] Mr. Jeenendra Bhandari, Mr. Chandrakant Shetty, Mr. Pandharinath Parab, Mr. Purushottam C. Mandhana and Mr. Manish B. Mandhana ceased to be Director of the Company with effect from 25th September, 2017.

[#] Mr. Laxman Kamble, Mr. Yogesh Hate and Mr. Manish Hate were appointed as Non-Executive and Independent Directors w.e.f 25th September, 2017 and they vacated the office under section 167 of the Companies Act, 2013 w.e.f 28th September, 2017. Subsequently the Promoters of the Company nominated Mr. Purushottam C. Mandhana, Mr. Manish B. Mandhana and Mr. Monarch Gandhi as Non- Executive Directors of the Company.

[§] Mr. Vinay Sampat has ceased to be the Company Secretary and Compliance officer of the Company w.e.f. 20th May, 2017. Mrs. Divya Trivedi was appointed as the Company Secretary and Compliance officer of the Company w.e.f 16th August, 2017 and as such no remuneration was paid to her during the Financial Year 2016-17.

Note:

- Remuneration paid to 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.
- The median remuneration of employees of the Company during FY 2017-18 was ₹ 1,31,688/-;
- In the financial year under review, there was an increase of 1.69% in the median remuneration of employees;
- There were 3,393 permanent employees on the rolls of the Company as on 31st March, 2018;
- Average percentage increase in the salaries of employees other than the managerial personnel in the FY 2017-18 was 3.96% as compared to FY 2016-17. No remuneration was paid to the Managerial Personnel in the FY 2017-18.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other 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 a separate statement and forms part of the Annual Report. Further, this report is being sent to the Members excluding the said statement. The said statement is available for inspection of members at the Registered/Corporate Office of the Company during working hours upto the date of the Annual General Meeting and shall be made available to any shareholder on request. The said statement is also available on the website of the Company the weblink to which is www.mandhana.com.



CREDIT RATING

During the year under review, CARE Rating Agency has revised its ratings for Non-Convertible Debentures and Long Term and Short Term Banking facilities, the details of which are as under:

Facilities	Rating as on 31 st March, 2018	Rationale
Non-Convertible Debentures	CARE D (Single D) Issuer not cooperating	Due to delays in servicing the debt obligations by the Company
Long term and Short term Bank facilities	CARE D (Single D) Issuer not cooperating	on account of stretched liquidity position

STATUTORY AUDITOR AND AUDITORS' REPORT

In accordance with Section 139 of the Companies Act, 2013, the Members of the Company in its 32nd Annual General Meeting, held on 30th December, 2016, have appointed M/s. KPND & Co., Chartered Accountants (FRN: 133861W) as the Statutory Auditors of the Company to hold office till the conclusion of the 37th Annual General Meeting of the Company to be held in calendar year 2021.

Earlier, proviso to Section 139(1), of the Companies Act, 2013 provided that the appointment of the Statutory Auditors is required to be ratified by the Members at every Annual General Meeting held during their tenure. However, the said proviso was omitted w.e.f. 7th May, 2018 by the Companies Amendment Act, 2017 and thereby the notice of the 34th Annual General Meeting does not include the proposal seeking ratification of the appointment of the Statutory Auditors.

With regard to defaults made by the Company in repayment of dues to the banks and debenture holders, as mentioned in the Auditor's Report, we state that the said defaults were made on account of stretched financial conditions of the Company. Further, the Corporate Insolvency Resolution Process in respect of the Company is already underway and the repayment/settlement of the dues to the Banks and the debenture holders is subject to the outcome of the CIRP. The Auditors' Report and notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any further comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

There is no incident of fraud requiring reporting by the auditors under Section 143(12) of the Companies Act 2013.

COST AUDITOR AND COST AUDIT REPORT

M/s. C.B. Modh & Co., Cost Accountants have been duly appointed as Cost Auditors 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, 2018. They were also the cost auditors for the previous year ended 31st March, 2017. As required by Section 148 of the Companies Act, 2013, necessary resolution has been included in the Notice convening the 34th Annual General Meeting, seeking ratification by Members to the remuneration proposed to be paid to the Cost Auditors for the financial year ending 31st March, 2018.

The Company is in process of filing the Cost Audit Report, for the financial year ended 31st March, 2018 with the Central Government.

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-'D' and forms an integral part of this Report. The Company has complied with all the applicable secretarial standards.

Mr. Purushottam C. Mandhana, Chairman and Managing Director (upto 25th September, 2018) has extensive proficiency for financial and risk management operations garnered through his association with the Company from its inception and vast experience in the textile industry. During his tenure, he was also heading the Finance Department of the Company and was also performing the required duties and functions of a Chief Financial Officer.

With regard to the adequate constitution of Board of Directors prior to the commencement of CIRP, the Company hereby states that, the Board of the Company (prior to commencement of CIRP) was duly constituted except for the Woman Director, as the Company was facing difficulties in attracting people on its Board on account of the sub-optimal financial performance of the Company. Further, post commencement of CIRP and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended, and such powers are vested with the Resolution Professional, Mrs. Charu Desai.

The Company has made timely submissions of all the disclosures to the Stock Exchanges pursuant to the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) except for two instances viz. intimation under regulation 30(6) (restating of ratings) and regulation 51 (delay in payment of Interest obligations) of SEBI Listing Regulations, which were inadvertently delayed.

The explanation for the defaults made by the Company in honoring its debt obligations is provided in the “Statutory Auditors and Auditors’ Report” section herein above.

The Secretarial Audit Report does not contain any other qualification, reservation or adverse remark. The statements referred in the Secretarial Audit Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

The Company is not falling under any of the applicability criteria's of CSR as mentioned under the provisions of Section 135 of the Companies Act, 2013 as amended by the Companies Amendment Act, 2017. Reporting as required under the aforesaid section, for the FY 2017-18, is enclosed as Annexure - 'B'.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has no subsidiary, Joint Venture and Associate Company as on 31st March, 2018.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

The Corporate Insolvency Resolution Process ('CIRP') has been initiated for the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 ('IBC') by the National Company Law Tribunal vide its order dated 29th September, 2017. Further, vide the aforesaid dated NCLT order and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended, and such powers were vested with the Interim Resolution Professional, Mrs. Charu Desai (IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757). Mrs. Charu Desai's appointment was subsequently confirmed by the Committee of Creditors ('COC') as the Resolution Professional (the 'RP'). The CIRP is underway and outcome of the same may have a bearing on the Company's future operations.

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

Members may kindly note that on 29th September, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further, vide the aforesaid NCLT order (certified copy received on 11th October, 2017) and pursuant to Section 17 of the IBC, the powers of the Board of Directors stood suspended, and such powers were vested with the Interim Resolution Professional, Mrs. Charu Desai. Her appointment was subsequently confirmed by the Committee of Creditors (CoC) as the Resolution Professional (the RP). For the period commencing from 1st April, 2017 to 10th October, 2017 the Company was under the management of the erstwhile Board of Directors.

In light of the aforesaid and 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 by the RP that:

- i) In the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) Accounting policies have been selected and applied consistently and judgments and estimates made 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) Proper and sufficient care has been taken 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 annual financial statements have been prepared on a going concern basis;



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- v) Internal financial controls to be followed by the Company have been laid down and ensured that such internal financial controls are adequate and operating effectively; and
- vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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 31st March, 2018 are provided under Annexure – 'C' to this report.

WEB-LINK OF THE ANNUAL RETURN

Pursuant to the provisions of Section 92(1) of the Companies Act, 2013 as amended by the Companies Amendment Act, 2017, a copy of the Annual Return is uploaded on the website of the Company and the web link of which is: <http://mandhana.com/investorRelation.php>

OTHERS

No disclosure or reporting is required in respect of the following items as they were not applicable or 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.

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

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

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional
Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018

ANNEXURE – ‘A’ to Directors’ Report

THE KEY FEATURES OF NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company has been formulated with a view to:

1. devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
2. encourage personnel to perform to their highest level;
3. provide consistency in remuneration throughout the Company;
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
5. set out the approach to diversity on the Board.

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.

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

The detailed policy is available on the Company’s website at <http://mandhana.com/pdf/Nomination%20and%20Remuneration%20Policy.pdf>

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018



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ANNEXURE – ‘B’ to Directors’ Report

Annual Report on Corporate Social Responsibility activities for the financial year 2017-18

- 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**

Corporate Social Responsibility is a Company’s sense of responsibility towards the community and environment in which it operates. The Company is committed on remaining a responsible corporate entity mindful of its social responsibilities.

Web link to the CSR policy of the Company
<http://www.mandhana.com/investorRelation.php>

- Composition of the CSR Committee and Responsibility Statement of the Corporate Social Responsibility Committee:**

Subsequent to resignation of the Independent Directors as on 25th September, 2017 and initiation of the CIRP against the Company w.e.f. 29th September, 2017, the CSR Committee was not reconstituted until the year ended 31st March, 2018. Prior to such resignation of Independent Directors/initiation of CIRP, the CSR Committee was comprised of the following:

Name	Designation
Mr. Jeenendra Bhandari	Chairman
Mr. Pandharinath Parab	Member
Mr. Purushottam Mandhana	Member

The aforesaid composition of the Committee was in compliance with Section 135 of the Companies Act, 2013. Implementation and monitoring of CSR Policy, in compliance with CSR objectives of the Company are the responsibilities the CSR Committee under the guidance of the Board of Directors.

- Average net profit/ loss of the Company for the preceding financial years**
₹ - 55,768.28 Lakhs.
- Prescribed CSR Expenditure**
NIL
- Details of CSR spent during the financial year: N.A.**
 - Total amount spent for the financial year - NIL
 - Amount unspent, if any – N.A.
 - Manner in which the amount spent during the financial year: N.A.
- In case the Company has failed to spend the two per cent of the average net profit of the preceding financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.**
N.A.

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018

ANNEXURE – ‘C’ to Directors’ Report

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgoing:

(A) 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. Adequate measures are always taken to ensure optimum utilisation and maximum possible saving of energy at the offices and units of the Company.

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.

(B) 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 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 upgrades its technology to sustain and presence in the domestic and international market.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : ₹ 14,165/- Lakh

Out go : ₹ 726/- Lakh

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018



ANNEXURE – ‘D’ to Directors’ Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 March 31, 2018 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 March, 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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; (SEBI (SAST) Regulations, 2011)
- (b) SEBI (Prohibition of Insider Trading) Regulations, 1992, to the extent applicable and SEBI (Prohibition of Insider Trading) Regulations, 2015 made effective from 15th May, 2015; (SEBI(PIT) Regulations, 2015)
- (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 Management has identified and confirmed the following laws as specifically applicable to the Company:
 - I. The Legal Metrology Act, 2009
 - II. The Trade Mark Act, 1999

I further report that in respect of the compliance of Labour Laws and other General Laws, my examination and reporting is based on the documents, records as produced and shown to me and the information and explanation as provided to me, by the officers and management of the Company and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General Laws and Labour Laws.

I further report that, the Company has adhered with Regulations and complied with the applicable clauses of the following:

- (i) Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) The Equity Listing Agreement, to the extent applicable, entered in to by Company with National Stock Exchange of India Limited and BSE Limited; and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ifurther report that, as per the information provided to us, during the audit period, Corporate Insolvency Resolution Process has been initiated for the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 ('IBC') by the National Company Law Tribunal vide Order no. C.P.No. 1399/I&BP/NCLT/MAH/2017 ('order') with effect from 29th September, 2017. Consequently, as per section 17 of the IBC, 2016, the powers of the Board of Directors (including any committee thereof) of the Company stand

suspended and such powers vest with Ms. Charu Desai (IP Registration no IBBI/IPA-001/IP-P00434/2017-18/10757), Resolution Professional ('RP') of the Company with effect from 11th October, 2017 (date of receipt of certified copy of the order).

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 complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations/non-compliances:

- I. The Chairman and Managing Director of the Company was also discharging the functions of Chief Financial Officer upto 25th September, 2017.
- II. Prior to the commencement of CIRP, the Board of the Company was duly constituted except for the Woman Director, the vacancy which aroused on 20th March, 2017 under Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 149 of the Companies Act, 2013
- III. Except for two instances, necessary disclosures under PIT Regulation 7(2) and 6(2) were made on time. However the said two instances were filed during the year.
- IV. During the period under review, the Company has defaulted in repayment of the dues outstanding towards privately placed listed Non-Convertible Debentures and loans availed from Banks/Financial Institutions and the Company is getting notices from Debenture Trustee and Banks/Financial institutions for the same.
- V. The Company has given information to Stock Exchange(s) with delay from the time limits specified in SEBI(LODR) Regulations, 2015 regarding restating Rating by CARE rating Agency under Reg. 30(6) and Delay in payment of interest obligation under Reg.51.
- VI. The Company has duly filed relevant forms and returns with the Registrar of Companies, Regional Director, Central Government or other authorities within the time prescribed under the Act and the rules made there under and with additional fees wherever there has been a delay in filing forms/returns.

I further report that

Prior to the commencement of CIRP, the Board of Directors of the Company is duly constituted (Except Woman



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Director) 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 01.04.2017 to 28.09.2017 under review were carried out in compliance with the provisions of the Act.

The Company is not falling under any of the applicability criteria's of CSR as mentioned under the provisions of Section 135 of the Companies Act, 2013 as amended by the Companies Amendment Act, 2017.

With regard to the Board Meetings held prior to the commencement of CIRP, adequate notice were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation for the meetings.

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.

As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

I further report that during the audit period,

- I. The Company is under Corporate Insolvency Resolution Process (CIRP) under provisions of Insolvency and Bankruptcy Code, 2016 as stated above, having a major bearing on the Company's affairs. Subsequent to the end of Financial year 2017-18 resolution plan as provided under Insolvency and Bankruptcy code, 2016 has been given for reviving the Company which has been approved by the Committee of creditors with requisite majority for which necessary application has been filed by the Company with Honourable National Company Law Tribunal and is pending for approval.

- II. Mr. Laxman Kamble, Mr. Manish Hate and Mr. Yogesh Hate Directors of the Company have been disqualified under section 164 of the Companies Act, 2013 and thereby, they vacate the office of Director of the Company with effect from 28.09.2017 pursuant to the provision of section 167 of the Companies Act, 2013.
- III. Promoters of the Company have appointed Mr. Purushottam C. Mandhana, Mr. Manish Mandhana and Mr. Monarch Gandhi as the Directors of the Company pursuant to provision of Section 167 (3) and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder.
- IV. CARE Rating Agency has restated its ratings for Non-Convertible Debentures and Long Term and Short Term Banking facilities, the details of which are as under:

FACILITIES	RATING
Non Convertible Debentures	CARE D (Single D) with a suffix "Issuer not Cooperating"
Long term and Short term Bank facilities	CARE D (Single D) with a suffix "Issuer not Cooperating"

(Note that pursuant to the order of National Company Law Tribunal (NCLT), with effect from 29th September 2017, the Corporate Insolvency Resolution Process has been initiated for the Company under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC). Therefore, the payment obligations of all the Financial Creditors(including NCD holders) are dependent upon the resolution plan to be approved under the applicable provision(s) of the IBC.)

(NITIN R. JOSHI)

FCS No. 3137 C.P. No 1884

Date : 14th October, 2018

Place: Mumbai

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 Secretarial Audit Report

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.

(NITIN R. JOSHI)

FCS No. 3137 C.P. No 1884

Date : 14th October, 2018

Place: Mumbai



Management Discussion & Analysis

1. Industrial Structure & Development

Global Economy:

The Financial Year 2017-18, as forecasted by the International Monetary Fund (IMF), reported the extensive synchronised global growth since 2010. The advanced economies witnessed expansion on account of increased investments and manufacturing output. The IMF has revised its growth forecast for the United States to 2.7% in 2018 and 2.5% in 2019. Stronger domestic demand in the United States would entail an increase in imports. In Europe too, economic activity in 2018 and 2019 is projected to remain stronger. Moreover, the advanced economies in Asia are expected to deliver stronger growth, while the emerging and developing ones are expected to grow at around 6.5% over 2018-19, broadly the same pace as in 2017-18.

Indian Economy:

India's economy picked up some pace in Financial Year 2017-18 and the gross domestic product growth was better than FY 2016-17. Despite the revived growth, private investment continue to be sluggish in India. Fresh investment announcements by Indian companies declined to a 13-year low of ₹ 77,000/- crores in the December quarter, as per Centre for Monitoring Indian Economy (CMIE). On a positive note with an improving business ecosystem, stable macroeconomic indicators and a liberal FDI regime, foreign capital inflow has provided motivation to the domestic economy. According to the World Bank's Global Economic Prospects report, India's GDP is expected to rise to 7.4% in FY 2018-19 and 7.8% in FY 2019-20. FY 2017-18 also witnessed a landmark year due to the implementation of much awaited Goods and Services Tax ("GST"). While initially, the textile sector experienced limited negative impact on account of roll out related disturbances, it gradually experienced steady recovery towards the end of the year.

2. Financial Overview of the Company:

During the FY 2017-18 the revenue of the Company stood at ₹ 32,783.87/- Lakh against ₹ 51,671.16/- Lakh on account of lower manufacturing capacity utilization due to the stressed financial condition of the Company. Revenue from Textile business

stood at ₹ 22,931.52/- Lakh and Garment business at ₹ 9,852.37/- Lakh (as compared to ₹ 34,773.70/- Lakh & ₹ 16,897.46/- Lakh respectively in the previous financial year).

3. SWOT Analysis:

Strengths:

- Availability of low cost and proficient manpower that can contribute extensively in the growth of the industry.
- The economy is growing rapidly and one can observe a potential international and domestic market.
- The fiber industry is growing at a rapid speed.

Weaknesses:

- Huge disintegration of the textile industry in India.
- Dependency on cotton, the prices of which remained volatile through the last Financial Year impacting the profitability of the industry.
- Increasing power, fuel and interest rates.

Opportunities:

- Branded fashion is experiencing robust demand fuelled by rising incomes, increasing discretionary spending, improving access and growing aspiration for brands.
- An upsurge in the purchasing power and disposable income of Indian customers has opened room for new market development.
- Large scale FDI in Textile sector would support the future investment demands.

Threats:

- Increasing competing from other countries viz., China, Bangladesh etc.
- Increased discounting in Industry.
- Prices of raw material as well as energy costs, the two major input costs are significantly dependent on crude oil prices. Changes in oil prices could lead to impact on margins and profitability.

4. Human Resources:

In the ever changing business environment where people are key differentiator, the Company believes it is essential to have credible, transparent and uniform people management process. Driven by this belief and to keep ourselves abreast of the changing external scenario, our People Management process get continually updated.

5. Business Outlook

Financial Year 2018-19 is expected to be better as the after-effects of demonetization and GST implementation seem to have subsided. As per economic surveys, India continues to be the fastest growing economies in the world, and is expected to continue in FY2018-19 as well. The outlook for the textile industry over the medium term is optimistic supported by favorable demand, both domestically and internationally.

With regard to the future operations of the Company, as the Corporate Insolvency Resolution Process is in progress, the Company's future is depended on the outcome of the Resolution plan as approved by the Committee of Creditors and submitted to National Company Law Tribunal for its approval.

6. Cautionary Statement:

The statements in this report on 'Management Discussion and Analysis' describing the Company's objectives, estimates, expectations or projections, outlook etc., may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. These statements are based on certain assumptions and expectations of future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.



CORPORATE GOVERNANCE REPORT

I. Company's philosophy on code of Corporate Governance:

Mandhana Industries Limited has a strong legacy of fair, transparent and ethical governance practices and we adhere to the fact that the Corporate Governance norms are dynamic in nature and the Company constantly endeavors to improve on these aspects. The core values of the Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness.

The Company strives to maintain standards of Corporate Governance principles and best practices. The Company's philosophy on Corporate Governance envisages the attainment to transparency, accountability, timely disclosures and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society.

II. Board of Directors:

Corporate Insolvency Resolution Process (CIRP) was initiated against the Company by the National Company Law Tribunal vide Order no. C.P. No. 1399/I&BP/NCLT/MAH/2017 ('order') with effect from 29th September, 2017. Further, vide the aforesaid NCLT order (certified copy received on 11th October, 2017), and pursuant to Section 17 of the IBC, the powers of the Board of Directors of

the Company stood suspended, and such powers are vested with the Resolution Professional, Mrs. Charu Desai (IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757). Accordingly, Mrs. Charu Desai in her capacity as RP took control and custody of the management and operations of the Company with effect from 11th October, 2017.

The strength of Board of Directors prior to commencement of CIRP was three Non-executive Directors.. The erstwhile Board was headed by Mr. Purushottam C. Mandhana, erstwhile Chairman and Managing Director of the Company. The details of Directors appointed/ resigned during the financial year 2017-18 are provided in the Directors Report, forming part of this Annual Report.

On 9th July, 2018, in accordance with Section 30(6) of the IBC, a resolution plan as approved by the COC with the requisite majority as per Section 30(4) of the IBC, was filed with NCLT, Mumbai Bench for its approval. Currently, the Company is awaiting the final order from the NCLT on the resolution plan. All appointments/reappointments of directors being made shall be subject to changes as per proposed implementation of the resolution plan post NCLT approval. Thus the outcome of the CIRP may result in change in the Board of Directors of the Company followed by reconstitution of the statutory committees of the Board of Directors of the Company.

A. Details relating to the composition of the Board of Directors, number of Directorships, Memberships and Chairmanships of the Directors of the Company in other companies (as on 31st March, 2018) are as follows:

Name of the Director	Category of Director	Number of other Directorship held (including Private Companies)	Number of Committee memberships in domestic Companies (including this Company)	
			As Chairman	As Member
Mr. Purushottam C. Mandhana	Non - executive and Non-Independent	4	Nil	Nil
Mr. Manish B. Mandhana	Non - executive and Non- Independent	3	Nil	Nil
Mr. Monarch Gandhi	Non - executive and Non- Independent	0	Nil	Nil

Note: Membership/Chairmanship relates to membership of Committees referred to in Regulation 26(1) of the Listing Regulations, viz. Audit Committee and Stakeholders Relationship Committee of all public limited companies, whether listed or not and excludes private limited companies, foreign companies and companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956.

B. Details relating to the Board Meetings held during the Financial Year 2017-18 along with the attendance of each of the Director are as follows:

Prior to the commencement of CIRP, the Board met three times on the following dates:

(1) 26th May, 2017

(2) 9th August, 2017

(3) 25th September, 2017

Attendance:

Sr. No.	Name of the Director	Number of meetings entitled to attend	Number of Meetings attended	Whether attended the last AGM (20.09.2017)
1.	Mr. Purushottam C. Mandhana*	3	3	Yes
2.	Mr. Manish B. Mandhana*	3	2	Yes
3.	Mr. Jeenendra Bhandari*	3	3	Yes
4.	Mr. Pandharinath Parab*	3	2	Yes
5.	Mr. Chandrakant Shetty*	3	3	No
6.	Mr. Laxman Kamble *	0	0	N.A
7.	Mr. Yogesh Hate*	0	0	N.A
8.	Mr. Manish Hate*	0	0	N.A
9.	Mr. Monarch Gandhi*	0	0	N.A

*The Board of Directors of the Company in its meeting held on 25th September 2017 has appointed Mr. Laxman Kamble (DIN: 07942013), Mr. Yogesh Hate (DIN: 07942165) and Mr. Manish Hate (DIN: 07942068), as Additional Directors (Non-Executive and Independent Director) of the Company. Mr. Purushottam C. Mandhana (DIN: 00025633), Mr. Manish B. Mandhana (DIN: 00025449), Mr. Jeenendra Bhandari (DIN: 00050150), Mr. Chandrakant Shetty (DIN: 07670406) and Mr. Pandharinath Parab (DIN: 07678456) tendered their resignations from the Directorship of the Company w.e.f. 25th September, 2017. As the Company has defaulted in honouring the dues to debenture holders for a period beyond one year, pursuant to the provisions of Section 164(2) read with Section 167 of the Act, with effect from 28th September, 2017, all the then existing directors (viz., Mr. Laxman Kamble, Mr. Yogesh Hate and Mr. Manish Hate) vacated the office of Directors. Subsequently, Mr. Monarch Gandhi (DIN: 07183740), Mr. Purushottam C. Mandhana (DIN: 00025633) and Mr. Manish B. Mandhana (DIN: 00025449) were appointed as the Non - Executive Directors by the Promoters of the Company pursuant to the provisions of Section 167(3) of the Act.

C. Disclosure of Relationships between Directors inter-se:

1.	Mr. Purushottam C. Mandhana	Uncle of Mr. Manish B. Mandhana
2.	Mr. Manish B. Mandhana	Nephew of Mr. Purushottam C. Mandhana

Except the above, none of the other Director is related with each other as on 31st March, 2018.

D. Number of Shares and Convertible Instruments held by Non- Executive Directors:

Mr. Purushottam C. Mandhana, Non-executive Director, holds 3,39,681 and Mr. Manish B. Mandhana, Non-executive Director, holds 4,68,339 equity shares of ₹ 10/- each of the Company as on 31st March, 2018. None of the other Non-executive Director holds any equity shares of the Company.



- E.** Details of the familiarization programme for the Independent Directors of the Company for enabling them to acquaint with the nature of business of the company are provided on the website of the Company http://mandhana.com/pdf/09_MIL_Familiarization_Programme_for_Independent_Directors.pdf

III. Audit Committee:

Subsequent to resignation of the Independent Directors as on 25th September, 2017 and initiation of the CIRP against the Company w.e.f. 29th September, 2017, the Audit Committee of the Board of Directors could not be constituted upto the period ended 31st March 2018. Prior to such resignation of Independent Directors/initiation of CIRP, the Audit Committee were comprised of 4 members including 3 Independent Directors and 1 Executive Director, details given as under:

- i. Mr. Jeenendra Bhandari - Chairman (Non-Executive Independent Director)
- ii. Mr. Chandrakant Shetty - Member (Non-Executive Independent Director)
- iii. Mr. Pandharinath Parab - Member (Non-Executive Independent Director)
- iv. Mr. Purushottam C. Mandhana - Member (Chairman and Managing Director)

and the Company Secretary of the Company acted as the Secretary of the Audit Committee.

The terms of reference and scope of activities (outlined herein bellow) of the Audit Committee (prior to its suspension) were in conformity with the Companies Act, 2013 and the Listing Regulations. The Audit Committee was responsible for overseeing the processes related to financial reporting and information dissemination. The primary objective of the Audit Committee was to monitor and effectively supervise the financial reporting process of the Company with a view to ensure accurate, timely and proper disclosures & transparency and integrity of financial reporting.

A. Brief description of the terms of reference of the Audit committee (prior to its suspension) *inter alia* included:

A. Powers of the Audit Committee:

1. To investigate any activity of within its terms of reference.

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

B. Role of the Audit Committee:

1. oversight of 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. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;

5. reviewing, with the management, the quarterly financial statements before submission to the Board of Directors for approval;
 6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. approval or any subsequent modification of transactions of the listed entity with related parties;
 9. scrutiny of inter-corporate loans and investments;
 10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
 11. evaluation of internal financial controls and risk management systems;
 12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. 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;
 14. discussion with internal auditors of any significant findings and follow up there on;
 15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. to review the functioning of the whistle blower mechanism;
 19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- The audit committee was also responsible for reviewing the following information:
- 1) management discussion and analysis of financial condition and results of operations;
 - 2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - 4) internal audit reports relating to internal control weaknesses; and
 - 5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - 6) statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).



B. Meetings and Attendance:

Prior to the commencement of CIRP, three meeting of the Audit Committee were held during on 26th May, 2017, 9th August, 2017 and 25th September, 2017 respectively, the details of which are as follows:

Sr. No.	Name of the Member	Number of meetings entitled to attend	Number of Meetings attended
1.	Mr. Jeenendra Bhandari ⁵	3	3
2.	Mr. Chandrakant Shetty ⁵	3	3
3.	Mr. Pandharinath Parab ⁵	3	2
4.	Mr. Purushottam C. Mandhana	3	3

⁵ Mr. Jeenendra Bhandari, Mr. Chandrakant Shetty and Mr. Pandharinath Parab ceased to be Non-Executive and Independent Directors w.e.f. 25th September, 2017.

IV. Nomination & Remuneration Committee:

Subsequent to resignation of the Independent Directors as on 25th September, 2017 and initiation of the CIRP against the Company w.e.f. 29th September, 2017, the Nomination & Remuneration Committee of the Board of Directors could not be constituted upto the period ended 31st March 2018. Prior to such resignation of Independent Directors/initiation of CIRP, the Nomination & Remuneration Committee were comprised of 3 Independent Directors, details given as under:

- Mr. Chandrakant Shetty - Chairman (Non-Executive and Independent Director)
- Mr. Jeenendra Bhandari - Member (Non-Executive and Independent Director)
- Mr. Pandharinath Parab - Member (Non-Executive and Independent Director)

and the Company Secretary of the Company acted as the Secretary of the Nomination and Remuneration Committee.

The terms of reference and scope of activities (outlined herein below) of the Nomination and Remuneration Committee (prior to its suspension) were in conformity with the Companies Act, 2013 and the Listing Regulations:

A. Brief description of the terms of reference of the Nomination and Remuneration committee (prior to its suspensions) *inter alia* included:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;*
- formulation of criteria for evaluation of performance of independent directors and the board of directors;*
- devising a policy on diversity of board of directors;*
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal; and*
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.*

B. Meetings and Attendance:

Prior to the commencement of CIRP, two meetings of the Nomination & Remuneration Committee were held on 9th August, 2017 and 25th September, 2017 respectively, the details of which are as follows:

Sr. No.	Name of the Member	Number of meetings entitled to attend	Number of Meetings attended
1.	Mr. Chandrakant Shetty ⁵	2	2
2.	Mr. Jeenendra Bhandari ⁵	2	2
3.	Mr. Pandharinath Parab ⁵	2	2

⁵Mr. Jeenendra Bhandari, Mr. Chandrakant Shetty and Mr. Pandharinath Parab ceased to be Non-Executive and Independent Directors w.e.f. 25th September, 2017

C. Performance evaluation criteria for Independent Directors:

The relevant information on performance evaluation for Independent Directors is covered under sub-heading 'Independent Directors' in this report.

V. Remuneration of Directors:**A. Pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company:**

Except the sitting fees paid to the Non-executive and Independent Directors for attending the Board and Committee Meetings, there were no other pecuniary relationships or transactions of Non-executive Directors vis-à-vis the Company.

B. Criteria of making payments to Non-executive directors:

The Non-executive and Independent Directors were paid sitting fee of ₹ 25,000/- per meeting for attending the Meetings of the Board and ₹ 10,000/- per meeting for attending the Meetings of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, which were within the limits prescribed under the provisions of the Act.

C. Disclosures with respect to remuneration in addition to disclosures required under the Companies Act, 2013:

Details of sitting fees paid to the Non-executive Directors for the financial year 2017-18:

Sr. No.	Name of the Non-Executive Director	Sitting fees paid
1.	Mr. Manish B. Mandhana	₹ 50,000/-
2.	Mr. Jeenendra Bhandari ⁵	₹ 1,25,000/-
3.	Mr. Chandrakant Shetty ⁵	₹ 1,25,000/-
4.	Mr. Pandharinath Parab ⁵	₹ 90,000/-

⁵Mr. Jeenendra Bhandari, Mr. Chandrakant Shetty and Mr. Pandharinath Parab ceased to be Non-Executive and Independent Directors w.e.f. 25th September, 2017.

On account of stressed financial position of the Company, no remuneration was paid to the Executive Director of the Company for the financial year 2017-18 and therefore, the details relating to remuneration structure of Executive Director is not provided in this report. Further, the Company has not provided any Stock Options to its Directors or employees during the financial year 2017-18.

VI. Stakeholders Relationship Committee:

Subsequent to resignation of the Independent Directors as on 25th September, 2017 and initiation of the CIRP against the Company w.e.f. 29th September, 2017, the Stakeholders Relationship Committee of the Board of Directors could not be constituted upto the period ended 31st March 2018. Prior to such resignation of Independent Directors/ initiation of CIRP, the Stakeholders Relationship Committee were comprised of 3 Directors, details given as under:

- Mr. Pandharinath Parab - Chairman (Non-Executive Independent Director)
- Mr. Chandrakant Shetty - Member (Non-Executive Independent Director)
- Mr. Manish B. Mandhana -Member (Non-Executive Director)

and the Company Secretary of the Company was the Secretary to the Stakeholders Relationship Committee and also designated as the Compliance officer of the Company.

A. Brief description of terms of reference of the Stakeholders Relationship Committee (prior to its suspension) *inter-alia* includes:

The terms of reference of the Committee were aligned with the terms of reference provided under Section 178 of the Companies Act, 2013 and the Listing Regulations, as stated below:

- Consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
- Issue of duplicate/split/consolidated share certificates;
- Allotment and listing of shares;



4. *Reference to statutory and regulatory authorities regarding investor grievances; and*
5. *Ensure proper and timely attendance and redressal of investor queries and grievances.*

B. Meetings and Attendance:

No meeting of the Stakeholders Relationship Committee was held prior to the commencement of CIRP.

C. Shareholders' Complaints during the financial year 2017-18:

Number of shareholders' complaints received	4
Number complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints	0

The SCORES website of SEBI for redressing of grievances of the investors is being visited at regular intervals and there are no pending complaints registered with SCORES as on 31st March, 2018.

There are no pending cases of share transfer as on 31st March, 2018.

As per Regulation 46(2)(j) of the Listing Regulations, the e-mail ID of the grievance redressal and other relevant details of the Company is cs@mandhana.com.

As per Regulation 46(2)(k) of the Listing Regulations, the contact information of designated official of the Company is cs@mandhana.com; Telephone No.022-43539191.

VII. Independent Directors:

A. Meeting of Independent Directors:

Evaluation of performance of all Directors is undertaken annually in a separate meeting of Independent Director, which is generally held during the last quarter of the corresponding financial year, however as the CIRP was initiated against the Company w.e.f. 29th September, 2017, the powers of the Board of Directors (including evaluating the performance of Board, its Committee and individual Directors) were suspended. Therefore, no separate meeting of Independent Directors were held during the financial year 2017-18 and consequently the evaluation of the performance of the Board of Directors and of its Committees and individual Directors were also not undertaken during the year under review.

VIII. General body Meetings:

A. Particulars of the last 3 Annual General Meetings (AGM):

Particulars	Date and Time	Venue	Details of Special Resolutions passed
33 rd AGM (FY 2016-17)	20 th September, 2017 at 10.30 a.m.	Plot No. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, Palghar - 401 506	i. Rescinding the resolution for change in name of the Company passed in the previous AGM held on 30 th December, 2016.
32 nd AGM (FY 2015-16)	30 th December, 2016 at 10.00 a.m.	Plot No. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, Palghar - 401 506	ii. Adoption of new set of Articles of Association in alignment with the provisions contained under the Companies Act, 2013 iii. Alteration of Memorandum of Association in alignment with the provisions contained under the Companies Act, 2013 iv. Change in the name of the Company
31 st AGM (FY 2014-15)	30 th September, 2015 at 12.30 p.m.	Plot No. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, District Palghar - 401 506	Nil

B. Special Resolutions passed through Postal Ballot during the year under review:

No Special Resolution was passed by the Company through Postal Ballot during the year under review.

C. Whether any special resolution is proposed to be conducted through postal ballot:

Till the date of this report, the Company does not intend or propose to pass any Special Resolution through Postal ballot.

IX. Means of Communications:**A. Quarterly Results:**

The financial results are submitted to the Stock Exchanges where the securities of the Company are listed pursuant to the requirements of Listing Regulations and are also published in the newspapers. The financial results are also displayed on the Company's website i.e. www.mandhana.com.

B. Newspapers wherein results normally published:

The results of the Company are normally published in Financial Express /Asian Age (in English) and Tarun Bharat/ Lakshadeep (in Marathi).

C. Website where the results are displayed:

www.mandhana.com.

D. Whether the website also displays official news releases:

The Company has maintained a functional website i.e. www.mandhana.com containing basic information about the Company like the details of its business, financial information, shareholding pattern, codes and policies etc. The disclosures made by the Company to the Stock Exchanges where the securities of the Company are listed are also hosted on the website of the Company.

E. Presentations made to institutional investors or to the analysts:

The presentations, made by the Company to institutional investors/ analysts are available on the website of the Company i.e. www.mandhana.com.

X. General Shareholder information:

The Company was incorporated on 25th July, 1984. 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.

The Equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (NSE).

A.	Annual General Meeting	
	- Day, Date and Time	: Friday, 28 th December, 2018, 12 Noon
	- Venue	: Plot No. C-2, M.I.D.C., Tarapur Industrial Area, Boisar, Palghar - 401 506
B.	Financial Year	: 1 st April, 2017 to 31 st March, 2018
C.	Dividend payment date	: N.A.
D.	The name and address of Stock Exchange(s) at which the Company's equity shares are listed and a confirmation about payment of annual listing fee to each of the stock exchange	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 The Company has paid the listing fees to the Stock Exchanges within the prescribed time.
E.	Security Code / Symbol (Equity)	
	ISIN	: INE087J01010
	Security Code for BSE	: 533204
	Symbol for NSE	: MANDHANA



MANDHANA
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Mandhana Industries Limited

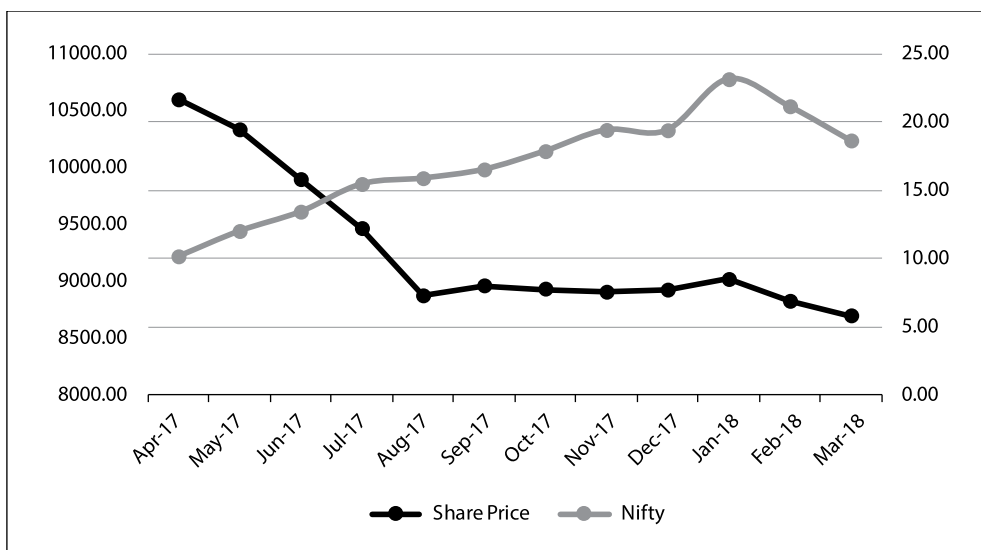
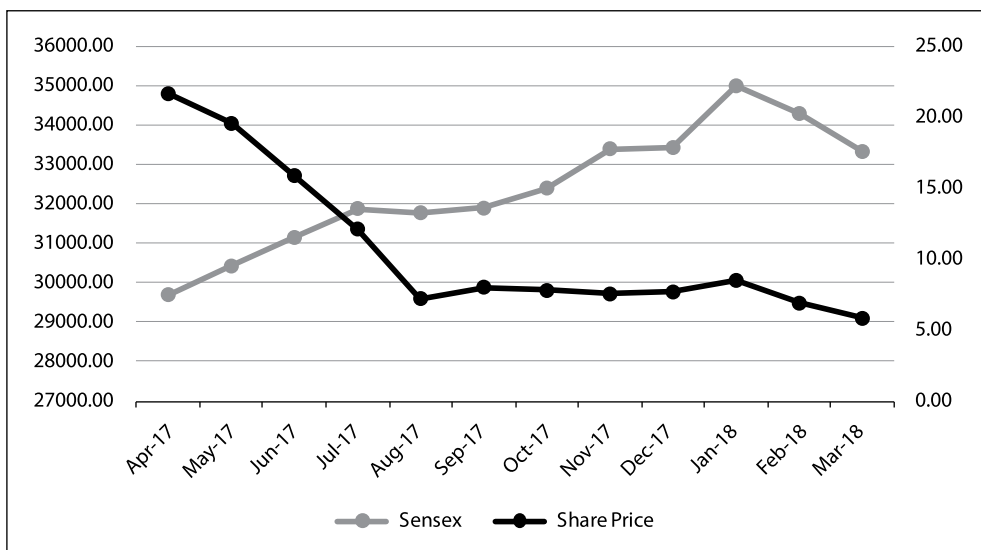
F. The Market price data covering the period 1st April, 2017 to 31st March, 2018 is given below:

Month	BSE			NSE		
	High ₹	Low ₹	Traded Volume	High ₹	Low ₹	Traded Volume
April 2017	23.80	19.2	7,37,801	23.65	19.05	10,04,462
May 2017	21.80	14.75	6,08,411	21.95	14.65	21,05,054
June 2017	18.55	13.5	9,05,781	18.00	13.50	29,91,192
July 2017	14.92	9.69	46,68,817	14.85	9.80	92,86,722
August 2017	9.69	5.29	36,73,731	9.85	5.40	72,25,494
September 2017	9.90	7.15	18,06,627	9.75	7.10	29,81,370
October 2017	8.15	7.23	5,64,583	8.25	7.40	11,26,352
November 2017	8.03	6.90	4,28,052	7.95	7.05	11,92,285
December 2017	10.22	6.75	10,75,607	10.30	6.50	34,61,107
January 2018	10.08	7.26	7,78,705	9.90	7.10	23,12,439
February 2018	7.75	6.22	2,24,168	7.75	6.25	9,39,532
March 2018	6.55	4.97	2,72,042	6.60	4.90	11,47,702

G. Stock Performance in comparison to broad-based indices such as BSE/NSE Sensex (Average closing):

(in ₹)

Month	BSE (Average closing)		NSE (Average closing)	
	Share Price	Sensex	Share Price	Nifty
April 2017	21.64	29,695.83	21.62	9,214.57
May 2017	19.54	30,420.07	19.42	9,436.99
June 2017	15.87	31,144.68	15.78	9,606.95
July 2017	12.11	31,879.61	12.19	9,850.12
August 2017	7.21	31,772.23	7.26	9,901.18
September 2017	8.01	31,887.12	8.00	9,977.92
October 2017	7.78	32,397.64	7.76	10,138.68
November 2017	7.53	33,395.14	7.53	10,324.75
December 2017	7.67	33,424.40	7.69	10,322.26
January 2018	8.49	34,989.42	8.46	10,771.15
February 2018	6.88	34,287.04	6.86	10,533.11
March 2018	5.81	33,323.32	5.80	10,232.62



H. In case the securities are suspended from trading, reason thereof:

Not applicable, since the securities of the Company have not been suspended from trading.

I. Registrar to an issue and share transfer agents:

Link Intime India Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.

J. Debenture Trustee:

IDBI Trusteeship Services Limited,
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001.
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.co.in



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K. Share Transfer System:

Link Intime India Private Limited is the Registrar and Transfer Agents of the Company. Transfer of physical 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.

L.

a) Distribution of Shareholding as on 31st March, 2018:

Shares range	No. of Shareholders	% of Shareholders	No. of Shares	% of total issued capital
1 – 500	10,024	64.95	17,56,678	5.30
501 – 1000	2,173	14.08	18,43,884	5.57
1001- 2000	1,343	8.70	21,36,787	6.45
2001 – 3000	572	3.71	14,92,178	4.51
3001 – 4000	271	1.76	9,88,166	2.98
4001 – 5000	252	1.63	11,97,538	3.62
5001 – 10000	420	2.72	31,53,803	9.52
10001 & Above	378	2.45	2,05,54,879	62.05
Total	15,433	100	3,31,23,913	100

b) Shareholding pattern as on 31st March, 2018:

Sr. No.	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(A)*	17	1,06,09,603	32.03
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds	0	0	0.00
(b)	Venture Capital Funds	0	0	0.00
(c)	Alternate Investment Funds	0	0	0.00
(d)	Foreign Venture Capital Investors	0	0	0.00
(e)	Foreign Portfolio Investor	1	560	0.00
(f)	Financial Institutions/ Banks	2	6,90,148	2.08
(g)	Insurance Companies	0	0	0.00
(h)	Provident Funds / Pension Funds	0	0	0.00
	Sub Total (B) (1)	3	6,90,708	2.09

Sr. No.	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(2)	Central Government/ State Government(s)/ President of India	1	208	0.00
	Sub Total (B) (2)	1	208	0.00
(3)	Non-Institutions			
(a)	Individuals			
	i. Individual shareholders holding nominal share capital upto ₹ 2 Lakhs	14,282	1,41,24,381	42.64
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs	106	46,15,944	13.94
(b)	NBFC's registered with RBI	0	0	0.00
(c)	Employee Trusts	0	0	0.00
(d)	Overseas depositories (holding DRs)	0	0	0.00
(e)	Any other			
	i. Hindu Undivided Family	321	6,55,933	1.98
	ii. NRI (Non-repatriate)	40	47,606	0.14
	iii. NRI (Repatriate)	124	6,01,925	1.82
	iv. Clearing Members	89	5,61,356	1.69
	v. Bodies Corporate	120	12,16,249	3.67
	Sub Total (B) (3)	15,082	2,18,23,394	65.89
	Total Public Shareholding (B) = (B)(1) + (B) (2)+(B)(3)	15,086	2,25,14,310	67.97
	Total (A) + (B)	15,103	3,31,23,913	100.00
(C)	Non Promoter - Non Public			
(1)	Shares Underlying DRs	0	0	0.00
(2)	Shares Held By Employee Trust	0	0	0.00
	Grand Total (A)+(B)+(C)	15,103	3,31,23,913	100.00

*The shareholding spread across various demat accounts are consolidated on the basis of Permanent Account Number pursuant to SEBI circular No. SEBI/HO/CFD/CMD/ CIR/P/2017/128 dated 19th December, 2017.

M. 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 is in dematerialized form and the same is in line with the directives issued by the Securities and Exchange Board of India.



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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.

Out of the total 3,31,23,913 equity shares of the Company, 3,31,20,760 equity shares representing 99.99% are in dematerialized form as on 31st March, 2018.

N. Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

NIL

O. Commodity price risk or foreign exchange risk and hedging activities:

Nil

P. Plant Locations:

MANDHANA DYEING

Plot No. E-25, MIDC,
Tarapur Industrial Area,
District Palghar – 401 506

Garment Division

Unit No. 36/2, Maruti Plaza,
Mabanayakanahalli, Dasanpura,
Hobli, Tumur Road, Bengaluru - 562 123

MANDHANA WEAVING HOUSE

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

MANDHANA WEAVING HOUSE (Shirting Division)

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

Garment Division

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

MANDHANA DYEING – UNIT II

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

Baramati Hi-Tech Textile Park Ltd.,

Plot No.17-20, Plot No.E-1/2,
M.I.D.C. Industrial Area,
Baramati – 413 133

Garment Division

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

Garment Division

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

Garment Division

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

Q. Address for Correspondence:

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

XI. Other Disclosures:**A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

Nil.

B. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

For the last three financial years, except for the last financial year (the details mentioned herein below), the Company has complied with the applicable requirements of the Stock Exchange, SEBI and other Statutory Authorities on all matters related to capital markets.

During the last financial year 2016-17, the Company was levied fines by BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for delay in submission of financial results under Regulation 33 of the Listing Regulations for the quarters ended 30th June, 2016, 30th September, 2016 and 31st December, 2016 and delay in submission of Corporate Governance Report under Regulation 27(2) of the Listing Regulations for the quarter ended 30th September, 2016 stated as below:

Regulation and relevant quarter of Non-compliance	Fines imposed and paid by the Company*	
	BSE	NSE
Regulation 33 of the Listing Regulations for quarter ended June, 2016	₹ 9,04,176/-	₹ 7,86,239/-
Regulation 33 of the Listing Regulations for quarter ended September, 2016	₹ 7,13,000/-	₹ 9,10,000/-
Regulation 27(2) of the Listing Regulations for quarter ended September, 2016	₹ 4,600/-	₹ 4,000/-
Regulation 33 of the Listing Regulations for quarter ended December, 2016	₹ 2,41,500/-	₹ 2,10,000/-

*Amounts mentioned above are inclusive of service tax.

Details of non-compliances with regard to listing regulation during the current financial year 2017-18 are provided separately at sub-point no. 'D' herein below.

C. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:

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 details of establishment of Vigil Mechanism / Whistle Blower Policy are posted on the website of the Company and the weblink to the same is <http://mandhana.com/investorRelation.php>. No Director / employee has been denied access to the Audit Committee / Resolution Professional, post commencement of CIRP.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

Vide National Company Law Tribunal (NCLT) order dated 29th September, 2017, Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016, was initiated for the Company. Further, vide the above mentioned NCLT order and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended and such powers are vested with the Resolution Professional (RP), Mrs. Charu Desai (IP Registration no. IBBI/PA-001/IP-P00434/2017-18/10757). Mrs. Desai in her capacity as RP took control and custody of the management and operations of the Company with effect from 11th October, 2017. Prior to the date of RP taking control of the management, the Board of Directors was responsible for complying with the conditions of Corporate Governance as stipulated under the Listing Regulations.



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The Company has complied with all the mandatory requirements of Listing Regulations. Subsequent to date of RP taking control and custody of the management and operations of the Company i.e. effective from 11th October, 2017, complying with the provisions as stipulated in the said Listing Regulations, referred to in paragraph 1 above, were not applicable on account of suspension of the powers of the Board of Directors and its Committees thereof, however, requirements of such provisions were fulfilled by the RP to the extent deemed appropriate/applicable.

The status of compliances with the non-mandatory requirements specified in Part E of Schedule II have been detailed hereinafter under point no. XII.

E. Web link where policy for determining material subsidiaries is disclosed:

Not applicable as Company does not have a Subsidiary Company.

F. Web link where policy on dealing with related party transactions is disclosed:

http://mandhana.com/pdf/04_MIL_Policy_on_Related_Party_Transactions.pdf

G. Disclosure of commodity price risks and commodity hedging activities: Nil

XII. Discretionary requirements as specified in Part E of Schedule II of the Listing Regulations:

A. The Board:

Prior to commencement of CIRP, the Company had an Executive Chairman and the office provided to him for performing his executive duties was also utilized by him for discharging his duties as a Chairman.

B. Shareholder Rights:

The Company's financial results are furnished to the Stock Exchanges and are also published in the newspapers and on the website of the Company and therefore results are not separately sent to the Members. The financial results of the Company are displayed on the website of the Company i.e. www.mandhana.com.

C. Modified opinion(s) in audit report:

The financial statements of the Company do not contain any modified opinion.

D. Reporting of internal auditor:

Prior to commencement of CIRP, the Internal Auditors directly reported to the Audit Committee of Board of Directors of the Company.

XIII. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46:

The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 except as stated point no. (d) of point no. XI above. The Company has also complied with the requirements of clauses (b) to (i) of sub - regulation (2) of Regulation 46 of Listing Regulations.

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018

DISCLOSURE IN COMPLIANCE WITH PART F OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE YEAR 2017-18

1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	Shareholders – 6 Outstanding Equity Shares – 362
2.	No. of shareholders who approached the issuer for transfer of shares from the Suspense Account during the year	Shareholders – 2 Representing 154 Equity Shares
3.	No. of shareholders to whom shares were transferred from Suspense account during the year	Shareholders – 2 Representing 154 Equity Shares
4.	Aggregate no. of shareholders and the outstanding shares lying in the Suspense Account at the end of the year	Shareholders – 0 Outstanding Equity Shares – 0 (On account of transfer of unclaimed shares to IEPF on 26 th December, 2017)
5.	The voting rights on the aforesaid shares lying in the Suspense Account shall remain frozen till the rightful owners of such shares claims the shares – N.A.	

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place: Mumbai

Date : 31st October, 2018



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DECLARATION UNDER SCHEDULE V (D) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT:

To the best of my knowledge and belief, this is to affirm and declare, on behalf of the Board of Directors of the Company and senior management personnel, that:

- a. The Board of Directors has laid down a Code of Conduct, Ethics and Business Principles for all Board members and Senior Management of the Company ['the Code of Conduct'];
- b. The Code of conduct has been posted on the website of the Company;
- c. All the Board Members and Senior Management personnel have affirmed their compliance and adherence with the provisions of the Code of Conduct for the financial year ended 31st March 2018.

For **MANDHANA INDUSTRIES LIMITED**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018

COMPLIANCE CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

I, undersigned in my capacity as the Resolution Professional 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, 2018 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 my knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's Code of Conduct.
- c) I am responsible for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the Internal control systems of the Company pertaining to financial reporting and I have not come across any reportable deficiencies in the design or operation of such internal controls.
- d) I have indicated to the Auditors:
 - 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**

CHARU DESAI

IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757

Resolution Professional

Mandhana Industries Limited (A company under
corporate insolvency resolution process by NCLT order no.
C.P. No. 1399/I&BP/NCLT/MAH/2017)

Place : Mumbai

Date : 31st October, 2018



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AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of **MANDHANA INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Mandhana Industries Limited** (the Company), for the year ended on 31st March, 2018, as stipulated under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Vide National Company Law Tribunal (NCLT) order dated 29th September, 2017, Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016, was initiated for the Company. Further, vide the above mentioned NCLT order and pursuant to Section 17 of the IBC, the powers of the Board of Directors of the Company stood suspended and such powers are vested with the Resolution Professional (RP), Mrs. Charu Desai (IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757). Mrs. Desai in her capacity as RP took control and custody of the management and operations of the Company with effect from 11th October, 2017. Prior to the date of RP taking control of the management, the Board of Directors was responsible for complying with the conditions of Corporate Governance as stipulated under chapter IV of the Listing Regulations.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we hereby certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations, referred to in paragraph 1 above. Subsequent to date of RP taking control and custody of the management and operations of the Company i.e. effective from 11th October, 2017, complying with the provisions as stipulated in the said Listing Regulations, referred to in paragraph 1 above, were not applicable on account of suspension of the powers of the Board of Directors and its Committees thereof, however, requirements of such provisions were fulfilled by the RP to the extent deemed appropriate.

We hereby state that our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated under the aforesaid Chapter. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

For **KPND & CO.,**
CHARTERED ACCOUNTANTS,
FIRM REGISTRATION NO. 133861W

NILESH J. DHAMECHA
(PARTNER)
MRN: 143172

Place : Mumbai
Date : 14th October, 2018

Independent Auditor's Report

To the Members of Mandhana Industries Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mandhana Industries Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further vide NCLT order copy dated October 11, 2017 pursuant to Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional, Ms. Charu Desai. Her appointment was subsequently confirmed

by the Committee of creditors (CoC) as the Resolution Professional (the "RP").

Since for the period April 1, 2017 to October 10, 2017 the Company was under the management of Mr. Purushottam Mandhana, Chairman and Managing Director, the RP has relied on the certifications, representations and statements made by Mr. Purushottam Mandhana and the management for such period.

Under the CIR Process, a resolution plan is to be prepared and approved by the COC. Further the resolution plan approved by the COC will also need NCLT approval. As the Company is under resolution process, the financial statements have been presented on a "going concern" basis.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
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 account 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

- (e) on the basis of the written representations received from the directors as on 31 March 2018, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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 does not have any pending litigation except, specially express in this report ie.(Corporate Insolvency Resolution Process (CIRP), that would affect its financial position.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KPND & Co.

CHARTERED ACCOUNTANTS

FRN : 133861W

NILESH J.DHAMECHA

Partner

Membership No: 143172

Date : 29th May, 2018

Place : Mumbai

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018,

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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.
- (c) We are informed that title deeds in respect of all the immovable properties either free hold or lease hold are held in the name of the Company except for immovable property viz. factory building situated at Sewri, Mumbai. Company has entered into Memorandum of Understanding but registered title deed is not executed in favour of the Company.
- (ii) As explained to us,
 - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The company is maintaining proper records of inventory for Textile divisions and is in the process of further strengthening of inventory records for its Garment division.
- (iii) The Company has not granted loans to any bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (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.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance fund, profession tax, income-tax, sales tax, value added tax, duty of customs, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance fund, profession tax, income-tax, sales tax, value added tax, duty of customs, goods and service tax, cess and other material statutory dues were in arrears 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, the net dues in respect of income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as given below:



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Name of the Statute	Nature of the dues	Amount (₹ in crore)	Amount paid / adjusted (₹ In crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Corporate Tax	15.36	0.80	A.Y. 2015-16	CIT (Appeals)
Central Excise Act, 1944	Excise Duty	2.91	-	May'01 to May'03	Mumbai High Court & Settlement Commission

* Since the Company is currently under Corporate insolvency Resolution Process (CIRP) the real outflow will be in accordance with the order passed by the adjudicating Authority under provision of insolvency Bankruptcy code 2016.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to the banks and debenture holders and other lenders at the balance sheet date. The Details of all the defaults in repayment of instalments are as below.

Particulars	(₹ In Lacs)
Working Capital	
Bank of Baroda	21,559.62
State Bank of India	22,533.34
Saraswat Bank	10,656.36
Bank of India	10,509.68
Corporation Bank	5,870.26
Total- A	71,129.27
Term Loan	
Bank of Baroda	2,887.50
State Bank of India	449.47
Saraswat Bank	2,000.00
Allahabad Bank	10,194.12
Corporation Bank	1,356.61
Axis Bank	5,638.02
Punjab National Bank	1,518.39
Karur Vysya Bank	1,209.49
Indian Bank	385.56
ICICI Bank	11.84
Total-B	25,651.00
Non Convertible Debentures	
Bank of India	350.00
Allahabad Bank	1,750.00
Indian Overseas Bank	1,000.00
L&T Finance	1,400.00
Canara Bank	1,200.00
Total-C	5,700.00
INTEREST OUTSTANDING	
On Working Capital	12,964.20
On Non-Convertible Debentures	1,763.21
On Term Loan	6,686.20
Total-D	21,413.61
BILL PAYABLE	
Small Industries Development Bank	581.11
Interest thereon	93.07
Total-E	674.18
INTERCORPORATE DEPOSIT	
Bal Krishna Industries Limited	1,650.00
Interest thereon	189.43
Total-F	1,839.43
Grand Total (A+B+C+D+E+F)	126,407.49

- (ix) The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
Clauses 3(iii) (a), 3(iii) (b), 3(iii) (c), 3(v), 3(xii), 3(xiv) and 3(xv) of the Order are not applicable to the Company.

For KPND & Co.

CHARTERED ACCOUNTANTS

FRN : 133861W

NILESH J.DHAMECHA

Partner

Membership No: 143172

Date : 29th May, 2018**Place : Mumbai**



Annexure B referred to in paragraph 1(f) of Our Report of even date to the members of MANDHANA INDUSTRIES LIMITED on the Financial Statements of the company for the year ended 31st March, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of MANDHANA INDUSTRIES LIMITED ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining

an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

Opinion

In our opinion, Based on representations provided to us by the Management, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For KPND & Co.

CHARTERED ACCOUNTANTS

FRN : 133861W

NILESH J.DHAMECHA

Partner

Membership No: 143172

Date : 29th May, 2018

Place : Mumbai



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Mandhana Industries Limited

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lakhs)

Particulars	NOTE No.	AS AT 31.03.2018	AS AT 31.03.2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	1	56,419.95	63,539.16
(b) Intangible assets		24.89	7.75
(c) Financial Assets			
(i) Other Financial Assets	2(A)	211.89	203.37
(d) Other non-current assets	2(B)	221.28	1,023.00
Sub-Total - Non-Current Assets		56,878.01	64,773.29
Current Assets			
(a) Inventories	3	3,459.05	18,708.57
(b) Financial Assets			
(i) Trade Receivables	4	3,973.09	41,693.64
(ii) Cash and cash equivalents	5	2,270.99	530.03
(iii) Current Investments	6	0.25	0.25
(iv) Short term Loans and Advances	7	95.55	7,280.91
(c) Other Current Assets	8	1,576.15	2,101.19
Sub-Total - Current Assets		11,375.08	70,314.58
TOTAL ASSETS		68,253.08	1,35,087.87
EQUITIES AND LIABILITIES			
Equity			
(a) Equity Share Capital	9	3,312.39	3,312.39
(b) Other Equity	10	(78,277.12)	1,411.89
Sub-Total-Equity		(74,964.73)	4,724.28
Non-Current Liabilities			
(a) Financial liabilities			
(i) Long term Borrowings	11	0.00	10,256.69
(ii) Other Financial Liabilities	12	11.84	26.22
(b) long Term Provisions	13	469.95	83.25
(c) Deferred Tax Liabilities (Net)	14	6,647.23	7,455.14
Sub-Total-Non-Current Liabilities		7,129.02	17,821.30
Current Liabilities			
(a) Financial liabilities			
(i) Short term Borrowings	15	73,360.41	74,706.01
(ii) Trade Payables		4,106.37	5,905.25
(ii) Other Current Financial liabilities	16 (A)	53,035.24	26,450.00
(b) Other Current Liabilities	16 (B)	1,230.20	1,065.32
(c) Short term Provisions	17	4,356.55	4,415.72
Sub-Total-Current Liabilities		1,36,088.78	1,12,542.29
TOTAL EQUITY AND LIABILITIES		68,253.08	1,35,087.87

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

AS PER OUR REPORT OF EVEN DATE ATTACHED

For KPND & Co.

CHARTERED ACCOUNTANTS

FRN : 133861W

NILESH J.DHAMECHA

Partner

Membership No: 143172

PLACE : MUMBAI

DATE : 29th May, 2018

For MANDHANA INDUSTRIES LTD.

(A Company under Corporate Insolvency Resolution Process By NCLT Order Dated 11th October, 2017)

CA CHARU DESAI

IP Reg.No.IBBI/IPA-001/IP-P00434/2017-18/10757

(The affair, business and property of Mandhana industries Limited are being managed by the Resolution professional who act as agent of the Company only without any personal liability.)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

		(₹ in Lakhs)	
PARTICULARS	NOTE No.	For Year Ended 31.03.2018	For Year Ended 31.03.2017
I Income			
Revenue From Operations	18	32,783.87	51,671.16
II Other Income	19	562.28	355.52
III Total Revenue (I + II)		33,346.15	52,026.69
IV Expenses			
Cost of Materials Consumed	20	12,858.54	41,456.57
Cost of goods Traded	21	-	16,550.64
Changes in inventories of finished good work-in-progress and Stock-in-Trade	22	13,572.33	24,573.76
Manufacturing and Operating Costs	23	9,963.52	12,086.94
Employee Benefit Expenses	24	7,367.59	8,906.07
Finance Costs	25	16,806.69	13,805.06
Depreciation & Amortisation Expenses	1	5,895.78	5,207.46
Provision for Doubtful debts and Advances	26	44,317.56	-
Other Expenses		3,281.63	4,286.07
Total Expenses		1,14,063.63	1,26,872.57
V Profit before tax (III - IV)		(80,717.48)	(74,845.88)
VI Tax Expense			
Current Tax		-	-
Deferred Tax		(807.90)	(1,000.61)
VII Profit (Loss) for the year (V - VI)		(79,909.57)	(73,845.27)
Income Tax paid for earlier Year		-	(997.15)
Net Profit for the Year		(79,909.57)	(72,848.13)
Other Comprehensive Income		-	98.26
Total Comprehensive Income for the period		(79,909.57)	(72,749.87)
TOTAL		(79,909.57)	(72,749.87)
Earning Per Equity Share of ₹ 10 each			
Basic EPS (₹)		(241.24)	(219.63)
Diluted EPS (₹)		(241.24)	(219.63)
Weighted average number of shares outstanding		3,31,23,913	3,31,23,913

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

AS PER OUR REPORT OF EVEN DATE ATTACHED
For KPND & Co.
 CHARTERED ACCOUNTANTS
 FRN : 133861W

NILESH J.DHAMECHA
 Partner
 Membership No: 143172

PLACE : MUMBAI
 DATE : 29th May, 2018

For MANDHANA INDUSTRIES LTD.

(A Company under Corporate Insolvency Resolution Process By NCLT Order Dated 11th October,2017)

CA CHARU DESAI

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CASH FLOW STATEMENT FOR THE PERIOD FROM 1/4/2017 TO 31/03/2018

	Current Year	(₹ In Lacs) Previous Year
Cash Flows from Operating Activities		
Net Profit before taxation and extraordinary item	(80,717.48)	(74,747.63)
Adjustments for:		
Depreciation charged to Profit & Loss A/c	5,954.65	5,207.46
Bad Debts ,Advances And Claims Written Off	35,199.61	-
Finance Charges and Gain/Loss on variation in Foreign Exchange Rates	(3.94)	59.96
Provision made for Doubtful Advances	8,081.42	-
Provision made for TUF	986.53	-
Profit on sale of fixed assets	(224.25)	(222.78)
Interest Expenses	16,810.64	13,745.10
Operating profit before working capital changes	(13,912.83)	(55,957.89)
Decrease (Increase) in Inventories	15,249.52	35,535.29
Decrease (increase) in Debtors	2,520.93	11,224.90
Decrease (Increase) in Short term Loans and Advances	(259.55)	9,947.62
(Decrease) Increase in Creditors	(1,557.01)	1,995.61
(Decrease) Increase in other liabilities	(38.68)	(2,500.94)
Cash generated from operations	2,002.38	244.59
Income Tax Paid	(0.00)	(89.74)
Net cash flow from / (used in) operating activities	2,002.38	154.86
Cash flows from investing activities		
Purchase of fixed assets	(18.68)	(323.78)
Proceeds from sales of fixed assets	427.92	271.54
Capital Advances against Fixed Asset	669.86	75.00
FD Proceed with banks	(515.80)	775.62
Long Term Deposits	(83.52)	1,923.78
Net cash from / (used in) investing activities	479.78	2,722.17

CASH FLOW STATEMENT FOR THE PERIOD FROM 1/4/2017 TO 31/03/2018

	Current Year	(₹ In Lacs) Previous Year
Cash flow from financing activities		
Increase in long term borrowings (Net)	(216.43)	(1,668.28)
Increase (Decrease) in Working Capital finance	(698.63)	11,927.44
Increase (Decrease) in unsecured loans	(61.91)	(4,446.72)
Interest paid	(280.03)	(8,527.37)
Net cash from financing activities	(1,257.00)	(2,714.93)
Net increase in cash and cash equivalents	1,225.16	162.10
Cash & cash equivalents at the beginning	397.25	235.15
Cash & cash equivalents at the end (As per note)	1,622.41	397.25
	1,225.16	162.10

(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

For KPND & Co.

CHARTERED ACCOUNTANTS

FRN : 133861W

NILESH J.DHAMECHA

Partner

Membership No: 143172

PLACE : MUMBAI

DATE : 29th May, 2018

For MANDHANA INDUSTRIES LTD.

(A Company under Corporate Insolvency Resolution
Process By NCLT Order Dated 11th October,2017)

CA CHARU DESAI

IP Reg.No.IBBI/IPA-001/IP-P00434/2017-18/10757

(The affair,business and property of Mandhana industries
Limited are being managed by the Resolution
professional who act as agent of the Company only
without any personal liability.)

NOTE 1 "PROPERTY, PLANT AND EQUIPMENT"

SR. NO.	DESCRIPTION OF ASSET	GROSS BLOCK			COST AS AT 31.03.2018	DEPRECIATION			NET BLOCK				
		COST AS AT 31.03.2017	ADDITIONS	DELETION / ADJUSTMENT		REVALUATION	UP TO 31.03.2017	FOR THE YEARENDED	DELETION / ADJUSTMENT	IMPAIRMENT	UP TO 31.03.2018	AS ON 31.03.2018	AS ON 31.03.2017
1	LEASE HOLD LAND*	16,523.63	-	-	16,523.63	-	-	-	-	-	16,523.63	16,523.63	
2	FREEHOLD LAND	925.31	-	-	220.57	-	-	-	-	-	1,145.88	925.31	
3	FACTORY BUILDING	21,052.98	(1.83)	141.55	-	5,590.95	662.84	36.43	160.25	6,377.61	14,531.98	15,462.03	
4	RESIDENTIAL BUILDING	2,304.43	-	1,341.64	-	962.80	157.19	68.82	-	104.96	857.84	2,147.24	
5	OFFICE BUILDING	291.83	-	-	-	291.83	43.34	4.61	-	47.96	243.87	248.48	
6	PLANT & MACHINERY	46,447.33	3.40	-	-	46,450.74	19,396.97	3,028.48	-	1,813.56	22,211.72	27,050.36	
7	FACTORY EQUIPMENT	48.06	-	-	-	48.06	27.21	9.14	-	36.35	11.71	20.85	
8	AIR CONDITIONER	122.55	-	-	-	122.55	74.74	23.28	-	98.02	24.53	47.81	
9	FURNITURE & FIXTURES	1,663.42	(2.84)	-	-	1,660.58	834.17	155.60	-	989.77	670.81	829.25	
10	MOTOR CAR & BIKES	305.52	-	22.09	-	283.42	153.34	33.58	13.36	173.56	109.87	152.18	
11	OFFICE EQUIPMENT	135.66	1.25	-	-	136.91	75.45	25.78	-	101.23	35.68	60.21	
12	ELECTRICAL INSTALLATIONS	93.59	-	-	-	93.59	32.49	8.89	-	41.38	52.20	61.09	
13	COMPUTER ACCESSORIES	332.41	-	-	-	332.41	321.58	10.50	-	332.08	0.33	10.83	
TOTAL:		90,246.72	(0.02)	1,505.28	220.57	88,961.97	26,707.43	3,979.27	118.61	1,973.81	32,541.92	56,419.95	63,539.26
PREVIOUS YEAR TOTAL:		89,999.71	316.14	69.13	-	90,246.72	21,525.89	4,079.12	20.37	1,122.80	26,707.43	63,539.26	68,473.82

* During the financial year ended 31st March, 2017 the company had revalued land at Tarapur and Baramati by ₹ 15803.42 lacs in accordance with stipulations of Ind-AS 101 with the resultant increase being accounted for as a reserve. However on account of an inadvertent error the company omitted an upward revaluation of ₹ 220.57 lacs for the land at Baramati. This revaluation has been recognized in the quarter ended 31st December, 2017.

^b During the year ended 31st March, 2018, the Company recognized an impairment on fixed assets at the non-operational garment plant at Baramati (₹ 1464.68 lacs) and at the weaving unit (Plot no E-33) at Tarapur (₹ 509.13 lacs).

(II) INTANGIBLE ASSETS		(₹ In Lacs)			
1	COMPUTER SOFTWARE	204.24	18.70	-	198.05
					24.89
TOTAL:		204.24	18.70	-	198.05
					24.89
PREVIOUS YEAR TOTAL:		196.48	7.76	-	196.49
					7.76
					5.53

	AS AT 31.03.2018	(₹ In Lacs) AS AT 31.03.2017
NOTE 2(A) "OTHER FINANCIAL ASSETS"		
Security Deposits		
Unsecured, Considered Goods	211.89	203.37
Unsecured, considered doubtful	75.00	
Less: Provision for Nonrecoverable Deposit	(75.00)	
TOTAL	211.89	203.37

During the year ended 31st March, 2018,, Company has made a provision of ₹ 75 lacs, on account of non-recoverable deposit, paid for legal matters.

	AS AT 31.03.2018	(₹ In Lacs) AS AT 31.03.2017
NOTE 2(B) "OTHER NON -CURRENT ASSETS"		
Long term advances		
Unsecured, Considered Goods	221.28	1,023.00
Unsecured, considered doubtful	1,073.00	
Less: Provision for Nonrecoverable Advances	(1,073.00)	
TOTAL	221.28	1,023.00

During the year ended 31st March, 2018, Company has made a provision of ₹ 1023 lacs, on account of it long term non recoverable capital advances, given for its Baramati garment Unit-2.

Further during the Quarter Ended 31st December, 2017 the Company made a provision of ₹ 300 lacs for a capital advance. However subsequently the Company reversed ₹ 250 lacs based on recoveries made till date of signing of results

	AS AT 31.03.2018	(₹ In Lacs) AS AT 31.03.2017
NOTE 3 "INVENTORIES"		
Finished Goods	972.52	12,575.39
Raw Materials	1,106.63	2,659.62
Store & Spares	562.29	686.49
Work in Process	817.61	2,787.06
TOTAL	3,459.05	18,708.57
Details of Finished Goods		
FINISHED GOODS		
Grey Fabric	46.27	149.74
Finish Fabric	744.37	11,586.53
Garments	181.87	839.12
	972.52	12,575.39
Details of Raw Materials		
RAW MATERIALS		
Yarn	288.78	613.65
Grey Fabric	521.94	1,227.44
Finish Fabric	295.91	818.54
	1,106.63	2,659.62
Details of Work in Progress		
WORK IN PROGRESS		
Yarn	168.76	30.63
Finish Fabrics	374.81	2,335.76
Garments	274.04	420.67
	817.61	2,787.06

For Mode of Valuation, refer Annexure I



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Mandhana Industries Limited

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 4 "TRADE RECEIVABLES"		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	3,877.66	6,294.11
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	95.43	35,399.52
Unsecured, considered doubtful	35,506.61	306.99
Less: Provision for Doubtful Debts	(35,506.61)	(306.99)
TOTAL	3,973.09	41,693.64

During the year ended 31st March, 2018, the Company made a provision of ₹ 35199.62 lacs, on account of Doubtful Debts.

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 5 "CASH AND CASH EQUIVALENTS"		
(i) Cash and Cash Equivalents		
a. Balances with Banks	1,617.50	376.60
b. Cash on Hand	4.91	20.65
(ii) Other Bank Balances		
a. Balances with banks as Fixed Deposits & Margin Money*	648.58	132.78
TOTAL	2,270.99	530.03

* Margin Money of ₹ 38.22 lacs (Previous Year ₹ 38.22 lacs) paid for Bank Guarantee to Sales tax Department & MSEB and remaining balances are in the nature of Fixed Deposits.

NOTE 6 "CURRENT INVESTMENTS"

(₹ In Lacs)

A. Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount in Lacs		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			31-Mar-18	31-Mar-17			31-Mar-18	31-Mar-17		
(a)	Investment Properties		-	-	-		-	-		
(b)	Investment in Equity Instruments									
	The Saraswat Co-Op Bank Ltd	Others	2,500	2,500	Unquoted	Fully Paid	0.25	0.25	0.25	YES
TOTAL							0.25	0.25	0.25	



	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 7 "SHORT TERM LOANS AND ADVANCES"		
a. Loans and advances to related parties Unsecured, Considered Good	-	-
b. Others Unsecured, Considered Good	95.55	7,280.91
Unsecured, considered doubtful Less: Provision for Nonrecoverable Advances	6,983.42 (6,983.42)	
TOTAL	95.55	7,280.91

During the year ended 31st March, 2018, the Company made a provision of ₹ 6983.42 lacs on account of non-recoverable Business advances.

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 8 "OTHER CURRENT ASSETS"		
a. Exports Incentives receivable	554.68	685.93
b. TUF Interest Subsidy Receivable	2,007.79	2,029.27
Less:- Provided for subsidy ageing more than 1 Year (2 year)	(2,007.79)	(1,021.26)
	-	1,008.01
c. Interest and Other Receivable	11.28	5.35
d. Vat Refund Receivable	249.35	239.75
e. GST Credit	478.60	-
f. Income Tax Refund Receivable	210.62	89.74
g. Pre Paid Expenses	71.62	72.40
TOTAL	1,576.15	2,101.19

During the year ended 31st March, 2018, Company made a provision of TUF receivable aged more than a year of ₹ 986.53 lacs.

(₹ In Lacs)

	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 9 "EQUITY SHARE CAPITAL"	31.03.2018	31.03.2017
Authorised		
4,99,90000 Equity Shares of ₹10/- each	4,999.00	4,999.00
10,000 preference shares of ₹ 10 /- each	1.00	1.00
	5,000.00	5,000.00
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

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

Name of Shareholder	As at 31 st March,2018		As at 31 st March,2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Priyavrat P. Mandhana Jt. Purushottam C. Mandhana	17,20,600	5.19	19,70,811	5.95
Purushottam C. Mandhana (Huf)			30,20,600	9.12
Manish B. Mandhana Jt. Sangeeta M. Mandhana			22,47,649	6.79
Purushottam C. Mandhana Jt. Prema P. Mandhana			21,39,681	6.46
Prema P. Mandhana Jt. Purushottam C. Mandhana			21,16,738	6.39
Biharilal C. Mandhana Jt. Sudha B. Mandhana			17,02,065	5.14

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. Since the company is currently under Corporate Insolvency Resolution Process the value of Equity shall be determined in accordance with the Order passed by the Adjudicating Authority under provisions of Insolvency Bankruptcy Code 2016.

The Change in Promoter share holding were prior to the commencement of Corporate insolvency Resolution Process (CIRP).



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(₹ In Lacs)

	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 10 "OTHER EQUITY"		
A. Capital Reserve (Special Capital Incentive)		
Opening Balance	25.00	25.00
Add Addition during the year	-	-
Closing Balance	25.00	25.00
B. Share Premium		
Opening Balance	10,947.62	10,947.62
Add Addition during the year	-	-
Closing Balance	10,947.62	10,947.62
C. General Reserve		
Opening Balance	5,314.97	5,314.97
Add Addition during the year	-	-
Closing Balance	5,314.97	5,314.97
D. Debentures Redemption Reserve		
Opening Balance	1,425.00	1,425.00
Add Addition during the year	-	-
Closing Balance	1,425.00	1,425.00
E. Revaluation Reserve		
Opening Balance	15,803.42	15,803.42
Add Addition during the year (Refer Note 1(a))	220.57	-
Closing Balance	16,023.99	15,803.42
F. Surplus i.e Balance in Profit & Loss Account		
Opening Balance	(32,104.12)	40,645.75
Add Surplus during the year	(79,909.57)	(72,749.87)
Closing Balance	(1,12,013.69)	(32,104.12)
TOTAL	(78,277.12)	1,411.89

(₹ In Lacs)

	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 11 "LONG TERM BORROWINGS"		
Secured		
a) Debenture (Refer Note 1)	5,700.00	5,700.00
Less: Repayable in Next One Year as per sanction term	(5,700.00)	(5,300.00)
Less: Ind As Impact	-	(37.20)
	-	362.80
b) Term Loan (Refer Note 2)	25,589.38	25,920.92
From Banks	(25,589.38)	(18,832.26)
Less: Repayable in Next One Year as per sanction term	-	(94.77)
Less: Ind As Impact	0.00	6,993.89
TOTAL	0.00	7,356.69

Pursuant to submissions of claims under Corporate Insolvency Resolution Process, all outstanding long term borrowings are now reclassified as "Current Maturities of Long Term Debt" (Refer Note 16A)

a Debentures Outstanding at the year end are redeemable as follows (as per sanction terms)					
Nos	Particulars	Allotment Date	Debenture Holder Nos	AS AT 31.03.2018	Redemption Ratio from Allotment Date
200	12.25 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	28-Mar-13	L&T Finance Limited	12,00,00,000	10:10:10:10:15:15:15:15 redeemable at the end of 18 th , 24 th , 30 th , 36 th , 42 nd , 48 th , 54 th & 60 th months respectively from the Allotment Date
50	12.75 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	28-Mar-13	Allahabad bank	3,50,00,000	30:30:40 redeemable at the end of 36 th , 48 th & 60 th months respectively from the Allotment Date
250	12.75 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	28-Mar-13	Bank of India	17,50,00,000	30:30:40 redeemable at the end of 36 th , 48 th & 60 th months respectively from the Allotment Date
100	12.75 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	3-Oct-13	Canara Bank	10,00,00,000	30:30:40 redeemable at the end of 36 th , 48 th & 60 th months respectively from the Allotment Date
200	12.75 Secured Redeemable Non convertible Debentures of ₹10,00,000/- each	15-Mar-13	Indian Overseas Bank	14,00,00,000	30:30:40 redeemable at the end of 36 th , 48 th & 60 th months respectively from the Allotment Date

All the Debentures are secured by all the movable & Immovable assets Situated at Plot no E-25 & E-33,MIDC Tarapur.



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- b Nature of Security and terms of repayment for Long Term secured borrowings as per sanction terms and the interest rate is as per the claims submitted by various Lenders under Insolvency Bankruptcy Code , 2016. Previous year Security, Terms of repayment and interest rates are as per respective sanction terms of various Lenders.

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31 st March,2018 (₹ In Lacs)	Interest Rate at Period end	Nature of Securities	Repayment terms of interest and principal
1	Corporation Bank, IFB, Mumbai.	Term Loan of ₹ 2200.00 Lac	1356.61 (1664.32)	12.40% (12.40%)	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 ₹ 2061.00 Lac	772.97 (772.88)	13.00% (12.00%)	(Secured by hypothication of Plant & Machinery & Mortgage of immovable properties at C-2 MIDC,Tarapur) and further guaranteed personally by Promoter Directors.	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	4434.64 (4434.64)	13.00% (12.00%)		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	4381.44 (4381.44)	13.00% (12.00%)		32 quarterly installlments with 1 st 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	604.99 (604.62)	12.70% (12.70%)		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.

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31 st March, 2018 (₹ In Lacs)	Interest Rate at year end	Nature of Securities	Repayment terms of interest and principal
3	Axis Bank Limited Bank of Baroda Indian Bank Punjab National Bank State Bank of India(erstwhile State Bank of Saurashtra) *	Term Loan of ₹ 5000.00 Lac Term Loan of ₹ 8000.00 Lac Term Loan of ₹ 1250.00 Lac Term Loan of ₹ 4500.00 Lac Term Loan of ₹ 1500.00 Lac	1875.00 (1875.00) 2400.00 (2400.00) 385.56 (429.09) 1518.39 (1518.39) 449.47 (462.26)	13.60% (13.00%) 12.25% (12.15%) 14.50% (13.70%) 16.85% (14.00%) 14.75% (13.75%)	(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.
4	Axis Bank Limited	Term Loan of ₹ 9500.00 Lac (Inclusive of Buyer's Credit of ₹ 469.60 (Lacs)	3763.02 (3763.02)	13.60% (13.00%)	(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.
5	Bank of Baroda	Term Loan of ₹ 1200.00 Lac	487.50 (487.50)	12.25% (12.15%)	(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 Vyasaya Bank	Term Loan of ₹ 2500.00 Lac	1209.49 (1222.25)	12.40% (12.40%)	(first pari-passu charge secure by Hypothecation of Plant & Machinery & Mortgage of immovable properties situated at E-25 and E-33, MIDC, Tarapur) and further guaranteed personally by Promoter Directors.	16 equal quarterly installments of ₹ 156.25 Lacs commencing from Dec 2014 and with last installment falling due on Sept 2018.
7	Saraswat Bank	Term Loan of ₹ 2000.00 Lac	2000.00 (2000.00)	12.50% (12.50%)	(first pari-passu charge secure by Hypothecation of Plant & Machinery & Mortgage of immovable properties situated at E-25 and E-33, MIDC, Tarapur) and further guaranteed personally by Promoter Directors.	13 equal quarterly installments of ₹ 153.85 Lacs commencing from April 2017 and with last installment falling due on July 2020.



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	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 12 "OTHER FINANCIAL LIABILITIES"		
Vehicle loans from Banks / Finance Co.	11.84	26.22
TOTAL	11.84	26.22

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 13 "LONG TERM PROVISIONS"		
Gratuity Provision for employee benefits	469.95	83.25
TOTAL	469.95	83.25

	(₹ In Lacs)		
Particulars	Deferred Tax Liability/ (Asset) as at 01.04.2017	Current Year charge/(credit)	Deferred tax Liability/(Asset) as at 31.03.2018
Deferred Tax Liabilities:			
Difference between book and tax Depreciation	7,593.04	(748.65)	6,844.39
Ind As Impact on Transitional period	119.27	-	119.27
Deferred Tax Asset	-	-	
Ind As Impact for current period	(203.44)	-	(203.44)
Adjustment on account of application of AS-15	(53.73)	(59.25)	(112.98)
TOTAL	7,455.14	(807.90)	6,647.24

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 15 "SHORT TERM BORROWINGS"		
Secured		
Loans repayable on demand		
From Banks	71,710.41	72,406.01
(The working capital loans / Packing Credit from Banks, are secured against Hypothecation of present and future stock in trade and Book Debts)		
(Of the above ₹ Nil (Previous year Nil) are further Guaranteed personally by the Promoter Directors.)		
From Banks	-	-
Unsecured		
From Others	1,650.00	2,300.00
TOTAL	73,360.41	74,706.01

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 16 A "OTHER CURRENT FINANCIAL LIABILITIES"		
Current Maturities of long-term debt	31,286.90	21,232.26
		-
Total Interest Payable	21,748.34	5,217.74
TOTAL	53,035.24	26,450.00

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 16 B "OTHER CURRENT LIABILITIES"		
Deposits/Advances from Dealers, Agent etc.	245.13	254.13
Statutory Dues	105.91	125.71
Advance against Sales	90.27	98.11
Salary Payable	670.04	527.20
Other Payables	118.84	60.17
TOTAL	1,230.20	1,065.32

	(₹ In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
NOTE 17 "SHORT TERM PROVISIONS"		
Provision for employee benefits	12.83	72.00
Provision for Income Tax	4,343.72	4,343.72
TOTAL	4,356.55	4,415.72



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	(₹ In Lacs)	
	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 18 "REVENUE FROM OPERATIONS"		
Sale of Products		
1) Local Sales	11,238.51	24,066.68
2) Export Sales	14,165.29	21,502.03
Sale of Services		
1) Processing & Services Charges	6,220.87	4,044.49
2) Duty Drawbacks & Other Export Entitlements	1,159.21	2,057.97
TOTAL	32,783.87	51,671.16
Details of Sales of Prodcuts:		
(₹ In Lacs)		
Class of Goods		
Local Goods		
Fabrics	10,868.10	23,374.24
Garments	282.77	621.86
Yarn	87.64	70.58
(A) TOTAL	11,238.51	24,066.68
Exports		
Fabrics	5,976.42	7,825.31
Garments	8,188.87	13,676.72
(B) TOTAL	14,165.29	21,502.03
(₹ In Lacs)		
	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 19 "OTHER INCOME"		
Interest Income	21.84	205.05
Foreign Exchange Fluctuation	211.80	(284.49)
Profit /(Loss) on Sale of Assets	224.25	222.78
Miscellaneous Income	104.40	212.18
TOTAL	562.28	355.52

		(₹ In Lacs)
	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 20 "COST OF MATERIAL CONSUMED"		
Opening Stock	2,659.62	13,008.39
Purchases	11,305.54	31,107.81
	13,965.16	44,116.20
Less: Closing Stock	1,106.63	2,659.62
TOTAL	12,858.54	41,456.57

	For Y. E. 31.03.2018	% age	For Y. E. 31.03.2017	% age
Imported and Indigenous Raw Materials Consumed				
Imported	-	0.00%	125.54	0.30%
Indigenous	12,858.54	100.00%	41,331.03	99.70%
	12,858.54	100.00%	41,456.57	100.00%

		(₹ In Lacs)
Details of Raw Materials Consumed		
Class of Goods		
Fabric	10,500.74	34,413.47
Yarn	2,357.80	7,043.10
TOTAL	12,858.54	41,456.57

	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 21 "PURCHASE OF STOCK IN TRADE"		
Fabrics	-	16,252.25
Garments	-	298.39
TOTAL	-	16,550.64

	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 22 "CHANGES IN INVENTORIES OF FINISHED GOOD WORK-IN-PROGRESS AND STOCK-IN-TRADE"		
Opening Stock		
Finished Goods	12,575.39	37,792.83
Work-in-Progress	2,787.06	2,143.39
TOTAL	15,362.45	39,936.22
Closing Stock		
Finished Goods	972.52	12,575.39
Work-in-Progress	817.61	2,787.06
TOTAL	1,790.13	15,362.45
Total Increase in Stock	(13,572.33)	(24,573.77)

During the year ended 31st March, 2018, the cost of material consumed and change in inventories included opening stock of ₹ 18708.57 lacs, where non-moving and slow moving inventory were valued significantly higher than the market realisable value. However closing stock as on March 31, 2018 has been revalued and presented at net realizable value of ₹ 3459.05 lacs.



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(₹ In Lacs)

	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 23 "MANUFACTURING AND OPERATING COSTS"		
Consumption of Auxilliary Materials	4,228.92	5,286.66
Packing Materials	292.99	377.30
Garment Stitching Charges	1,117.50	1,344.40
General Factory Expenses	44.33	40.62
Labour Charges	644.25	511.64
Power, Fuel and Water Charges	3,425.06	4,203.37
Repair and Maintenance to Building & Machinery	88.04	92.14
Testing & Inspection Fees	102.61	112.11
Yarn Winding, Sizing & Weaving Charges	19.81	118.70
TOTAL	9,963.52	12,086.94

Imported and Indigenous Auxiliary Materials Consumed

Particulars	For Year Ended 31.03.2018		For Year Ended 31.03.2017	
Imported	156.15	3.69%	316.46	5.99%
Indigenous	4,072.76	96.31%	4,970.20	94.01%
	4,228.92	100.00%	5,286.66	100.00%

(₹ In Lacs)

	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 24 "EMPLOYEE BENEFIT EXPENSES "		
Salary & Wages (inclusive of Bonus, Gratuity & other Allowances)	6,597.39	7,933.91
Contribution to P.F, ESIC, etc	611.01	790.61
Employee's Welfare and Amenities	159.19	181.55
TOTAL	7,367.59	8,906.07

(₹ In Lacs)

	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 25 "FINANCE COSTS"		
Banks/Financial Institutions for Term Loans	3,352.01	3,288.48
Debenture 's Holder	1,049.85	783.90
Banks for Working Capital	11,137.51	8,014.17
Net Loss on Currency fluctuation and translation	(3.94)	59.96
Interest Exp Provided on account of TUF subsidy due > 2 Years	986.53	1,021.26
Others	284.73	637.29
TOTAL	16,806.69	13,805.06

	(₹ In Lacs)	
	For Year Ended 31.03.2018	For Year Ended 31.03.2017
NOTE 26 "OTHER EXPENSES"		
Auditor's Remuneration	9.00	9.20
Bank Charges & Commission	230.10	300.12
Claim & Discount	167.29	211.45
Commission on Sales	324.72	332.53
Communication Expenses	33.34	50.68
Courier Charges	101.07	121.38
Director's Remuneration & Sitting Fees	4.15	138.31
Donations	2.71	2.88
Electricity Charges	31.99	38.94
Freight / Transportation (Net)	874.28	1,065.09
General Office Expenses	76.63	71.47
Insurance (Net)	50.62	75.02
Legal & Licence Fees	27.64	153.18
Printing & Stationary Charges	38.84	49.92
Repair & Maintenance	44.11	69.04
Professional Fees	566.10	366.28
Rent & Municipal Taxes	376.55	621.95
Octroi, Rates & Taxes	7.23	36.53
Advertisement & Sales Promotion Expenses	26.21	44.86
Travelling Expenses	112.84	158.44
Watch & Ward Exp.	137.10	151.40
Provision for non recoverable Advances & receivables	44,317.56	-
Miscellaneous Expenses	39.10	217.41
TOTAL	47,599.19	4,286.07
Details of payments to auditors (included in Auditor's Remuneration)		
a. Statutory Audit Fees	4.50	4.60
b. Tax Audit Fees	4.50	4.60
	9.00	9.20



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

(₹ In Lacs)		
Particulars	F.Y. 2017-18	F.Y. 2016-17
a Auxiliary Material, Yarn, Garment & Accessory	236.97	441.99
b Capital Goods	-	138.48

28 Expenditure in Foreign Currency on account of:

(₹ In Lacs)		
Particulars	F.Y. 2017-18	F.Y. 2016-17
a Export Sales Commission	266.35	270.97
b Interest	-	83.31
c Foreign Travelling	21.99	34.51
d Others	200.42	71.91

29 Earnings in Foreign Currency on account of:

(₹ In Lacs)		
Particulars	F.Y. 2017-18	F.Y. 2016-17
Export of Goods calculated on FOB Value	14,165.29	21,502.03

- 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.
- 31** Balances of Debtors, Creditors and Loans & Advances have been as per books, and are subject to confirmation and under reconciliation / arbitration.
- 32** Disclosures in respect of derivative instruments.
- (a) Derivatives instruments outstanding.

(Figures In Lacs)					
Sr. No.	PARTICULARS	CURRENCY	FORWARD AMOUNT F.Y. 2017-2018	FORWARD AMOUNT F.Y. 2016-2017	TYPE OF CONTRACT
1	Against Exports	USD /INR	NIL	NIL	Sale
		EUR/USD	NIL	NIL	Sale
		EUR/INR	NIL	NIL	Sale
		GBP/INR	NIL	NIL	Sale

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

(Figures In Lacs)			
Particulars	Currency	F.Y. 2017-2018	F.Y. 2016-2017
Secured Loans	USD	Nil	Nil
Secured Loans	EURO	Nil	Nil
Secured Loans	GBP	Nil	Nil
Outstanding Capital Commitments (Import LC)	USD	Nil	Nil
	EURO	Nil	Nil

33 Related Party Disclosures**1. Relationship :-**

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

2. Transactions with related parties :

(₹ in Lacs)		
Particulars	Referred in 1(a) Above	Referred in 1(b) Above
Purchases :		
Fabrics & Garments		Nil
		Nil
Sales :		
Fabrics & processing chgs.		27.12
		(239.34)
Expenses :		
Directors Remuneration & Perquisites	-	
	(132.11)	
Salary to Relatives of Directors	-	
	(14.73)	
Rent To Directors & Relatives of Directors	148.87	
	(98.85)	
Deposits against premises:	2.00	
	(2.00)	
Outstanding :		
Advances	-	-
		450.00
		(453.27)

Note:- Figures in brackets represents previous years figure.



34 OPERATING LEASE

The Company has entered in to non-cancelable operating lease. The tenure of such agreements ranges from eleven months to one hundred eight 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 ST MARCH, 2018	AS AT 31 ST MARCH, 2017
Not later than one year	180.81	517.49
Later than one year and not later than five year'	139.93	337.45
later than five year	-	-
TOTAL	320.75	854.94
Operating lease rentals debited to profit and loss accounts (net)	375.52	440.52
Operating lease capitalized to Fixed Assets	NIL	NIL

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. 2017-18	F.Y. 2016-17
Provident Fund	462.98	665.22

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. 2017-18	F.Y. 2016-17
Employee's State Insurance	147.23	123.78

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 31-03-2018. 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, 2018			March 31, 2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Components of employer expenses						
1) Current Service Cost	6.42	91.59	98.00	6.42	68.31	74.73
2) Interest Cost	5.89	9.14	15.02	6.49	15.46	21.96
3) Expected Return on Plan Assets	(6.59)	-	(6.59)	(5.76)	-	(5.76)
4) Net Actuarial (Gain) /Loss	5.13	121.67	126.80	76.26	(179.65)	(103.39)
5) Total expense/(Gain) recognized in the Profit and Loss Account	10.84	222.39	233.24	83.41	(95.87)	(12.47)
Net Assets /Liability recognised in Balance Sheet						
1) Present Value of Defined benefit obligation	(78.24)	(348.40)	(426.64)	(84.34)	(122.85)	(207.19)
2) Fair Value of plan assets	100.19	-	100.19	51.95	-	51.95
3) Assets/ (Liability) recognized in Balance Sheet.	21.96	(348.40)	(326.44)	(32.39)	(122.85)	(155.24)
Change in Present Value of the Defined Benefit Obligation						
1) Opening Present Value of obligation	81.19	126.01	207.19	81.19	218.73	299.91
2) Interest Cost	5.89	9.14	15.02	6.49	15.46	21.96
3) Current Service Cost	6.42	91.59	98.00	6.42	68.31	74.73
4) Benefits Paid	(20.38)	-	(20.38)	(86.02)	-	(86.02)
5) Actuarial (Gain) /Loss	5.13	121.67	126.80	76.26	(179.65)	(103.39)
6) Closing Present Value of obligation.	78.24	348.40	426.64	84.34	122.85	207.19
Change in the fair value of plan Assets						
1) Opening Value of plan assets	51.97	-	51.97	123.22	-	123.22
2) Expected return on plan Assets	6.59	-	6.59	5.76	-	5.76
3) Actual Company Contribution	62.03	-	62.03	8.99	-	8.99
4) Benefits Paid	-	-	-	0.02	-	0.02
5) Actuarial (Gain) /Loss	(20.38)	-	(20.38)	(86.02)	-	(86.02)
5) Closing Fair Value of plan assets	100.21	-	100.21	51.97	-	51.97
Actuarial Assumption						
Discount rate (per annum)	8.00%	7.25%		8.00%	7.25%	
Expected rate of return on assets (per annum)	8.00%	7.25%		8.00%	7.25%	
Salary escalation rate*	4.00%	5.10%		4.00%	5.10%	
Mortality Rate	LIC (1994-96) Ultimate	Indian Assured lives mortality (2006-08)		LIC (1994-96) Ultimate	Indian Assured lives mortality (2006-08)	
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



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36 Segmental reporting for the year ended on 31st March, 2018 is as under.

(A) On the basis of Business Segments –

(₹ In Lacs)

Particulars	F.Y. 2017-2018			F.Y. 2016-2017		
	Textiles	Garment	Total	Textiles	Garment	Total
External Revenues	17,213.50	8,255.13	25,468.64	31,326.72	14,241.98	45,568.71
Internal Segment Revenues	1,240.45	174.88	1,415.34	-	-	-
Other Allocable Income	5,718.02	1,597.23	7,315.25	3,446.97	2,655.49	6,102.46
Total Revenues	24,171.97	10,027.25	34,199.23	34,773.70	16,897.47	51,671.16
Less: Elimination	1,240.45	174.88	1,415.34	-	-	-
Net Revenue	22,931.52	9,852.37	32,783.89	34,773.70	16,897.47	51,671.16
SEGMENT RESULT	(61,423.55)	(3,049.52)	(64,473.07)	(55,415.58)	(5,980.76)	(61,396.34)
Other Non-allocable Income / (Exps)						
Other Income			562.28			355.52
Interest Cost			16,806.69			13,805.06
Provision for Taxes			(807.90)			(1,997.76)
NET PROFIT			(79,909.57)			(72,848.13)
OTHER INFORMATION						
Segment Assets	58,543.14	17,840.99	76,384.13	1,15,488.97	19,508.79	1,34,997.76
Unallocable Corporate Assets			0.25			0.25
TOTAL ASSETS			76,384.38			1,34,998.01
Segment Liabilities	1,37,000.36	2,875.14	1,39,875.49	1,11,803.81	6,605.67	1,18,409.48
Unallocable Liabilities			11,473.73			11,864.36
TOTAL LIABILITIES			1,51,349.22			1,30,273.84
CAPITAL EXPENDITURE						
Segment Capital Expenditure	4.73	13.95	18.68	245.08	78.58	323.66
Unallocated Capital Expenses			-			-
TOTAL CAPITAL EXP.			18.68			323.66
DEPRECIATION & AMORTISATION						
Segment Dep. & Amort.	4,600.67	1,295.11	5,895.78	3,283.02	1,924.44	5,207.46
Unallocated Dep. & Amort.			-			-
TOTAL DEPRECIATION & AMORTISATION			5,895.78			5,207.46

(B) On the basis of Geographical Segments -

(₹ In Lacs)

Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment Revenues	17,459.39	15,324.50	32,783.89	28,111.17	23,559.99	51,671.16
Internal Segment Revenues	1,240.45	174.88	1,415.34			
Total Revenues	18,699.84	15,499.39	34,199.23	28,111.17	23,559.99	51,671.16
Less : Elimination	1,240.45	174.88	1,415.34			
NET REVENUES	17,459.39	15,324.50	32,783.89	28,111.17	23,559.99	51,671.16
Segment Result	(61,773.90)	(2,699.17)	(64,473.07)	(55,921.32)	(5,475.02)	(61,396.34)
Carrying Cost of segment assets	57,387.56	18,996.57	76,384.13	1,13,622.72	21,375.03	1,34,997.76
Addition to Fixed Assets	4.73	13.95	18.68	245.08	78.58	323.66

(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

37 Contingent Liabilities not provided for in respect of:

- a) Export invoices backed by letter of credit purchased by the bank amounting to ₹ 123.11 Lacs (Previous year ₹ 1001.90 Lacs)
- b) Sales invoices Discounted with the bank amounting to ₹ 23.66 Lacs. (Previous Year 28.55 Lacs)
- c) Claim against the Company not acknowledged as debts in respect of disputed Income Tax demand amounting to ₹ 1536.67 lacs (Previous Year NIL) (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 ₹ 382.15 Lacs. (Previous Year ₹ 382.15 Lacs)
- f) The Company has taken benefit of Export Promotion Capital Goods (EPCG) scheme under the Foreign Trade Policy to the tune of ₹ 31.51 crore. This could result into a liability including interest and penalty if any, if the export obligations under the scheme are not fulfilled by the Company.

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)

39 Previous period figures have been regrouped/rearranged, wherever necessary.

40 During the Quarter Ended 30th June, 2016, the cost of material consumed and change in inventories included a write off of ₹ 363.76 crore on account of non-moving /slow moving stock obsolescence which was part of the closing stock for FY 2015 & FY 2016. Since the said stock has been liquidated in previous quarters at a value which is significantly lower than the book value, there are reasons to believe that the valuation as reflected in FY 2015 & FY 2016 could have been presented at cost instead of Market Realisable Value. In view of the above, the then Board of Directors (now suspended) found it prudent to refer the matter to the National Company Law Tribunal (NCLT) vide letter dated March 21, 2017 and seek revision of Financial Statements for FY 2015 & FY 2016 under Section 131 "Voluntary revision of financial statements or Board's Report" of Companies Act, 2013. The above results as also FY 2015 and FY 2016 may undergo change consequent to the order passed by National Company Law Tribunal (NCLT) pursuant to the Company's application.

41 On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further vide NCLT order copy dated October 11, 2017 pursuant to Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional, Ms. Charu Desai. Her appointment was subsequently confirmed by the Committee of creditors (CoC) as the Resolution Professional (the "RP").



- 42 Ms. Charu Desai in her capacity as RP took control and custody of the management and operations of the Company from October 11, 2017. Since for the period April 1, 2017 to October 10, 2017 the Company was under the management of Mr. Purushottam Mandhana, Chairman and Managing Director, the RP has relied on the certifications, representations and statements made by Mr. Purushottam Mandhana and the management for such period.
- 43 Under the CIR Process, a resolution plan is to be prepared and approved by the COC. Further the resolution plan approved by the COC will also need NCLT approval. As the Company is under resolution process, the financial statements have been presented on a "going concern" basis.
- 44 As per the code the RP has to receive, collate and admit all the claims submitted by the creditors of the company. Such claims can be submitted to the RP during the CIR process, till the approval of a resolution plan by the CoC. The RP is in the process of collating and verifying such claims, as and when they are received, and subsequently admitting such verified claims against the company as per the Code. Pending completion of the CIRP and approval of a resolution plan by the CoC, the impact of such claims that are not yet verified and admitted, if any, have not been considered in the preparation of financial statements.
- 45 Resolution plans were invited by publishing EOI on 18th January 2018 followed by an addendum thereto on 15th February 2018. A follow up invitation for EOI was again published on 22nd May 2018.
- 46 Significant accounting policies and practices adopted by the Company, are disclosed in the statement annexed to these financial statements as Annexure I.

ANNEXURE I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Annexed to and forming part of the financial statements for the year ended 31st March, 2018)

A. BASIS OF ACCOUNTING

On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Under the CIR Process, a resolution plan is to be prepared and approved by the COC. Further the resolution plan approved by the COC will also need NCLT approval. As the Company is under resolution process, the financial statements have been presented on a "going concern" basis.

These financial statements, for the year ended 31 March 2018, has been prepared accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

B. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees which is the Company's presentation in Indian Rupees has been rounded up to the nearest lacs except where otherwise indicated.

C. USE OF ESTIMATES

The preparation of financial statements in conformity of Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

D. CURRENT Vs. NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.



The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

E. FAIR VALUE MEASUREMENT

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

F. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

G. TAXES

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company determines the tax as per the provisions of Income Tax Act 1961 and other rules specified thereunder.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

H. PROPERTY, PLANT AND EQUIPMENT (INCL. INTANGIBLE ASSETS)

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Property, plant and equipment and capital work in progress cost include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

I. DEPRECIATION

The depreciation is calculated on SLM method over the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013 as follows :

Tangible Assets

Assets Classification	Useful life assessed by management
Plant and Machinery	16 - 20 Years
Office & Factory Equipment	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 Years
Computers & Accessories	3.5 – 4.5 Years

Intangible Assets

Assets Classification	Useful life assessed by management
Computer Software	Over the period of 5 Year

J. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

K. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised in books of account but its existence is disclosed in financial statements.

L. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset. Unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The objective of IND AS 36 is to ensure that the assets are carried at no more than their recoverable amount. However since the company is under CIR Process, estimation of recoverable amount can be done only after the receipt of the Resolution Plan. In view of the same, realisability of economic value of the fixed assets cannot be determined pending completion of the CIRP.



M. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

N. FINANCIAL INSTRUMENTS

Initial recognition

The company recognise the financial asset and financial liabilities when it becomes a party to the contractual provisions of the instruments. All the financial assets and financial liabilities are recognised at fair value on initial recognition, except for trade receivable which are initially recognised at transaction price. Transaction cost that are directly attributable to the acquisition of issue of financial asset and financial liabilities, that are not at fair value through profit and loss, are added to the fair value on the initial recognition.

Subsequent measurement

Non derivative financial instruments

Financial Assets at amortised cost

A financial assets is measured at the amortised cost if both the following conditions are met :

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. All the Loans and other receivables under financial assets (except Investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by impairment amount.

Financial Assets at Fair Value through Profit or Loss/Other comprehensive income

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

If the company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. However, the Company has borrowings at floating rates. Considering the impact of restatement of Effective interest rate, transaction cost is being amortised over the tenure of loan and borrowing.

Trade & other payable

After initial recognition, trade and other payables maturing within one year from the Balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative financial instruments

The company holds derivatives financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. Company have taken all the forward contract from the bank.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

As per the Insolvency Bankruptcy Code, 2016, the RP has to receive, collate and admit all the claims submitted by the creditors of the company. Such claims can be submitted to the RP during the CIR process, till the approval of a resolution plan by the CoC. The RP is in the process of collating and verifying such claims, as and when they are received, and subsequently admitting such verified claims against the company as per the Code. Pending completion of the CIRP and approval of a resolution plan by the CoC, the impact of such claims that are not yet verified and admitted, if any, have not been considered in the preparation of financial statements.

O. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

P. INVENTORIES

- Finished goods are valued at cost or net realizable value, whichever is lower
- Work in progress valued at cost. Cost comprises all cost of materials, cost of conversion and any other cost incurred in the production process.
- Raw materials are valued at cost following FIFO method. The stock of auxiliary material for process division is valued at landed cost on FIFO basis. The damaged, unserviceable and inert raw materials are valued at net realizable value.
- Sample fabric purchases are charged to profit and loss account in the year of purchase.

Q. EMPLOYEE BENEFITS**Defined Contribution Plan:**

Contribution to provident fund is accounted on accrual basis with corresponding contribution to recognized fund.

Defined Benefit Plan:**Gratuity**

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.

Leave Encashment

There is Different policy for leave encashment at different location as below



For Bangalore :

A worker can accumulate total EL up to 30 days. Workers who have accumulations in excess of 15 EL's as on 31st of December each year will be entitled for leave encashment for the excess over 15 ELs in that Financial Year. This excess leave encashment will be paid to workers before the end of that financial year. EL of upto 15 days shall be carried forward to next calendar year. Leave Encashment will be paid on gross salary to workers.

For staff category Accumulated EL over and above 15 EL's if not availed will be lapsed. At the time of resignation / termination / retirement, the balance EL will be paid on Basic salary & DA as on last working day up to 15EL's only in their Full & Final Settlement.

For all other location:

Company does not follow the said 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.

R. 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.

S. EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

