



Mafatlal[®]

MAFATLAL INDUSTRIES LIMITED

95th Annual Report
2008-2009



ARVIND MAFATLAL GROUP
The ethics of excellence

SHAREHOLDERS' INFORMATION

1. Trading in Equity Shares of the Company is permitted only in dematerialized form as per Notification issued by SEBI.

Demat Code of Mafatlat Industries Limited

ISIN: INE270B01027

2. The Shares of the Company are Listed on Ahmedabad and Bombay Stock Exchanges and the Listing Fees for both the Exchanges have been paid by the Company for the year 2009-10.

3. The Company's Share Registrars & Transfer Agents:

Sharepro Services (India) Pvt. Ltd.,
Samhita Warehousing Complex,
Gala No.52 to 56, Bldg.No.13 A-B
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai-400 072
Tel: 91 22 67720300 / 67720400
Fax: 91 22 28591568 / 28508927
E-mail: sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.
Tel: 91 22 66134700
Fax: 91 22 22825484
E-mail: sharepro@shareproservices.com

Shareholders are requested to notify change in address, if any, immediately to the R. & T. Agents at the above address mentioning their Folio Numbers.

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95th Annual General Meeting on
Thursday, the 24th September, 2009
at 10.30 A.M.
at Thakorebhai Desai Hall,
Near Law Garden, Ellisbridge,
Ahmedabad-380 006.

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. Shareholders are requested to bring their copy of the Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.



MAFATLAL INDUSTRIES LIMITED

Registered Office: Asarwa Road, Ahmedabad 380016

Dear Shareholder,

The attached coupons will entitle you for 12.5% discount on fabrics and Ready-made garments purchased from the available varieties of the Company upto a total of Rs.5000/- (inclusive of Excise duty) at prevailing rates plus other local taxes wherever applicable from any of MAFATLAL FAMILY SHOPS (printed overleaf)



We would like to inform you that both our Units situated in Nadiad and Navsari are working. The entire range of fabrics such as Suitings, Shirts, Rubia, School Uniform and Ready Mades with the brand name of "TRENDZ" are available in all the Family Shops.



Validity period of the coupons will not be extended for any reasons whatsoever. Please note that no duplicate coupon will be issued for lost, defaced or torn coupon. The coupons may be utilized at the earliest to avoid rush and disappointment of non-availability of desired varieties. Please do not detach coupons and present this intact at the time of purchase.



Yours faithfully,
For Mafatlal Industries Limited



R.R. Patel
Company Secretary



Dated: 12th August 2009



	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-07-2010	
COUPON No. A	



	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-07-2010	
COUPON No. B	



	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-07-2010	
COUPON No. C	



	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-07-2010	
COUPON No. D	

	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-07-2010	
COUPON No. E	

	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-07-2010	
COUPON No. F	

	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 200/- 12.5% Valid up to 31-07-2010	
COUPON No. G	

	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 200/- 12.5% Valid up to 31-07-2010	
COUPON No. H	

	
<i>Mafatlal</i>	
MAFATLAL INDUSTRIES LIMITED	
Rs. 100/- 12.5% Valid up to 31-07-2010	
COUPON No. I	

MAHARASHTRA:

1. FAIR PRICE CLOTH SHOP
3/4, SAMBHAJA CHAMBERS
201 SIR P.M. ROAD, FORT
MUMBAI 400 001
2. SHREE CLOTH CENTRE
325 KALBADEVI ROAD
MUMBAI 400 002
3. CITY STORES
MAHARAJA BUILDING NO.2
131 J.S.S. ROAD
MUMBAI 400 004
4. SANGOI & CO.
B-5 AGRAWAL MARKET
VILE PARLE (EAST)
MUMBAI 400 057
5. CHOICE CLOTH CENTRE
5/6 JAYPRAKASH ROAD NAKA
ANDHERI (WEST)
MUMBAI 400058
6. VENGUARD
PREMSONS SHOPPING CENTRE
TEHIRA COMPOUND
CAVES ROAD
JOGESHWARI (EAST)
MUMBAI 400 060
7. ARADHANA,
PLOT NO. 157, SHOP NO. 6
JAWAHAR NAGAR RD. NO. 1
GOREGAON (W)
MUMBAI 400 062
8. KINGS
KEDIA SHOPPING CENTRE
OPP. RLY. STN.
MALAD (WEST)
MUMBAI 400 064
9. KAMAL FABRICS
7/8 GORAGANDHI APTMS.
CHANDAVARKAR ROAD
BORIVALI (W)
MUMBAI 400 092
10. NAMRATA
11, PRAGATI SHOPPING CENTRE
MANCHUBHAI ROAD
MALAD (E)
MUMBAI 400 097
11. MEHTA STORES
581 STATION ROAD
KURLA (W), MUMBAI 400 070
12. VIDHATA
NR. PRABHAT TALKIES
OPP. TALAO PALI
DR. MOOSE ROAD
THANE 400 601
13. TULSI
A-10, MAHAVIR APARTMENT
STATION ROAD
BHAYANDER (W)
THANE 401 101
14. SHARDA
194 SARASWAT NIWAS
THAKURDWAR JUNCTION
THAKURDWAR ROAD
MUMBAI 400 004
15. JEEVAN
6 KAMAL KUNJ
B.P. ROAD
OPP. POST OFFICE
BHAYANDER (E)
THANE 400 105
16. BHAVANI COLLECTION
8, DEVDHARA
LAXMIBAI LAD ROAD
OPP. PATEL COLONY
DAHISAR, MUMBAI
17. SHREEJI COLLECTION
BHAGWANDAS MANSION
SHIVAJI CHOWK
KALYAN (W)
18. RAJ MEASUREMENTS
MAHAVIR MILAN
SHOP NO. 16 PLOT NO.1
SECTOR 28 VASHI
NAVI MUMBAI 400 703
19. PRINCE
SHOP NO.1 & 2
AGARWAL BHATIA COMPLEX
NR. SHIVAJI STATUE
PANVEL

20. SUNDHAM
NEHRU CHOWK
JALGAON 425 001
 21. RAJ HANS
JAISTAMBH CHOWK
AMRVATI 444601
- ## GUJARAT
22. AKASH
(PRESTIGIOUS SHOW ROOM)
MANGALMAY COMPLEX
OPP GOPAL TOWER
MANINAGAR
AHMEDABAD 380 008
 23. SHALIBHADRA
11, AJANTA COMM. CENTRE
NR. INCOME TAX ASHRAM ROAD
AHMEDABAD 380 014
 24. FAIR PRICE CLOTH STORES
ORIENTAL BUILDING
RELIEF ROAD
AHMEDABAD 380 001
 25. FAIR PRICE CLOTH STORES
SUPER MARKET
NR. NATRAJ THEATRE
ASHRAM ROAD
AHMEDABAD 380 009
 26. MAHARATHI
20, 21, 22, GHB COMPLEX
ANKUR ROAD, NARANPURA
AHMEDABAD 380 013
 27. ISHWARKRUPA
5-6 SILVERLAKE
SHELAT BHAVAN JAGABHAI PARK
OPP. SWAMINARAYAN MANDIR
MANINAGAR
AHMEDABAD 380 008
 28. KANTA
19, AGARWAL TOWER
1ST FLOOR
BHULJANGDEV CHAR RASTA
SOLA ROAD
AHMEDABAD 380 061
 29. ADARSH
C-27 SURYA COMPLEX
GURUKUL, MEMNAGAR
AHMEDABAD 380052
 30. ABHISHEK
4 VISHWANATH COMPLEX
SARDAR PATEL STADIUM ROAD
NARANPURA
AHMEDABAD 380 014
 31. MANSAROVAR
5 DEV ARCHAN COMPLEX
OPP. KOCHHAB ASHRAM
PALDI, AHMEDABAD
 32. ABHISHEK
PLOT NO.200 SECTOR 21
DIST. SHOPPING CENTRE
NR. BANK OF BARODA
GANDHINAGAR 382 021
 33. FAIR PRICE CLOTH STORES
SHRI KRISHNA CHAMBERS
NR. SHALIMAR CINEMA
GH ROAD SECTOR 16
GANDHINAGAR 382 010
 34. THE NEW SHORROCK MILLS
CO-OP. CON. SOC. LTD.
BHAVSARVAD
NADIAD 387 041
 35. KASHYAP
STATION ROAD
NR. LAXMI CINEMA
NADIAD 387 001
 36. ANUBHARTI
JEMSON HOUSE
NR. LAXMI CINEMA, JUNA ROAD
ANAND 388 001
 37. PRESIDENT EMPORIUM
(PRESTIGIOUS SHOWROOM)
7-8 CHINAR GULNAR COMPLEX
VIDYANAGAR ROAD
ANAND 388 001
 38. ANJALI
JEMSON HOUSE
NR. LAXMI CINEMA
JUNA ROAD, ANAND 388 001
 39. REAL CHOICE
19-20 VIP VIEW COMPLEX
VIP ROAD KARELI BAUG
BARODA 380008

40. FAIR PRICE CLOTH STORES
M.G. ROAD
BARODA 390 001
41. PREMKUNJ
(PRESTIGIOUS SHOW ROOM)
6-10 VIMAL NATH PLAZA
SUBHANPURA
BARODA 390 001
42. SUMAN
(PRESTIGIOUS SHOW ROOM)
13/14 ALKAPURI ARCADE
R.C. DUTT ROAD
BARODA 390 007
43. SHEETAL EMPORIUM
(PRESTIGIOUS SHOW ROOM)
NARBADA APARTMENT
NAVRANG CINEMA ROAD
BARODA 390 001
44. MADHU KUNJ
3-4 ARPAN COMPLEX
DELUXE CHAR RASTA
NIZAMPURA
BARODA
45. KALADARSHAN
21 PANAM PLAZA
OPP. RELIEF CINEMA
PANCHAVATI
BHARUCH 392 001
46. VINAY TRADERS
SHOP NO.4 JILLA PANCHAYAT
SHOPPING CENTRE
OPP. S.T. DEPOT
BHARUCH 392 001
47. UTSAV
(PRESTIGIOUS SHOW ROOM)
104 TO 107 RAMNIVAS BLDG
VARACHHA ROAD
OPP. SUPER DIAMOND MARKET
SURAT 395 006
48. FAIR PRICE CLOTH SHOP
CHAUTA BRIDGE
MAIN ROAD
SURAT 395 001
49. YARDHAMAN
(PRESTIGIOUS SHOW ROOM)
1-2 TOPAZ ARCADE
DR. YAGNIK ROAD
RAJKOT-1
50. MAFATLAL MILLS EMP. CO.OP
CREDIT SOCIETY
TRIMURTI
MADHMODHI
NAVSARI 396 445
51. LAXMINARAYAN STORES
JAWAHAR ROAD
RAJULA CITY
DIST. AMRELI
52. HARSH
3/342 BEHIND TALUKA
PANCHAYAT, JAWANPURA
IDAR
53. HARSH CREATIVE
(ONLY TRENDZ READY MADE
GARMENTS)
3 DAMODAR COMPLEX
BLOCK 'A' S.T. ROAD
IDAR 383 430
54. JANPRIYA FABRICS
DR. LALUBHAI CENTRE
1ST FLOOR
SRI LAKHAI ROAD
RAJKOT 360 001
55. RIDDHIKA FABRICS
(PRESTIGIOUS SHOW ROOM)
SUDAMA ROAD
PORBANDAR 360 575
56. VISHAL
SATTA BAZAR
VERAVAL 362 265
57. KALANIKETAN
NR. RAJ CLOTH CENTRE
VORVAD NAKA
KAPADWANJ 387 620
58. PRERNA
M.G. ROAD
MORBI 363 641
59. MY CHOICE
2/3 BAHUBALI COMPLEX
KALA NALA, BH. PIL. GARDEN
BHAVNAGAR 364 001

MADHYA PRADESH:

60. ZALANI BROTHERS
1 GAS HOUSE ROAD
NR. SHREE KRISHNA TALKIES
INDORE 452 007
 61. CLOTH CENTRE
CHOWK BAZAR, BHOPAL 462 001
 62. NAVEEN COLLECTION
3RD STREET, 46/B SADAR BAZAR
JABALPUR 482 001
 63. SWASTIK
39 M.T. CLOTH MARKET
INDORE 452 002
- ## RAJASHTAN:
64. SANSKAR
225 HOPE CIRCUS
ALWAR 301 001
 65. ROOPAM
SOJATI GATE
JODHPUR 342 001
 66. VASTRALANKAR
825-826 STATION ROAD
KAISAR GUNJ, AJMER 305 001
- ## DELHI:
67. SAPNA (KAPAJ & COMPANY)
11 D-38 LAJPAT NAGAR
NEW DELHI 110 024
- ## KARNATAKA:
68. GAUTAM
3140 SHREEPAL COMPLEX
HUNS TALKIES ROAD
BELGAUM 580 001
- ## UTTAR PRADESH:
69. FABRIC CENTRE
118/77, KAUSHAL PURI
OPP. BANK OF INDIA
KANPUR 208 012
 70. K.R. SONS
B-3/109 VIVEK KHAND
GOMTINAGAR
LUCKNOW
 71. GAGAN
ALAM BUILDING
LUCKNOW
 72. RAMSONS
HUSSAIN GUNJ
LUCKNOW
 73. BHAVANI & SONS
(PRESTIGIOUS SHOW ROOM)
33/12 SANJAY PALACE
AGRA
 74. PRAKASH VASTRALAYA
KAITHI BAZAR
BANDA 210 001
 75. LUCKNOW CLOTH CENTRE
92/59 AMINABAD PARK ROAD
LUCKNOW 226 001
 76. AVADH CLOTH CENTRE
292/100 TULSIDAS MARG
NAKHAS
LUCKNOW 226 003
 77. RAVI
DALIGANJ
LUCKNOW 226 007
 78. FASHION POINT
BRU SHOPPING CENTRE
SHOP NO. G-1, CHOMUKHA POOL
MORADABAD
- ## WEST BENGAL:
79. RAJSHREE
26 SHAKESPEARE SARANI
KOLKATA 700017
 80. SATYAM SHIVAM
97 ARBINDA SARANI
HATHI BAGAN CROSSING
KOLKATA 700 005
 81. MANGALAM
227/2 A.J.C. BOSE ROAD
OPP. MINTO PARK
KOLKATA 700 020
 82. MANORAMA
194 JESSORE ROAD
NAGAR BAZAR DUM DUM
KOLKATA 700 074
 83. GYNODA
224/A VIVEKANANDA ROAD
MANIKTALLA CROSSING
KOLKATA 700 006

84. NEW SILSONS
194/D RASH BIHARI AVENUE
KOLKATA 700 029
 85. AMARDEEP
NACHAN ROAD, BENA CHITY
DURGAPUR 713 213
DIST. BURDWAN
 86. CHETAI
62, G.T. ROAD
SERAMPORE 712 201
 87. DHRUBA ROOP
BARRACKPUR ROAD
NEAR COLONY MORE
BARSAT 743 201
DIST.24 PGS (N)
 88. INDRAROOP
114 RABINDRA SARANI
BANGUR BUILDING
KOLKATA 700 007
 89. M/S SHARDA
489 B.C. ROAD
BURDWAN 713 101
- ## BIHAR:
90. YOGESH TEXTILES
9 MAIN ROAD
BISTUPUR BAZAR
JAMSHEDPUR 831 001
 91. DAVE CLOTH STORES
29/30 SAKCHI BAZAR
SAKCHI
JAMSHEDPUR
 92. MAHABIR
MANGAL BAZAR
P.O. KATHIAR 854 105
 93. SHREE DURGA BASTRALAYA
NEAR KALIBART CHOWK
BHATTA BAZAR PURNEA
 94. SANU
KHAITAN SUPER MARKET
BIRLA MANDIR ROAD
PATNA
- ## ANDHRA PRADESH:
95. SURYATEJ
(PRESTIGIOUS SHOW ROOM)
28/1-21 SURYA ARCADE
DABA GARDEN
VISHAKAPATNAM 530 020
 96. SRI PADMA TEXTILES
MAIN ROAD
RAJAHMUNDY
- ## KERALA:
97. QUEENS CORNER
VICHITRA SHOPPING COMPLEX
CANNANORE 670 002
 98. VYSAKH
MAIN BAZAR
THALLECHERY
DIST. CANNANORE
 99. METRO TEX
NEAR PADMA M.G. ROAD
ERNAKULAM
- ## TAMILNADU:
100. KAYCEE LIBERTY STORES
(ONLY TRENDZ READYMADE
GARMENTS)
SAIBABA NAGAR
COIMBATORE
 101. SHYMAL FASHIONS
25E 1ST AGRAHARAM
SALEM 636 001
 102. SREE SATHYAMS
C.S.I. SHOPPING COMPLEX
163 BROUGH ROAD
ERODE 638 001
 103. MANGAI
3/5 A. MAIN BAZAR
NEYVELI TOWNSHIP
NEYVELLI 607 803
 104. BHAVANI
10 BOSE BAZAR
HOSUR 635 109
DIST. DHARAMPURI
- ## TRIPURA:
105. SAMRAT
MAIN ROAD
AGARTALA

BOARD OF DIRECTORS

SHRI A. N. MAFATLAL	Chairman
SHRI H. A. MAFATLAL	Vice-Chairman
SHRI P. R. AMIN	Director
SHRI P. J. DESAI	Director
SHRI V.K. BALASUBRAMANIAN	Director
SHRI N. K. PARIKH	Director
SHRI A.C. GANDHI	Director
SHRI MOHAN LALL	Special Director - BIFR

COMPANY SECRETARY

SHRI R.R. PATEL

AUDITORS

M/S.C.C. CHOKSHI & CO.
Chartered Accountants

SOLICITORS

M/S. VIGIL JURIS
M/S. MANILAL KHER AMBALAL & CO.

CORPORATE OFFICE:

Mafatlal House, Backbay Reclamation,
H.T. Parekh Marg, Churchgate,
Mumbai-400 020.
Phone: 91 22 40083636
Fax: 91 22 66357633
Website: www.mafatlals.com

REGISTERED OFFICE:

Asarwa Road, Ahmedabad-380 016.
Phone: (079) 22123944-45.
Fax: (079) 22123045

Unit / Factories:

(Only Nadiad and Navsari Units are operational)

Ahmedabad Unit:

Asarwa Road, Ahmedabad-380 016

Nadiad Unit:

Kapadvanj Road, Nadiad-387 001.

Navsari Unit:

Vejalpore Road, Navsari 396 445

Mazagaon Unit, Mumbai:

Rambhau Bhogale Marg,
Mumbai 400 010

Registrar & Share Transfer Agent:

Sharepro Services (India) Pvt. Ltd.,
Samhita Warehousing Complex,
Gala No.52 to 56, Bldg.No.13 A-B
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai-400 072
Tel: 91 22 67720300 / 67720400
Fax: 91 22 28591568 / 28508927
E-mail: sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.
Tel: 91 22 66134700
Fax: 91 22 22825484
E-mail: sharepro@shareproservices.com

NOTICE

NOTICE IS HEREBY GIVEN THAT the Ninety-Fifth Annual General Meeting of the Members of the Company will be held on **Thursday, the 24th September, 2009, at 10.30 A.M.** at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, to transact the following business:

- 1) To consider and adopt the Directors' Report and the Audited Financial Statements including Profit & Loss Account for the year ended 31st March, 2009, and the Balance Sheet as at that date and the Auditor's Report thereon.
- 2) To appoint a Director in place of Shri N.K. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri A. C. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board apart from reimbursement of out-of-pocket expenses and applicable taxes, in place of M/s.C.C. Chokshi & Co., Chartered Accountants, Mumbai, Auditors of the Company who retire at the conclusion of the 95th Annual General Meeting of the Company and have expressed their inability to offer themselves for re-appointment as the Auditors for the Financial Year 2009-2010."

- 5) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the accounts of the Company's Branch Offices at Ahmedabad and Nadiad, be audited by such persons other than the Company's Auditors as are qualified for appointment as Auditors of the Company under Section 226 of the Companies Act, 1956, and the Board of Directors is hereby authorized to appoint such Branch Auditors in consultation with the Company's Auditors on such terms and conditions and on such remuneration as may be fixed by the Board."

- 6) To consider and, if thought fit, to pass the following Resolution, with or without modification(s) as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, and Schedule XIII to the Companies Act, 1956, the consent of the Company be and is hereby given to the re-appointment of Shri Hrishikesh A. Mafatlal as the Managing Director designated as Vice-Chairman and Senior President of the Company for a period of five years from 3rd May, 2009 to 2nd May, 2014, without payment of any remuneration but subject to terms and conditions mentioned in the Letter of Appointment dated 3rd May, 2009, laid before the Meeting and he shall have the substantial powers of Management of the Company subject to the superintendence, direction and control of the Board of Directors of the Company."

Registered Office:

Asarwa Road,
AHMEDABAD-380 016.

Mumbai,
Dated: 12th August, 2009

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.**
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos.4 to 6 mentioned in the above Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, the 25th day of August, 2009 to Monday, the 31st day of August, 2009**, both days inclusive.
4. Copies of the documents mentioned in the Explanatory Statement, are open for inspection by Members between 2.00 P.M. to 4.00 P.M. on any working day at the Registered Office of the Company.

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts in respect of item Nos.4 to 6 mentioned in the accompanying Notice dated 12th August, 2009.

In respect of Item No.4

Presently, the Company's accounts are being audited by M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai, who are an associate of M/s. Deloitte Haskins & Sells and are the Statutory Auditors of the Company for the last several years. They retire as the Auditors of the Company at the conclusion of the 95th Annual General Meeting of the Company and have informed that they are unable to offer themselves for re-appointment as the Auditors of the Company for the Financial Year 2009-2010.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Companies Act, 1956, signifying his intention to propose the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as the Auditors of the Company from the conclusion of the 95th Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, have expressed their willingness to act as Auditors of the Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. M/s.C.C.Chokshi & Co., Chartered Accountants, Mumbai, the retiring Auditors, have issued 'No Objection Certificate' to the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as the Statutory Auditors of the Company, if made, at this Annual General Meeting of the Company.

In view of the above, and based on the recommendations of the Audit Committee, the Board of Directors, have at their Meeting held on 12th August, 2009, proposed the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as the Statutory Auditors in place of M/s.C.C. Chokshi & Co., Chartered Accountants, Mumbai, to hold office from the conclusion of this 95th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

Your Directors recommend the passing of the above resolution.

None of the Directors of the Company is concerned or interested in the said resolution.

In respect of Item No.5

The Resolution is being moved in conformity with the provisions of Section 228 of the Companies Act, 1956, for the appointment of Branch Auditors for the audit of the accounts of the Company's Branch Offices at Ahmedabad and Nadiad for the year 2009-2010. It is desirable to give authority to the Board of Directors to appoint Branch Auditors in consultation with the Statutory Auditors and to fix their remuneration and terms and conditions.

Your Directors recommend the passing of the above resolution.

None of the Directors of the Company is concerned or interested in the above Resolution.

In respect of Item No.6

Shri Hrishikesh A. Mafatlal has been on the Board of Directors of the Company for the last more than 30 years and as the Managing Director of the Company for the last 15 years. In addition to this, he is the Vice-Chairman of the Company. Besides, he is also Chairman of Navin Fluorine International Limited("NFIL") and being Executive Chairman, is entitled to draw remuneration from NFIL during his tenure as such.

Shri Hrishikesh A. Mafatlal is a Commerce Graduate and has more than 30 years of wide and varied business and management experience in the areas of Textiles, Chemicals, Petrochemicals, Financial Services etc. The term of office of Shri H.A. Mafatlal as the Managing Director of the Company expired on 2nd May, 2009.

Mafatlal Industries Limited

No remuneration has been paid by the Company to Shri H.A. Mafatlal since 1st April, 2000, as he has opted not to receive any remuneration from the Company in view of the difficult financial condition of the Company.

In view of the stretched financial position of the Company, Shri H.A. Mafatlal has agreed to continue as the Managing Director of the Company without remuneration. The Remuneration Committee of the Board of Directors of the Company at their Meeting held on 22nd April, 2009, had recommended the Board to re-appoint him as the Managing Director of the Company with effect from 3rd May, 2009, without remuneration.

Accordingly, the Board of Directors of the Company at their Meeting held on 22nd April, 2009, re-appointed Shri H.A. Mafatlal as the Managing Director designated as Vice-Chairman and Senior President of the Company for a period of five years with effect from 3rd May, 2009, without any remuneration subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

The Remuneration Committee has also recommended the Board that during the tenure of re-appointment of Shri H.A. Mafatlal, as the Managing Director of the Company, if in any year, the net-worth of the Company becomes positive, the Board should consider payment of remuneration to Shri H.A. Mafatlal for the balance period of his re-appointment, subject, however, within the limits specified in Schedule XIII of the Companies Act, 1956 and approval of the Shareholders of the Company.

Shri H.A. Mafatlal will not be liable to retire by rotation as a Director.

Your Directors recommend the passing of the above resolution.

None of the Directors of the Company except Shri H.A. Mafatlal and Shri A.N. Mafatlal a relative of Shri H.A. Mafatlal, who is concerned or interested in the resolution.

The Letter of Appointment referred to in the resolution is available for inspection by the Members between 2.00 p.m. and 4.00 p.m. on any working day at the Registered Office of the Company.

Registered Office:

Asarwa Road,
AHMEDABAD-380 016.

Mumbai,
Dated: 12th August, 2009

By Order of the Board,

R.R. Patel
Company Secretary

Particulars of the Directors seeking re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name, Age and Qualification of the Director	Date of Appointment	Expertise in functional Areas	Names of the Companies in which he holds Directorships and Memberships of Committees of the Board.
1) Shri N. K. Parikh (74 Yrs.) B.Com.,FCA	17.06.2005	Experience of over 48 years in the field of Corporate Finance, Accounts, Taxation and Commerce	Director of: Mafatlal Industries Limited Member of: Audit Committee and Remuneration Committee of Mafatlal Industries Ltd.
2) Shri A. C. Gandhi (69Yrs.) B.Com.,LL.B.	17.06.2005	Advocate having experience of more than 43 years in legal field. He is a Partner of M/s.C.C.Gandhi & Company, Advocates, Ahmedabad.	Director of Mafatlal Industries Limited, Amol Dicalite Ltd Jayatma Spinners Ltd.. Aarvee Denim & Exports Ltd. Ahmedabad Steel Craft Ltd. (Chairman) Gujarat Ambuja Exports Ltd Dishman Pharmaceuticals & Chemicals Ltd. MSK Projects (I) Ltd. Committee Membership / Chairmanship: 1. Mafatlal Industries Limited: Member of: Audit Committee and Share Transfer Committee 2. Amol Dicalite Limited: Member of: Remuneration Committee and Share Transfer Committee 3. Aarvee Denim & Exports Limited: Member of: Audit Committee and Remuneration Committee 4. Ahmedabad Steel Craft Limited: Member of: Audit Committee and Remuneration Committee 5. Gujarat Ambuja Exports Limited: Member of : Audit Committee and Remuneration Committee. 6. Dishman Pharmaceuticals & Chemicals Ltd.: Member of : Audit Committee, Shareholders' Grievance Committee and Remuneration Committee 7. MSK Projects (I) Ltd. Member of : Audit Committee and Remuneration Committee.

Shri N.K. Parikh does not hold any Equity Shares of the Company and Shri A. C. Gandhi holds 64 Equity Shares of the Company.

SUMMARISED FINANCIAL DATA

No.	Particulars	1997-98	1998-99	1999-01**	2001-02++	2002-03	2003-04	2004-05	2005-06	2006-08%	2008-09#
	PORFIT AND LOSS ACCOUNT										
1.	Sales & Other Income	86417.78	47784.18	54592.78	69665.96	18162.69	20081.15	20484.54	16619.06	41026.18	54766.10
2.	Profit before Depreciation, Taxes	(5746.58)	(23257.96)	(18500.74)	4665.72	(6155.28)	(3255.67)	(93.82)	(5714.47)	3760.60	34168.74
3.	Depreciation	2935.29	2960.95	4280.42	3294.53	1428.10	1108.90	920.71	780.94	807.08	402.02
4.	Profit before Taxes	(8681.87)	(26218.91)	+(22781.16)	1371.19	(7583.38)	(4364.57)	(1014.53)	(6498.41)	2953.52	33766.72
5.	Equity Dividends - %	-	-	-	-	-	-	-	-	-	-
6.	Earning per share (EPS) Rs.	-	-	-	27.54	(151.68)	(87.30)	(20.60)	(130.42)	58.61	675.01
	BALANCE SHEET										
7.	Total Assets :										
	Gross Fixed Assets	43463.46	44954.72	42928.02	35203.64	35156.84	31657.50	27339.58	27557.72	27388.69	26648.33
	Net Fixed Assets	24984.15	24268.78	19717.23	11509.40	10095.10	8698.33	5516.76	4673.74	3797.80	3373.55
	Investments	22105.58	22261.83	21734.30	21955.00	19619.33	19576.77	19574.71	19433.95	16609.00	16567.45
	Current Assets (Net)	37662.01	12262.96	155.57	(20703.95)	(23373.96)	(29557.94)	(15200.17)	(17316.17)	(5322.26)	(11407.63)
	Miscellaneous Exps not W/Off	2197.21	3477.46	2146.50	752.56	1070.66	6544.11	4987.58	3474.16	1279.69	0.75
	Total Application	86948.95	62271.03	43753.60	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	8534.12
8.	Borrowings	66560.05	68081.56	70626.40	40787.24	42269.24	44484.45	46389.93	48297.74	51633.98	10053.15
9.	Net Worth :										
	Share Capital	4999.38	4999.39	4999.39	499.94	499.94	499.94	9499.94	9499.94	9499.94	9499.94
	Reserves	15389.52	(10809.92)	(31872.19)	(27774.17)	(35358.05)	(39723.12)	(41010.99)	(47532.00)	(44769.69)	(11018.97)
		20388.90	(5810.53)	(26872.80)	(27274.23)	(34858.11)	(39223.18)	(31511.05)	(38032.06)	(35269.75)	(1519.03)
10.	Total Sources	86948.95	62271.03	43753.60	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	(8534.12)
11.	Book Value per Equity Share	407.83	-	-	-	-	-	-	-	-	-
12.	No. of Shareholders	156570	156822	155548	150226	147252	137568	133686	128193	123998	122770
13.	No. of Employees	10487	8803	8621	8560	6569	3596	3382	+++ 4001	3959	3875
14.	Debt/Equity Ratio	3.26:1.00	-	-	-	-	-	-	-	-	-

** Figures for 18 months period from 1st October 1999 to 31st March, 2001.

+ Figures are arrived at after writing off Rs. 5113.15 lacs in respect of reversal of gain on cancellation of sale of immovable property made in earlier year.

++ Figures for 18 months period from 1st April 2001 to 30th September, 2002.

+++ Includes badli workers at Nadiad Unit.

% Figures for 18 months period form 1st October, 2006 to 31st March, 2008.

Figures includes reliefs and concessions on restructuring of loans and liabilities amounting to Rs. 37738.33 lacs

DIRECTORS' REPORT

To:

The Members,

MAFATAL INDUSTRIES LIMITED

Your Directors present the 95th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS:

The Financial Results of the Company are as under:

(Amount Rs.in Lacs)

	Current Year 2008-09 (12 months)	Previous Period 2006-08 (18 months)
Sales	12,707.10	36,396.39
Other Income	42,059.00	4,629.79
(Decrease)/increase in Stock of finished goods & Process Stock	17.20	(898.51)
Gross Profit	34,951.28	6,442.52
[Before Interest, Depreciation & Tax]		
Less : Depreciation	402.02	807.08
Interest (Net)	782.54	2,681.92
Provision for Current tax (including Wealth tax)	0.40	0.90
Provision for Fringe Benefit Tax	15.60	22.31
Profit after Taxes	33,750.72	2,930.31
Add: Deficit brought forward from Previous Period/Year	<u>(65,028.75)</u>	<u>(67959.06)</u>
	(31,278.03)	(65,028.75)

2. DIVIDEND :

Your Directors regret their inability to recommend dividend.

3. SANCTIONED REHABILITATION SCHEME:

As you are aware, the Rehabilitation Scheme of the Company, under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 was sanctioned by Hon'ble Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 30th October, 2002. (herein after referred to as "the Sanctioned Scheme" or "SS").

The Sanctioned Scheme envisaged comprehensive corporate restructuring, operational restructuring and financial restructuring of the Company. The substantial part of the Sanctioned Rehabilitation Scheme of the Company comprising corporate restructuring, payments/settlement of secured term lenders, infusion of promoters' contribution including infusion of funds for the rehabilitation of the Company by the de-merged Chemicals Division viz., Navin Fluorine International Limited, have been fully completed and implemented as envisaged under the Sanctioned Scheme.

The operational restructuring and upgrading of textile facilities, however, could not be completed due to delay in re-organization of charges for reasons beyond the control of the Company. The reorganization of charges was finally completed in May, 2006. Meanwhile, the textile operations could not be taken up to the desired level in the absence of capital expenditure resulting in delay in payment of liabilities including payments to working capital Banks.

The Sanctioned Rehabilitation Scheme is substantially implemented.

Keeping in view the structural changes in the textile industry arising out of abolishment of quota and delay in re-organization of charges, the working capital bankers led by State Bank of India appointed M/s .Ernst & Young ("E & Y") to carry out the Asset Valuation and Business Enterprise Valuation study for arriving at necessary modifications in the Scheme, including settlement of liabilities to working capital banks.

4. MODIFIED REHABILITATION SCHEME:

Hon'ble BIFR at the hearing held on 4th October, 2006, and 7th November, 2007, had directed the Company to submit Modified Draft Rehabilitation proposal of the Company based on the reports submitted by E. & Y.

Accordingly, the Company submitted Modified Draft Rehabilitation Scheme of the Company on 22nd July, 2008, to the Monitoring Agency, IDBI Bank Ltd., and to Hon'ble BIFR.

The Monitoring Agency, IDBI Bank had prepared the Modified Draft Rehabilitation Scheme (MDRS) of the Company after incorporating views/ suggestions expressed by various concerned participating agencies at the Joint Meeting held on 12th September, 2008, and submitted the same vide its letter dated 10th October, 2008, to the Hon'ble BIFR for consideration.

Hon'ble BIFR at the hearing held on 24th and 25th June, 2009, has sanctioned the said Modified Rehabilitation Scheme of the Company.

Salient features of the Sanctioned Modified Rehabilitation Scheme:

- IDBI would continue to be the Monitoring Agency.
- The provisions of the earlier Sanctioned Rehabilitation Scheme shall continue to be applied to this Modified Rehabilitation Scheme to the extent applicable and not abrogated in this Scheme.
- The Cut-off date was considered in the Modified Rehabilitation Scheme as 31st December, 2008.
- The Company to take-up extensive modernization and revamping of the manufacturing facilities together with expansion of weaving capacity for production of value-added fabrics with estimated aggregate capital expenditure of Rs.4,246 Lacs.
- Settlement of working capital bankers' dues.
- Sale of non-core surplus assets of the Company at Maharashtra and Gujarat.
- Cost of Modified Scheme will be Rs. 74,358 Lacs
- Cost Incurred till 31st March, 2008, comes to Rs.51,069 Lacs and the balance of Rs. 23,289 Lacs to be incurred. The same has to be financed by sale of surplus assets and unsecured loan from promoters.
- To strengthen the equity capital of the Company, 300,00,000 – Optionally Convertible Fully Redeemable Non-cumulative Preference Shares of Rs.10/- each aggregating to Rs.3000 Lacs held by Promoters to be converted into Equity Shares of Rs.10/- each at a price as per SEBI guidelines.
- Power and electricity dues of principal amount as on cut-off date shall be paid in 20 equal installments commencing from expiry of 3 months from sanction of the Modified Rehabilitation Scheme.
- Dues of existing workers shall be paid within a period of 3 Years without interest from the date of sanction of Modified Rehabilitation Scheme and balance of VRS shall be paid out of sale proceeds of Mazagaon Unit land.
- Outstanding PF and ESIC principal dues as on the date of Modified Rehabilitation Scheme shall be paid in 12 equal quarterly installments from the date of the sanction of the Modified Rehabilitation Scheme with simple interest @ 12% p.a.
- Customs and Central Excise principal dues shall be paid in 20 Quarterly Installments commencing from the date of sanction of the Modified Rehabilitation Scheme.
- Waiver of entire outstanding dues u/s.127B of the Customs Act and entire outstanding dues on account of non-fulfillment of export obligation against advance import licences, alternately Commissioner of Customs may allow time of 10 years from the date of sanction of Modified Rehabilitation Scheme for fulfilling the export/import obligations.
- The accumulated losses would be wiped out in the year 2013-14.

MAZAGAON UNIT LAND:

The hearing of the Public Interest Litigation (PIL) filed by an NGO in the Hon'ble High Court of Bombay, challenging the decision of the Government of Maharashtra for de-reserving 50% of the Mazagaon Unit Land of the Company in Mumbai, has been completed and the Order of the Hon'ble High Court of Bombay, is awaited.

AHMEDABAD UNIT:

- As the conveyance for sale of the Ahmedabad Unit of the Company to M/s. Annapurna Polymers Pvt. Ltd., could not be completed, the period of Conducting Agreement has been extended upto 31st December, 2009.
- The winding-up Petition filed by LKP Merchant Financing Limited ("LKP") as reported in previous Directors' Report, is still pending. The

Company has completed payment of all 20 installments to LKP as per the Sanctioned Scheme.

5. YEAR IN RETROSPECT:

Economic slowdown during the year under review substantially affected export orders resulting in lower utilization of manufacturing capacities of the Company during the year under review. In spite of reduced level of orders, all-out efforts were made to improve product-mix by increasing higher value addition products thereby minimizing the losses to the extent possible. The Company continues to maintain its presence in areas of grey and processed fabrics exports to prestigious overseas customers. However profitability during the year under review was adversely affected by substantial increase in prices of raw materials, power, coal and higher wage bill on account of increased D.A. There was marginal relief in profitability due to favourable foreign exchange rate realization against exports. Shortage of working capital continues to adversely affect the operations of the Company.

The total sales during the year was 190.33 lacs mtrs. as compared to 354.14 lacs mtrs. during the previous period of 18 months. The textile turnover during the year under review was Rs. 127.08 crs. as against Rs. 205.49 crs. during the previous period of 18 months.

6. PROJECT PROMOTION DIVISION:

NOCIL Limited (NOCIL):

The global economic slowdown, which started in the western world and eventually spread all over, caused the demand of NOCIL's products to drop significantly.

NOCIL experienced favourable demand during the first half of the year under review. It also witnessed a huge rise in the price of its inputs due to cascading effect of rise in Crude Oil prices especially in the international-markets and improved realization in the domestic markets, helped margins, particularly during the first two quarters.

The turnover of NOCIL for the year ended 31st March, 2009, was Rs.498 crore as compared to Rs.399 crore in the previous year, representing an increase of 25%.

During the year under review, NOCIL achieved exports of Rs.231 crores as against Rs.170 crores in the previous year.

7. ENERGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

8. PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms a part of this Report, and will be sent on demand to the shareholders. Any shareholder interested in obtaining a copy of the said statement may write to the Company's Secretary.

9. INDUSTRIAL RELATIONS:

The relations between the employees and the Management have remained cordial.

10. DIRECTORATE:

The Board of Directors of the Company at their Meeting held on 22nd April, 2009, has re-appointed Shri H.A. Mafatlal, as the Managing Director, designated as the Vice-Chairman and Senior President of the Company for a further period of five years with effect from 3rd May, 2009, without payment of any remuneration, subject to approval of the Members in the General Meeting. Accordingly, the necessary approval of the Members is sought at the ensuing Annual General Meeting.

Shri N. K. Parikh and Shri A. C. Gandhi, Directors of the Company will retire by rotation at the ensuing 95th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

11. SUBSIDIARY COMPANIES:

During the year under review, Mishapur Investments Ltd., Sudas Manufacturing & Trading Limited, Sunanda Industrial Machinery Ltd., Mafatlal Services Ltd., and Ibiza Industries Ltd. continued to be the subsidiaries of your Company.

As per the exemption granted to the Company by the Central Government vide its letter No.477/2009-CL-III, dated 4th February, 2009, the Company has not attached copy of the Balance Sheet and Profit & Loss Account, Directors' Report and Auditors' Report of the subsidiary companies for the financial year ended 31st March, 2009 and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company for the year ended 31st March, 2009.

However, the other details as required by the Central Government, while granting the said exemption, are disclosed in this Report.

The Annual Accounts and related information of the subsidiary companies are open for inspection by any member/investor at the Registered Office of the Company on any working day between 2.00 p.m. to 4.00 p.m. and the Company will make available these documents/details upon request by any member of the Company who may be interested in obtaining the same.

12. INSURANCE:

The properties and insurable interests of your Company like buildings, plant and machinery, stocks etc. are properly insured.

13. DIRECTORS' RESPONSIBILITY STATEMENT :

As required under the provisions of Section 217 (2AA), your Directors report as under:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review,
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- that the directors have prepared the annual accounts on a going concern basis.

14. AUDITORS:

The term of M/s.C.C. Chokshi & Co., Chartered Accountants, Mumbai, as Auditors of the Company, expires at the conclusion of this Annual General Meeting. They have expressed their inability to offer themselves for re-appointment. The Company has received a special notice from a member of the Company proposing the name of M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, to be appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting in place of the retiring auditors. The Audit Committee has recommended to the Board, the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as Auditors of the Company in place of the retiring auditors, M/s.C.C. Chokshi & Co., Chartered Accountants, Mumbai. M/s.Deloitte Haskins & Sells, Chartered Accountants, Vadodara, have given a certificate to the effect that their appointment, if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956. At the Annual General Meeting, members are requested to appoint Auditors for the current year and fix their remuneration. The specific notes forming part of the Accounts referred to in the Auditor's Report are self-explanatory and gives complete information.

Cost Audit

As per the requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the audit of the cost accounts relating to the product "Textiles" is being carried out every year. The Company has appointed Cost Auditors viz. Shri I. V. Jagtiani, Mumbai and Shri B. C. Desai, Ahmedabad, to audit the cost accounts for the year 2008-09 i.e. from 1.04.2008 to 31.03.2009, for which necessary approvals of the Central Government vide their two letters both bearing No.52/131/CAB/89, dated 9th May, 2008, have been received.

15. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS:

As required under the Listing Agreement with Stock Exchanges, Reports on "Corporate Governance" as well as "Management Discussion and Analysis" are attached and forms part of the Directors' Report. Further, during the year under review, the Company has complied with all the mandatory requirements of the Corporate Governance. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Agreement is annexed to the Report on Corporate Governance.

16. APPRECIATION:

The Directors wish to place on record their appreciation of the devoted services of the workers, staff and the officers who have largely contributed to the efficient management of your Company in the difficult times. The Directors place on record their appreciation for the continued support of the shareholders of the Company.

For and on behalf of the Board,

Mumbai,

Dated : 12th August, 2009.

H. A. MAFATLAL

Vice-Chairman

ANNEXURE TO THE DIRECTORS' REPORT 2008-2009.

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988.

(1) CONSERVATION OF ENERGY:

(A) ENERGY CONSERVATION MEASURES TAKEN:

Sr. No.	Power Saving	Expenses incurred (Rs.in Lacs)	Saving achieved (Rs.in lacs/ per month)	Saving achieved (Rs.in lacs/ Year)
1.	In Ring Frame machines Hi-rel make VFD activated to maximize productivity without affecting quality. Total 18 Nos. VFD started.	0.3	0.43	5.16
2.	In Doubler Machines (Platt) DELTA to STAR connection changed without affecting speed and productivity. Total 20 Nos. Machines.	NIL	0.75	9.0
3.	Lowering of Tube Light on Looms Sulzer's all machines completed. 147 Total Tube lights reduced.	0.22	0.33	3.96
4.	In TFO Machines replaced 25 HP Motor to 15 HP Motor without change in speed and productivity. Total 8 Machines.	NIL	0.51	6.12
5.	Bore-Well stopped in Peak Hours from 6 P.M. to 10 P.M. and saved 15 Units per Hour.	NIL	0.1258	1.51
6.	2 Nos. of 20 HP (15 KW) Circulating Pumps replaced with 15 HP(11KW). Pumps, resulting into saving.	NIL	0.22750	2.73
	TOTAL			28.48

(B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

Sr. No.	Item	Estimated expenses (Rs.in Lacs)	Estimated Saving (Rs.in Lac/ month)	Payback period
1.	To reduce 200 CFM of Compressors in Autoconers.	1.1	1.47	1 Month

(C) IMPACT OF THE MEASURES AT (A) & (B) ABOVE FOR REDUCTION OF THE ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS:

Through planned energy conservation, the Company will be able to reduce the cost of Energy Bill as mentioned against each of the above items.

(D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION:

The information is furnished in the prescribed Form 'A' annexed hereto in respect of two operational Textiles Units of the Company.

(2) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are furnished in prescribed Form B Annexed hereto.

(3) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Activity relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.

The efforts are on to enter into new markets of the Middle East, Europe and the U.S.A. for increasing the export of processed fabrics in those Countries. The Company has been successful to some extent.

(B) Total Foreign Exchange used and earned:

(Rs. in lacs)

	Current Year 2008-09 (12 Months)	Previous Period 2006-08 (18 Months)
Total Foreign Exchange used	85.08	72.89
Total Foreign Exchange earned	2,972.51	4,126.02

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(A) POWER AND FUEL CONSUMPTION

1 Electricity:

a) Purchased:

Units KWH

Total Cost (Rs. Lacs)

Cost Per Unit (Rs.)

570.51

1018.77

3550.32

5562.55

6.22

5.46

b) Own Generation:

Through Diesel Generator:

i) Units (KWH)

Unit per litre of diesel oil (KWH)

Cost/Unit (Only Diesel) (Rs.)

25704

6993

2.2478

2.0937

17.4323

16.8619

ii) Through Steam Turbine/Generator (KWH)

Units (KWH)

Unit per litre of diesel oil (KWH)

Cost/Unit(Rs.)

N.A.

N.A.

2 Coal : (Specify quality and where used)

Steam Coal and Lignite used for Steam Genration in Boilers for Departmental use.

Quantity (Tonnes)

Total Cost (Rs. Lacs)

Average Rate / Tonne (Rs.)

25203

37360

929.99

1147.74

3690.04

3072.09

3 Furnace Oil:

Quantity (K Ltrs.)

Total Amount (Rs in lacs.)

Average Rate (Rs / Ltr.)

0.000

20.755

0.00

4.26

0.00

20.528

4 Others/Internal Generation:

N.A.

N.A.

(B) Consumption Per Unit of Production:

1	Electricity :		
	Purchased and Generation		
	KWH/Metre of Grey Production*	2.5336	2.5753
	KWH/Metre of Wet Production	0.4548	0.4841
	Chemicals	NIL	NIL
2	Furnace Oil:	NIL	NIL
	Litre/KWH of Grey Production	NIL	NIL
	KWH/Metre of Wet Production	NIL	NIL
3	Coal : (Specify quality - Steam Coal)		
	Kgs. of Coal/Metre of Grey Production	0.269	0.243
	Kgs. of Coal Metre of Wet Production (Finished Production)	1.4644	1.3596
4	Others	N.A.	N.A.

* Energy details of only operational units at Nadiad and Navsari are considered in above calculations.

FORM - B

A) RESEARCH AND DEVELOPMENT :

1. Specific areas in which R. & D. carried out by the Company:

- Easy to Iron finish on cotton & P/C blended fabrics to achieve DP rating of 3.5.
- New products were developed.- Cotton/Silk dyed, cotton satin with Lurex, Modal dyed & printed Fabric, -Cotton yarn dyed with Lurex.
- Established the correlation between lab to bulk for achieving PFT in fabric dyeing.
- In specific colours of printed fabric washing cycle time was reduced after taking trials.
- Improvement in the overall appearance of the fabric by upgrading singeing machine.
- Improvement in quality of dyeing.
- Single stage bleaching was introduced with new sequestering agent, to reduce no. of runs on combi range, to save water, steam, power & chemicals.
- Using Eco friendly dyes & chemicals and ensuring the requirement for human ecological safety and also avoiding or limiting the use of harmful substance.
- Pin holes observed in printed fabric was brought under control by introducing process changes in Screen engraving.
- Improvement in the brightness and feel of yarn dyed desk look samples.
- Laboratory Accreditation Certificate from Mark & Spencer and NEXT (U.K.based Customers).

2. Benefit derived as a result of the above R. & D:

- New business and new Customers.
- Improved customer service and customer satisfaction.
- Energy conservation
- Quality Improvement
- Reduction in effluent load.

3. Future Plan of Action:

- New testing equipments and up-grading of existing equipments
- New version of Spectrophotometer / software
- Auto Color dispensing unit for pilot lab.
- New CAD system for design development
- Oeko-Tex certification of products.
- Introduction of new series of dyes with better exhaustion and less effluent.

4. Expenditure on R. & D.:

	(Rs. in Lacs)	
	Current Year 2008-2009 (12 months)	Previous Period 2006-2008 (18 months)
(a) Capital Expenditure :	NIL	NIL
(b) Recurring Expenditure :	27.78	26.44
(c) Total	27.78	26.44
(d) Total R. & D. Expenditure as a percentage of Total Turnover :	0.22	0.13

B) TECHNOLOGY ABSORPTION AND INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation and innovation :

- Cotton Yarn Dyed Bottom Weight fabric developed and its process route established.
- Cationised cotton dyeing process route established
- Durable glitter dyeing process route established
- Special effect Transparent print for Export market
- Optimizing fibre length of staple fibre in Blend to improve yarn quality
- Optimizing Sizing recipe to control cost.
- Energy saving in TFO
- Optiscan was introduced to eliminate contamination from cotton thereby improving quality of yarn and reduction in the cost of mending.

2. Benefits derived as a result of the above efforts:

- Energy saving
- Increase in production
- Increase in market share
- New customers developed
- New products developed

3. Information regarding technology imported during last 5 years:

- Technology Imported : AREOLI AGER FROM ITALY
- Year of Import : 2003-2004
- Has technology been fully absorbed : Yes
- If not fully absorbed, not taken place, reasons therefore and future plans of action. : N.A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Mafatlal Industries Ltd. have been in the field of cotton and blended fabrics, and have been manufacturing and marketing these products for more than 100 years. The main products of the Company are yarn dyed shirting, bottom weights, dyed and printed lawns, satins, voiles and poplins, servicing both domestic and export markets.

The Company enjoys leadership position in domestic wholesale trade and has considerably increased penetration as far as exports of process fabrics is concerned. It is also selling large volume to garment exporters in India. The main export markets are Italy, U.K., France, Switzerland, U.A.E., Saudi Arabia, Yemen, Qatar, Sudan, Malaysia and Thailand. Among the present customers of the Company are brands like Marks & Spencer, NEXT, Debenhams, French Connection, Esprit, J. Crew, Park Avenue, Pantaloons, Indus League and Westside.

Product Range

The Company has a strong manufacturing base in composite units at Navsari and Nadiad having facilities in spinning, weaving as well as processing. The manufacturing facilities are spinning a large range of counts from 7s to 2/105s. However, the Company is known for its expertise in finer counts in cotton as well as blends such as 50s, 60s, 70s, 80s, 100s, & 105s which are suitable for ladies' and men's top wear. The main attraction for the customer is the Company's wide product range which includes prints, yarns dyed, solids, dobbies, seer sucker covering entire spectrum of colours which are suitable for fashion, casual, classic and formal wear for men, women and kids.

Shirting: Shirtings in a wide range of designs and colours with combinations of different textures and weaves suitable for formal and casual wear are available in solids, textures, colour woven and prints.

Prints: The Company has one of the finest facilities in India – one that can offer a range of designs in almost any kind of base fabric suitable for casual shirts, ladies blouses, sleepwear and kids' wear.

Voiles: The Company continues to be one of the largest manufacturer and exporter of high quality voiles from India, which cover the entire gamut i.e. grey, lenos, dobbies, bleached, dyed and prints. There is an excellent goodwill in Middle East, Switzerland and Far East for these products.

Sleepwear: The sleepwear products in superfine, lawns, voiles, satins and flannels, are specially known for a unique soft feel and are used by Marks & Spencer as well as other European brands.

Special Finishes: The Company offers a very large range of special finishes such as Bio-Polish, Anti-Microbial, Distress Look, Perfume Finish, Water Repellant, Stain Guard, ETI (Easy to Iron), Peaching and Brushing.

The Company has implemented safeguards to adhere to health and safety & environment norms. A centralized Quality Assurance Dept. facilitates the interaction between various sites to share and communicate knowledge.

The Company's facilities are ISO 9001-2000 certified, boast of quality approvals from Marks & Spencer and NEXT, and also have British Safety Council Certification.

SWOT Analysis

Strength & Weaknesses

The Company's major strengths are wide customer base with excellent goodwill, full range of products backed by excellent quality and service.

However, the major weakness is old equipments at the plant leading to higher cost of manufacturing, which reduces the Company's competitiveness in the market place.

Opportunities & Threats

The textile industry is really at cross roads today – there is tremendous opportunity for an efficient and effective player as there is ever growing demand from domestic markets, garment exporters and the export markets.

However, the major threats are currency fluctuations and fierce competition from low cost producers and impact on raw material prices and cost of manufacturing resulting from government proposals.

Industry Structure

The textile and clothing industry contribute to over 15% of India's export, 14% of industrial output and accounts for more than 5% of GDP. It provides direct employment to 38 million people. For the Indian economy, it is a second most important sector after Agriculture. The major sectors of the textile industry include the organised cotton fibre / synthetic fibre textile mill industry, synthetic fibre / filament yarn industry, the decentralized power loom sector, woolen textile industry, silk industry, jute industry and handicraft industry.

Prospects

The textile industry has already grown from USD 37 billion in 2004-2005 to USD 51 billion in 2008-2009. The estimate exports for 2008-09 stand at about USD 20 billion.

Business Segment Analysis

The Company has achieved a turnover of Rs.127.08 crs. out of which export sales was Rs.49.08 crs. The Company's order book position is fair inspite of the economic slow down.

In light of the overall prospects of the Textile Industry and the SWOT Analysis of the Company, we feel that the Company can achieve better results and improve and re-establish its position as a leading textile manufacturer in the times to come.

Human Resources

The relations between the employees and the Management have remained cordial.

Internal Control

The Company has proper and adequate systems of internal control. Regular Internal Audits and Checks are carried out and also management reviews the internal control systems and procedures to ensure orderly and efficient conduct of the Business. The Internal Auditors periodically interact with the Audit Committee of the Board of Directors of the Company to discuss various internal control / internal audit issues.

Cautionary Statement

Statements in this report of Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations to future events. Actual results could however differ materially from those expressed or implied.

The Company assumes no responsibilities in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments information or events.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for the year ended 31st March, 2009, forms part of the Directors' Report and the same has been prepared on the basis of the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

The system of Corporate Governance especially through the Audit Committee has been followed by the Company for several years, even before the requirement was legislated. The Company's philosophy of Corporate Governance is intended to bring about –

- transparency, accountability and integrity in the organization
- implementation of policies and procedures prescribed by the Company to ensure high ethical standards in all its business activities and responsible and responsive management.

1. Board of Directors:

- (i) The Board of Directors consisted of eight directors as at the end of the financial year out of whom two were promoter directors, five were non-executive independent directors, and one was a Special Director appointed by the Hon'ble BIFR. During the period, the Board of Directors was headed by Shri Arvind N Mafatlal who is the Promoter Non-Executive Chairman. The composition of the Board was in conformity with the requirements of the Listing Agreements with the Stock Exchanges.
- (ii) All the relevant and necessary information such as Capital Expenditure and Operating Budget, Financial Results, Production, Sales, Exports, Imports, Foreign Exchange exposure, Segment reporting, Cost Audit Reports, Financial Plans are as a matter of routine placed before the Board for their approval/ noting.

Sr No	Names of Directors	Category (Executive/ Non-Executive)	@ No. of Board Meetings attended	Whether last AGM held on 30/07/2008 attended	Other Directorship held (including Private Companies) at the year end	\$ No. of Committee Membership Chairmanship in other Domestic Companies at the Year end		* Remuneration paid(including sitting fees) (Rs.)
						As Chairman & Member	As Member	
1	Mr. A. N. Mafatlal	Promoter Non-Executive	NIL	NO	NIL	NIL	NIL	NIL
2	Mr.H. A Mafatlal	Promoter Executive	05	Y	#11	01	01	NIL
3	Mr.P. R. Amin	Non-Executive Independent	04	NO	01	01	NIL	46,000/-
4	Mr.P. J. Desai	Non-Executive Independent	05	Y	01	NIL	NIL	56,000/-
5	Mr.V. K. Balasubramanian	Non-Executive Independent	04	Y	01	NIL	NIL	34,500/-
6	Mr.N. K. Parikh	Non-Executive Independent	05	Y	NIL	NIL	NIL	44,500/-
7	Mr.A.C. Gandhi	Non-Executive Independent	04	Y	07	NIL	06	34,500/-
8.	Mr.Mohan Lall, Special Director (BIFR)	Non-Executive-Independent	03	NO	04	NIL	01	13,000/-

Y – Attended, No – Not attended.

Shri A.N. Mafatlal and Shri H.A. Mafatlal are related as per the provisions of Schedule 1A read with Section 6 of the Companies Act, 1956.

@ During the year under review viz. 1st April, 2008 to 31st March, 2009, total Five Meetings of the Board of Directors of the Company were held viz. on 16.04.2008, 17.06.2008, 30.07.2008, 23.10.2008, and 28.01.2009.

\$ Under this column, membership/Chairmanship of Audit Committee and Investors'/Shareholders' Grievance Committee, are only considered as required to be disclosed under the amended provisions of Clause 49 of Listing Agreement with the Stock Exchanges.

*The Remuneration is solely comprised of the sitting fees paid to the Directors for attending the meetings of the Board of Directors and Committees viz. Audit Committee, Investors' Grievance Committee, and Monitoring Committee. Further, Shri H.A.Mafatlal, Managing Director of the Company (Designated as Vice-Chairman and Sr. President) has not been paid any remuneration since his appointment is without remuneration. He is not paid any fees for attending the meetings of the Board of Directors of the Company or any Committees thereof in which he is a member.

Out of 11 directorships, 4 companies are Private Limited Companies.

(iii) Compensation/Remuneration of Non-Executive Directors:

The Company paid sitting fees to each Non-Executive Director for attending the meetings of the Board of Directors @ Rs.3,000/- for meetings held on 16.04.2008 and for Committees thereof @ Rs.1,500/- for meeting held on 16.04.2008. For Board Meetings and for Committees Meetings held after 16.04.2008, the sitting fees has been increased @ Rs.5000/- per meeting and in addition the Company paid travelling / conveyance expenses and diem allowances to the outstation directors. No other remuneration is paid to the Non-Executive Directors.

(iv) Other Service Contracts, notice period, severance fees etc. relating to Directors:

None, except letter of appointment issued to the Managing Director.

(v) Shareholding of Non-Executive Directors as at 31st March, 2009, is as follows :

(Name of Director & No. of Equity Share of Rs.10/- each of the Company held)

Shri A.N. Mafatlal -17097 shares in individual capacity and Karta of HUFs and 20436 shares as trustees of various trusts, Shri P.R. Amin – 211 shares, Shri P.J. Desai –124 shares, Shri V.K. Balasubramanian- NIL, Shri N. K. Parikh- NIL Shri A.C. Gandhi – 64 shares and Shri Mohan Lall - NIL.

2. Audit Committee:

The Audit Committee consists of five directors viz. Shri P. R. Amin, Shri P. J. Desai, Shri V. K. Balasubramanian, Shri N. K. Parikh and Shri A. C. Gandhi. All of them are non-executive independent directors. Shri P. R. Amin, who is a Chartered Accountant, is the Chairman of the Audit Committee.

During the year under review, total five Meetings of the Audit Committee of the Board of Directors of the Company were held viz. on 16.04.2008, 17.06.2008, 30.07.2008, 23.10.2008 and 28.01.2009. The attendance of the members were as follows:

Attendance of Directors

Sr. No.	Date of Audit Committee Meeting.	Mr.P.R. Amin	Mr.P.J. Desai	Mr.V.K. Balasubramanian	Mr. N K. Parikh	Mr.A.C. Gandhi
1	16.04.2008	Y	Y	Y	Y	Y
2	17.06.2008	Y	Y	No	Y	Y
3	30.07.2008	No	Y	Y	Y	Y
4	23.10.2008	Y	Y	Y	Y	No
5	28.01.2009	Y	Y	Y	Y	Y

Y – attended, No – Not attended.

The terms of reference of the Audit Committee is as mentioned in the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time. The Statutory Auditors, Internal Auditors, Cost Auditors, Finance / Accounts Heads and Chief Executive Officer usually attend the meetings of the Audit Committee. The Company Secretary of the Company, Shri R. R. Patel acts as Secretary to the Committee.

Shri P.R. Amin, Chairman of the Audit Committee was out of the country on the date of the 94th Annual General Meeting of the Company held on 30th July, 2008. Shri P.J. Desai, senior most Member of the Audit Committee attended the said Annual General Meeting to answer queries from the shareholders.

3. SUBSIDIARY COMPANIES :

With effect from 1st January, 2006, amended Clause 49 of the Listing Agreement has come into force. By virtue of Clause III, the Company is required to appoint one Independent Director of the Board of Directors of the holding Company, on the Board of Directors of the material non-listed Indian subsidiary company as defined in the said Clause. By virtue of this Clause one of the subsidiary companies viz., Mishapur Investments Limited is material non-listed Indian subsidiary company. On 1st February, 2006 Shri P.J. Desai, Independent Director of the Company has been appointed as the Director on the Board of Directors of Mishapur Investments Limited.

The Minutes of the Board Meetings as well as statements of all significant transactions of the unlisted subsidiary companies, if any, are placed before the Board of Directors for their review in each quarter.

4. Remuneration Committee :

The Remuneration Committee has been constituted which at present consists of Shri P.R. Amin who is the Chairman of the Committee, Shri N.K. Parikh and Shri Mohan Lal (Special Director- BIFR). All of them are Non-Executive Independent Directors of the Company. During the year under review, no meeting of the Committee was held. The terms of reference of the Committee is as per the provisions of the Companies Act, 1956.

5. Shareholders'/ Investors' Grievance Committee :

The Shareholders'/Investors' Grievance Committee consists of Shri H.A. Mafatlal (Executive Director), Shri P.R. Amin (Chairman) and Shri P.J. Desai (both are Non-Executive Independent Directors). During the year under report the Committee duly met twice on 16th April, 2008 and 28th January, 2009, which was attended by all the Members. The meetings of the Committee are not regularly held as the Board of Directors of the Company itself reviews the shareholders'/Investors' Grievances, if any, at the end of every quarter.

The terms of reference of the Committee is as mentioned in the listing agreement with the Stock Exchanges including looking into the complaints of the Investors/Shareholders relating to non-receipt of shares after transfer, non receipt of dividends, Annual Reports etc.

Shri R.R. Patel, Company Secretary is the Compliance Officer.

No. of Complaints received from Shareholders from 1-04-2008 to 31-03-2009, comprising of :

Non-receipt of Shares after transfer	: 03
Non-receipt of Dividend Warrants(old)	: 03
Non-receipt of Annual Reports	: 03
Non-receipt of demat confirmation	: Nil
Total	: 09
No. of Complaints resolved from 1-04-2008 to 31-03-2009	: 09
No. of Complaints pending as on 31-03-2009	: NIL

6. Disclosure :

(i) Disclosure on materially significant related party transactions which have taken place during the year ended 31st March, 2009, that may have potential conflict with the interest of the Company at large :

None of the transactions with any of the related parties were in conflict with interest of the Company. Transactions with the related parties are disclosed in Note No.23 in Schedule 18 "Notes on Accounts" annexed to the financial statements for the year.

The details of the related party transactions are placed before the Audit Committee on quarterly basis.

(ii) Details of Non-Compliance by the Company, penalties, strictures imposed by Stock Exchange/ SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years:

None

(iii) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

(iv) The Company has periodic review and reporting to the Board of Directors of risk assessment by Senior Executives with a view to minimize risk.

(v) Disclosure of Accounting Treatment different from Accounting Standard in respect of :

- the diminution in value of certain unquoted investments has not been provided in the accounts.
- Rent of certain ex-tenants has not been accounted.

Note No. 11 (in respect of (a) above) and Note No. 18 (in respect of (b) above) of the Schedule 18, forming part of the Accounts, are self-explanatory and give complete information in this regard.

7. Code of Conduct for Board Members and Senior Management:

The Board of Directors has at their meeting held on 27th January, 2006, laid down the Code of Conduct for all Board Members and Members of the Senior Management of the Company. The said Code is also placed on the website of the Company viz. www.mafatlals.com The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The declaration by the Managing Director to that effect forms part of this Report.

8. General Body Meetings:

(i) Location and time where last three AGMs were held :

AGM	Location	Dividend Declared	Date	Time
92 nd AGM	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380 006.	NIL	21-03-2006	10.30 A.M.
93 rd AGM	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380 006	Nil	16-03-2007	10.30 A.M.
94 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	30-07-2008	10.30 A.M.

- (ii) In the last three Annual General Meetings, no special resolution was passed.
 (iii) During the last year no resolution was required to be passed by Postal Ballot.
 (iv) At present there is no proposal to pass any special resolution by Postal Ballot.

9. Means of communication :

The Financial Results of the Company are reported to as mentioned below :

- Half year report sent to Shareholders : No
- Quarterly Results normally published in which newspaper : In English- Indian Express, Economic Times
In Gujarati-Jansatta, Economic Times
- Any website : www.mafatlals.com
- Whether it also displays official news release and the presentation made to institutional investors or to the Analysts : Yes
- Whether Management Discussion & Analysis Report is a part of Annual Report : Yes

10. General Shareholders Information:

- A. 95th Annual General Meeting: : Date: 24th September, 2009
 Time : 10.30 A.M.
 Venue : Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380006.
- B. Financial Calendar : 01-04-2009 to 31-03-2010 (tentative)
- C. First Quarterly Results : Held on 12-08-2009
 Second Quarterly Results (Half yearly) : End October, 2009
 Third Quarterly Results : End January, 2010
 Audited yearly Results : End June, 2010
- D. Date of Book Closure : 25-08-2009 to 31-08-2009
 (both days inclusive)
- E. Dividend Payment date : N.A.
- F. Listing : Ahmedabad Stock Exchange Ltd.[ASE]
 Bombay Stock Exchange Ltd. [BSE]
- G. Stock Code : ASE 34400
 BSE 500264

H. Monthly high & low of the shares in the last financial year:

Market Price of the Equity Shares of Rs.10/- each of the Company on Bombay Stock Exchange are as under:

Month	Highest (Rs.)	Lowest (Rs.)	No. of Shares Traded	BSE Sensex Highest	BSE Sensex Lowest.
April, 2008	60.00	42.55	53,253	17,480.74	15,297.96
May, 2008	59.00	46.00	40,239	17,735.70	16,196.02
June, 2008	63.40	41.05	92,056	16,632.72	13,405.54
July, 2008	47.90	38.10	37,035	15,130.09	12,514.02
August, 2008	49.00	37.65	26,734	15,579.78	14,002.43
September, 2008	43.00	22.45	56,312	15,107.01	12,153.55
October, 2008	27.00	15.25	50,541	13,203.86	7,697.39
November, 2008	21.70	15.60	14,070	10,945.41	8,316.39
December, 2008	21.05	14.85	43,434	10,188.54	8,467.43
January, 2009	22.70	14.85	31,617	10,469.72	8,631.60
February, 2009	20.00	16.00	18,404	9,724.87	8,619.22
March, 2009	19.25	15.00	37,662	10,127.09	8,047.17

I. Registrar & Share Transfer Agents:

Sharepro Services (India) Pvt. Ltd.,
 Samhita Warehousing Complex, 2nd Floor, Gala No. 52 to 56, Bldg. No.13A-B,
 Near Sakinaka Telephone Exchange,
 Andheri-Kurla Road, Sakinaka, Mumbai- 400 072.
 Tel: 91 22 67720300, 67720400, Fax:91 22 28591568/28508927
 Email:sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,
 Nariman Point,
 Mumbai-400 021
 Tel: 91 22 66134700, Fax : 91 22 22825484
 Email:sharepro@shareproservices.com

J. Share Transfer System:

The Registrar & Transfer Agents of the Company viz., .Sharepro Services (India) Pvt.Ltd., Mumbai are undertaking all the shares related work. The Share Transfer Committee of the Company is comprised of Shri H.A. Mafatlal, Shri P. R. Amin, Shri P. J. Desai and Shri A.C.Gandhi. In order to expedite the share transfer, transmission, Split-up, Consolidation, Demat, Remat etc, the necessary statements for approval relating thereto are regularly approved and signed by two Directors (who are members of the Share Transfer Committee) and thereafter the same are placed before the meeting of the Board of Directors of the Company for their noting. The Share transfers are registered and returned within 30 days from the date of receipt, if relevant documents are complete in all respects.

K. Distribution of shareholding as on 31.03.2009

Description (Slab)	No. of Share Holders		Holdings	
	Folios	%	No. of shares held	%
Upto 50	118284	96.35	574515	11.49
51 - 500	3750	3.05	665455	13.31
501 - 1000	421	0.34	327342	6.55
1001 - 2000	143	0.12	211364	4.23
2001 - 3000	45	0.04	111595	2.23
3001 - 4000	27	0.02	94334	1.89
4001 - 5000	27	0.02	127094	2.54
5001 - 10000	30	0.02	211527	4.23
10001 - above.	43	0.04	2676773	53.53
	122770	100.00%	4999999	100.00%

Mafatlal Industries Limited

L. Shareholding pattern as on 31.03.2009

Sr. No.	Category	No. of shares held	% of Holding
1	Promoters Holding	16,37,229	32.74
2	Mutual Funds	1,976	0.04
3	Banks, Financial Institutions, Insurance Companies, UTI, Central/State Govt. Institutions	5,95,394	11.91
4	FII's (Foreign Institutional Investors)	NIL	NIL
5	Private Corporate Bodies	4,42,349	8.85
6	Indian Public	23,15,083	46.30
7	NRIs/OCBs	7,968	0.16
8	Any other (please specify) GDR	NIL	NIL
	TOTAL	49,99,999	100.00%

M. Dematerialisation details:

The Shares of the Company, are under Compulsory Trading in Demat form. The demat code of the Equity Shares of the Company is **INE 270B01027**. As on 31st March, 2009, **18,886** shareholders holding **35,66,437** Equity Shares have dematerialized their shares which constitutes **71.33%** of the total Equity Share Capital of the Company.

N. Outstanding GDR/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity :

9,00,00,000 (Nine Crores) Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares (OCCPS) of Rs.10/- each were issued and allotted by the Company on 2nd November, 2004 against Rs. 9000 lacs brought in as Promoters Contribution. The Company can convert the said Preference Shares into Equity Shares on or after 1st January, 2014, after giving three months notice to the Preference Shareholders whereas holders of the said Preference Shares may exercise the option to convert the said Shares into Equity Shares at any time by giving three months' notice to the Company.

The Modified Rehabilitation Scheme ("MRS") sanctioned by BIFR on 24th/25th June, 2009 stipulates that with a view to strengthen the equity capital of the Company, the OCCPS of the face value up to Rs. 3000 Lacs out of the OCCPS of the face value of Rs. 9000 Lacs, held by the Promoters shall be converted into equity share capital. The conversion price shall be higher of either (i) the average of weekly high and low of closing price of shares of the Company as quoted on the Bombay Stock Exchange during the six months preceding the date of conversion of OCCPS or (ii) the average of weekly high and low of the closing prices of shares of the Company as quoted on Bombay Stock Exchange during the 2 weeks preceding the date of conversion of OCCPS. Provided that the post-conversion shareholding of equity shares by the Promoter group remains in compliance of SEBI guide lines. The quantum of equity shares to be allotted on conversion of the said OCCPS cannot be ascertained as at present.

The balance redeemable OCCPS of Rs. 6000 Lacs shall be redeemed as per the provisions of MRS.

O. Plants/factories :

Textiles Units : (Only Nadiad and Navsari Units are operational)

1. Ahmedabad Unit : Asarwa Road, Ahmedabad- 380 016.
2. Nadiad Unit : Kapadvanj Road, Nadiad 387 001.
3. Navsari Unit : Vejalpore Road, Navsari 396 445
4. Mazgaon Unit : Rambhau Bhogale Marg, Mumbai 400 010.

P. Address for correspondence : Mafatlal Industries Limited
Regd.Off: Asarwa Road, Ahmedabad 380 016.

The Company has complied with all the mandatory requirements of Clause 49 and has also complied with one of the non-mandatory requirement viz. setting up of Remuneration Committee.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

Mumbai,
Dated: 12th August, 2009.

H. A. Mafatlal
Managing Director

AUDITOR'S CERTIFICATE

To,

The Members of

Mafatlal Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Mafatlal Industries Limited ("the Company") for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

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

The Chairman of Audit Committee could not attend the Annual General Meeting.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement(s).

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

For **C.C. Chokshi & Co.,**
Chartered Accountants,

(R. Salivati)
Partner
Membership No.34004

Mumbai, Dated 12th August, 2009.

AUDITOR'S REPORT**TO THE MEMBERS OF MAFATLAL INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of Mafatlal Industries Limited as at 31st March, 2009, the Profit and Loss account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto (in which are incorporated the accounts of Ahmedabad and Nadiad Units/branches audited by other auditors). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, *subject to note 18 of schedule 18, regarding non-accounting of rent/ recovery of expenses* proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch auditors' reports have been forwarded to us and have been appropriately dealt with;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - (iv) in our opinion, *subject to notes 11 and 18 of schedule 18 regarding non-provision for diminution in value of unquoted investments and non-accounting of rent/ recovery of expenses respectively*, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. We invite attention to the following notes in Schedule 18:
 - (a) note 5(c) regarding amount of Rs.37,738.33 lacs representing difference between dues assigned to Secured Creditors and settlement amount which has been accounted in Other Income as 'Reliefs and Concessions on restructuring of Loans and Liabilities' for the reasons stated therein.
 - (b) note 6 regarding accounts of the Company prepared on going concern basis; this was also drawn attention to in our report of the previous period.

6. In respect of the following issues, our report was modified in the previous period which are no longer relevant for the current year:
 - (a) *Non-provision for interest of Rs.3,483.95 lacs on certain secured creditors.*
 - (b) *Reliefs and concessions considered in the accounts.*
 - (c) *Non-confirmation of balances of debtors, creditors and certain loans taken, bank accounts and loans/advances given.*
 - (d) *Delays in commissioning of Capital work-in-progress of Rs.182.49 lacs.*
7. *Attention is invited to the following in schedule 18, which were also the subject matter of our report similarly modified in the previous period:*
 - (a) *note 11, regarding non-provision for diminution in the value of Certain unquoted investments;*
 - (b) *note 12, regarding non provision for overdue debts, loans and advances;*
 - (c) *note 18, regarding non-accounting of rent/ recovery of expenses of Rs.9.46 lacs; aggregate to date, Rs.180.30 lacs (previous period, Rs.14.18 lacs; aggregate to date as at 31st March, 2008, Rs.170.84 lacs).*

We further report that without considering items (a) and (b) [in the case of the previous period, items (b), (c) and (d) of para 6 also], the effect of which on the financial statements for the year ended 31st March, 2009 and on the corresponding figures for the previous period ended 31st March, 2008, could not be determined, had the observations made by us in items (c) [in the case of the previous period, item (a) of para 6 also] been considered, there would have been a profit of Rs.33,947.00 lacs, as against the reported profit of Rs.33,766.70 lacs (previous period, loss would have been Rs.382.80 lacs, as against the reported profit of Rs.2,930.31 lacs), the accumulated losses would have been Rs.31,097.75 lacs, as against the reported figure of Rs.31,278.05 lacs (as at 31st March, 2008, Rs.68,341.86 lacs, as against the reported figure of Rs.65,028.75 lacs), sundry debtors (net of provision) would have been Rs.5,453.98 lacs, as against the reported figure of Rs.5,273.68 lacs (as at 31st March, 2008, Rs.5,306.64 lacs, as against the reported figure of Rs.5,135.80 lacs), Secured Loans as at 31st March, 2008 would have been Rs.48,947.54 lacs, as against the reported figure of Rs.46,483.31 lacs, Current Liabilities as at 31st March, 2008, would have been Rs.29,049.36 lacs, as against the reported figure of Rs.28,029.64 lacs.

Subject to the foregoing (including para 6 in case of previous period), in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) *in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2009;*
- (b) *in the case of the Profit and Loss account, of the Profit for the year ended on that date; and*
- (c) *in the case of the Cash-flow statement, of the Cash Flows for the year ended on that date.*

For C. C. Chokshi & Co.,
Chartered Accountants

(R. Salivati)
Partner

Mumbai, Dated, 12th August, 2009

Membership no. 34004

ANNEXURE TO THE AUDITOR'S REPORT

Re: Mafatlal Industries Limited

(Referred to in paragraph 3 of our report of even date)

- (i) The requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company for the year.
- (ii) (a) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. *The same are in the process of being updated;*
 (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
 (c) There has not been any substantial disposal of fixed assets during the year.
- (iii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
 (b) The procedures of physical verification of 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 inventories. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iv) The Company has not granted or taken loans to/ from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirements of clauses (iii.a) to (iii.g) of paragraph 4 of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (vi) There were no contracts or arrangements that need to be entered in the Register in pursuance of section 301 of the Companies Act, 1956.
- (vii) The Company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, where applicable, and the Rules framed thereunder. We are informed that no Order has been passed by the Company Law Board, Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (ix) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company relating to the manufacture of "Textiles", pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
- (x) (a) *In our opinion and according to the information and explanations given to us, the Company has not been regular in depositing undisputed dues with the appropriate authorities in respect of provident fund, employees' state insurance dues, sales-tax, profession tax, gratuity, labour welfare fund dues, excise duty, property tax, municipal water charges and electricity duty. In respect of investor education & protection fund, wealth-tax, income-tax, service-tax, cess and other material statutory dues, it has generally been regular in depositing undisputed statutory dues with the appropriate authorities. As at the year end, the arrears of statutory dues outstanding for a period of*

more than six months aggregate to Rs.838.21 lacs in respect of provident fund, Rs.190.51 lacs in respect of employees' state insurance dues, Rs.7.84 lac in respect of profession tax, Rs.23.38 lacs in respect of sales-tax, Rs.2120.89 lacs in respect of gratuity, Rs.0.17 lac in respect of labour welfare fund, Rs.281.54 lacs in respect of excise duty, Rs.96.15 lacs in respect of property tax, Rs.6.70 lacs in respect of municipal tax, Rs.254.60 lacs in respect of municipal water charges and Rs.3,677.96 lacs in respect of electricity duty;

- (b) *according to the information and explanations given to us, except for the following, there are no other cases of non-deposit with appropriate authorities of disputed dues of sales-tax, income-tax, customs duty, wealth-tax, service-tax, excise duty and cess:*
 - *Rs.2991.23 lacs in respect of excise duty [pending with Assistant Commissioner, Rs.2,530.32 lacs/ Commissioner (Appeals) Rs.429.65 lacs/CESTAT Rs.14.58 lacs/ Supreme Court Rs.1.69 lacs/ Gujarat High Court Rs.14.99 lacs]; years to which the amount relates is 1989-90 to 2003-04.*
 - *Rs.381.05 lacs in respect of Custom Duty [pending with Director General of Foreign Trade]; years to which the amount relates is 1989-90 to 1999-2000.*
- (xi) *The accumulated losses of the Company as at the end of the year are more than fifty percent of its net worth. The Company has not incurred cash losses during the year or in the immediately preceding period.*
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks [Refer note 5(c) of Schedule 18]. The Company did not have dues to financial institutions at anytime during the year and has not issued debentures.
- (xiii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by Others from banks and financial institutions, are not, *prima facie*, prejudicial to the interests of the Company [Refer Note 2(h) of Schedule 18].
- (xv) In our opinion and according to the information and explanations given to us, the term loans obtained were, *prima facie*, applied for the purpose for which they were raised.
- (xvi) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures and hence the question of creating securities or charge in respect thereof does not arise.
- (xix) During the year, the Company has not raised money by public issue(s).
- (xx) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For C. C. Chokshi & Co.,
Chartered Accountants

(R. Salivati)
Partner

Mumbai, Dated, 12th August, 2009

Membership no. 34004

Balance Sheet as at 31st March, 2009

			As at 31st March, 2008 Rupees in lacs
	Schedule	Rupees in lacs	
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :		29,759.00	29,759.00
(a) Share Capital	1	9,499.94	9,499.94
(b) Reserves and Surplus	2	20,259.06	20,259.06
2. Loan Funds :		10,053.15	51,633.98
(a) Secured Loans	3	5,188.40	46,483.31
(b) Unsecured Loans	4	4,864.75	5,150.67
3. Deferred Tax Liability		-	-
(Refer Note 7 of Schedule 18)			
TOTAL		39,812.15	81,392.98
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	5	3,373.55	3,797.80
(a) Gross Block		26,648.33	27,388.69
(b) Less : Depreciation		23,274.78	23,773.38
(c) Net Block		3,373.55	3,615.31
(d) Capital Work-in-Progress		-	182.49
2. Investments	6	16,567.45	16,609.00
3. Current Assets, Loans and Advances :		14,165.29	25,183.42
(a) Inventories	7	1,636.31	1,623.22
(b) Sundry Debtors	8	5,273.68	5,135.80
(c) Cash and Bank Balances	9	2,046.87	3,696.29
(d) Loans and Advances	10	5,208.43	14,728.11
Less : Current Liabilities and Provisions :		25,572.92	30,505.68
(a) Liabilities	11	22,920.29	28,029.64
(b) Provisions	12	2,652.63	2,476.04
Net Current Assets		(11,407.63)	(5,322.26)
4. Miscellaneous Expenditure:			
(To the extent not written off or adjusted)			
Deferred Revenue Expenditure		0.75	1,279.69
5. Profit and Loss Account		31,278.03	65,028.75
TOTAL		39,812.15	81,392.98
Significant Accounting Policies	17		
Notes on Accounts	18		

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants(R. Salivati)
PartnerH. A. Mafatlal
Vice ChairmanR. R. Patel
Company Secretary

P. R. Amin N. K. Parikh V. K. Balasubramanian A. C. Gandhi Mohan Lall	} Directors

Mumbai, Dated: 12th August, 2009Mumbai, Dated: 12th August, 2009

Mafatlal Industries Limited

Profit and Loss Account for the year ended 31st March, 2009

	Schedule	Rupees in lacs	Rupees in lacs	Previous Period Rupees in lacs
INCOME :			54,783.30	40,127.67
Turnover (including export benefits / incentives)		12,707.10	36,396.39	
Other Income	13	42,059.00	4,629.79	
Increase / (Decrease) in Stocks of Finished goods and Process Stock	14	17.20	(898.51)	
EXPENDITURE :			21,016.58	37,174.15
Manufacturing and Other Expenses	15	19,832.02	32,184.45	
Cost of Land Sold		-	1,500.06	
Excise Duty		-	0.64	
Depreciation		401.75	806.66	
Depreciation on Immovable Properties		0.27	0.42	
Interest (Net)	16	782.54	2,681.92	
Profit before tax		33,766.72	2,953.52	
Provision for Wealth Tax		(0.40)	(0.90)	
Provision for Fringe Benefit Tax		(15.60)	(22.31)	
Profit after Tax		33,750.72	2,930.31	
Balance brought forward from Previous Period/ Year		(65,028.75)	(67,791.06)	
Incremental Provision for employee benefits as at 1st October, 2006 calculated as per Accounting Standard 15 (Revised)		0.00	(168.00)	
		(65,028.75)	(67,959.06)	
Balance carried to Balance Sheet		(31,278.03)	(65,028.75)	
Earnings Per Share				
Basic / Diluted (Rs.)			675.01	58.61
(Refer note 20 of Schedule 18)				
Significant Accounting Policies	17			
Notes on Accounts	18			

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants

(R. Salivati)
Partner

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lal

} Directors

Mumbai. Dated: 12th August, 2009

Mumbai. Dated: 12th August, 2009

Cash flow statement for the year ended 31st March, 2009

	Rupees In lacs	Previous Period Rupees In lacs
A. Cash flow from operating activities		
Profit before tax	33,766.72	2,953.52
adjustments for,		
Depreciation	402.02	807.08
Loss on sale/ disposal of fixed assets (net)	7.27	21.51
Capital work in Progress written off	64.07	123.82
Interest expense	1,014.50	2,929.12
Interest income	(231.96)	(247.20)
Dividend income	(17.75)	(38.86)
Write back of liabilities on one time settlement no longer payable	-	(83.81)
Reliefs and concessions on restructuring of Loans and Liabilities (Refer Note 5 (c) of Schedule 18)	(37,738.33)	-
Provisions for doubtful debts/advances written back	-	(156.21)
Excess provision of earlier years written back (net)	(1,034.25)	(160.62)
Provision for doubtful debts/ advances	1,333.78	656.88
Provision for Diminution in the value of long term Investments	-	2,824.53
Deferred revenue expenditure written off	1,278.94	2,194.47
Operating (loss) / profit before working capital changes	(1,154.99)	11,824.23
(Increase) / Decrease in trade receivables	(517.25)	421.92
(Increase) / Decrease in inventories	(13.09)	2,495.55
Decrease / (Increase) in loans and advances	8,554.82	(9,685.73)
Increase / (Decrease) in trade and other payables	338.64	(4,529.21)
	8,363.12	(11,297.47)
Cash generated from Operations	7,208.13	526.76
Direct taxes and Fringe Benefit Tax (paid) (net)	(3.15)	(138.30)
Net cash generated from operating activities	7,204.98	388.46
B. Cash flow from investing activities		
Purchase of fixed assets	(51.29)	(139.59)
Sale of fixed assets	2.45	63.54
Sale of Investments	41.28	-
Dividend received	17.75	38.86
Interest received	224.71	228.70
Net cash generated from investing activities	234.90	191.51
C. Cash flow from financing activities		
Repayment of other borrowings (net)	(0.10)	(5.01)
Proceeds from long term borrowings	-	2,300.00
Repayments of long term borrowings	(8,536.70)	(22.92)
Interest paid	(559.75)	(283.77)
Net cash flow (used in) / generated from financing activities	(9,096.55)	1,988.30
Net (decrease) / increase in cash and cash equivalents	(1,656.67)	2,568.27
Cash and cash equivalents at the beginning of the year / period	3,671.77	1,103.50
Cash and cash equivalents at the end of the year / period	2,015.10	3,671.77
Note :		
Reconciliation of cash and cash equivalents		
As per Balance Sheet - Schedule 9	2,046.87	3,696.29
Less: interest accrued on bank deposits	(31.77)	(24.52)
As per Cash flow statement	2,015.10	3,671.77

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants(R. Salivati)
PartnerH. A. Mafatlal
Vice ChairmanR. R. Patel
Company Secretary

P. R. Amin N. K. Parikh V. K. Balasubramanian A. C. Gandhi Mohan Lall	} Directors
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Mumbai, Dated: 12th August, 2009Mumbai, Dated: 12th August, 2009

Schedules forming part of the Balance Sheet

Schedule 1

SHARE CAPITAL

Authorised :

53,32,194	Equity Shares of Rs 10/- each
900,00,000	Non- Cumulative Redeemable Preference Shares of Rs 10/- each
46,67,806	Unclassified Shares of Rs 10/- each

**Rupees
in lacs**

10,000.00

533.22

9,000.00

466.78

**As at
31st March, 2008**

**Rupees
in lacs**

10,000.00

533.22

9,000.00

466.78

Issued :

53,32,194	Equity Shares of Rs. 10/- each
900,00,000	Optionally Convertible Fully Redeemable Non- Cumulative Preference Shares of Rs 10/- each

9,533.22

533.22

9,000.00

9,533.22

9,533.22

533.22

9,000.00

9,533.22

Subscribed :

50,00,000	Equity Shares of Rs. 10/- each
900,00,000	Optionally Convertible Fully Redeemable Non- Cumulative Preference Shares of Rs 10/- each

9,500.00

500.00

9,000.00

9,500.00

9,500.00

500.00

9,000.00

9,500.00

Paid-up :

50,00,000	Equity Shares of Rs. 10/- each
	(refer note 8 of Schedule 18)
	Less : Allotment money / Calls in arrears

9,499.94

500.00

0.06

499.94

9,499.94

9,499.94

500.00

0.06

499.94

9,499.94

900,00,000	Optionally Convertible Fully Redeemable Non- Cumulative Preference Shares of Rs 10/- each
------------	--

9,000.00

9,000.00

9,000.00

9,000.00

Notes :

- 1) In respect of the above equity shares :
 - (a) 2,18,805 Equity Shares of the original value of Rs. 125/- each were issued as fully paid-up pursuant to contracts without payment being received in cash.
 - (b) 3,41,227 Equity Shares of the original value of Rs. 125/- each were issued as fully paid-up Bonus Shares by capitalisation of Reserves and Share Premium Account.
 - (c) 14,82,500 Equity Shares of the original value of Rs. 100/- each have been allotted as fully paid-up on conversion of 8% Fully Convertible Debentures.
 - (d) 7,76,944 Equity Shares of the original value of Rs 100/- each have been allotted as fully paid up and issued to the shareholders of the erstwhile The Mafatlal Fine Spinning and Manufacturing Company Limited on amalgamation with the Company, without payment being received in cash.
- 2) Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each were issued with an option to the Company to convert them into Equity Shares on or after 1st January, 2014, by giving three months notice to the Preference Shareholders whereas the preference shareholders would have the option to convert them into Equity shares at anytime after the date of allotment by giving three months notice to the Company. If not converted, these would have been redeemable after twenty years from the date of allotment i.e. 2nd November, 2004 at such premium which the Company would have considered but not exceeding the face value.
 - (a) In term of Modified Scheme (MS) approved by BIFR, conversion option has been withdrawn in respect of 600,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each which have become redeemable. The Earliest date of redemption is projected at 1st April, 2013.
 - (b) The balance 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each are to be converted into Equity Share Capital of the Company, such that the post-conversion shareholding of equity share by the Promoter Group remain in compliance of SEBI guidelines / Listing Agreements. The conversion will be effected at a higher of either
 - (i) the average of weekly high and low of closing price of shares of MIL as quoted on the Bombay Stock Exchange traded during 6 months preceding the date of conversion of the Preference Shares ; or
 - (ii) The average of weekly high and low of the closing prices of shares of MIL as quoted on Bombay Stock Exchange traded during the 2 weeks preceding the date of conversion of the Preference Shares.

Total.....

9,499.94

9,499.94

Schedule 2

RESERVES AND SURPLUS

Capital Reserve No 1. :

As per Last Balance Sheet

**Rupees
in lacs**

61.16

**As at
31st March, 2008**

**Rupees
in lacs**

61.16

Capital Reserve No 2. :

As per Last Balance Sheet

35.00

35.00

35.00

35.00

State Government Subsidy :

As per Last Balance Sheet

18,865.16

18,865.16

18,865.16

18,865.16

Securities Premium Account :

As per Last Balance Sheet

75.96

75.96

75.96

75.96

Capital Investment Reserve :

As per Last Balance Sheet

1,200.00

1,200.00

1,200.00

1,200.00

Capital Redemption Reserve :

As per Last Balance Sheet

1.78

1.78

1.78

1.78

Investment Reserve :

As per Last Balance Sheet

20.00

20.00

20.00

20.00

Export Profit Reserve :

As per Last Balance Sheet

20,259.06

20,259.06

20,259.06

20,259.06

Total.....

20,259.06

20,259.06

Schedule 3**SECURED LOANS****Loans and Advances :**

	Notes	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
a) From Banks	1	4,911.40	46,206.31
b) From Subsidiary - (assignee of bank)	1	1,802.44	30,528.31
c) From Others - (assignee of bank)	1	3,108.96	11,022.50

Other Loans and Advances :

		277.00	277.00
Ensen Holdings Limited	2	277.00	277.00

Total..... **5,188.40** **46,483.31**

Notes :

- Secured by first pari passu charge on all the fixed and current assets at Navsari, Nadiad and residual textile manufacturing operation at Mazagaon situated on a plot of 6252 square meter area.
- Secured by mortgage of certain immovable properties of the Company.

Schedule 4**UNSECURED LOANS****Short Term Loans and Advances :**

From Others	2,833.05	2,833.15
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Other Loans and Advances:

From Others	2,031.70	2,317.52
Total.....	4,864.75	5,150.67

Schedule 5**FIXED ASSETS (At cost or book value)**

Rupees in lacs

	Land	Buildings	Plant and Machinery	Furnitures etc.	Vehicles	Railway sidings	SUB TOTAL	Acquired on Finance Lease (Vehicles)	TOTAL	As at 31st March, 2008
Cost as at 1st April, 2008.....	32.53	3,180.42	23,073.52	1,028.02	64.73	2.70	27,381.92	6.77	27,388.69	27,557.72
Additions / Adjustments.....	-	0.74	160.48	8.46	0.03	-	169.71	-	169.71	144.89
Deductions / Adjustments.....	-	-	882.53	27.54	-	-	910.07	-	910.07	313.92
Total as at 31st March, 2009.....	32.53	3,181.16	22,351.47	1,008.94	64.76	2.70	26,641.56	6.77	26,648.33	27,388.69
Depreciation upto 31st March, 2009.....	-	1,156.87	21,214.29	849.72	50.08	2.57	23,273.53	1.25	23,274.78	23,773.38
Net Value as at 31st March, 2009.....	32.53	2,024.29	1,137.18	159.22	14.68	0.13	3,368.03	5.52	3,373.55	3,615.31
Net Value as at 31st March, 2008.....	32.53	2,090.61	1,281.38	187.27	17.23	0.13	3,609.15	6.16	3,615.31	
Depreciation for the year / period.....	-	67.07	303.88	27.58	2.58	-	401.11	0.64	401.75	806.66

Note :

Buildings include a sum of Rs. 71.19 lacs being cost of ownership premises in Co-operative Societies including cost of Shares of the face value of Rs. 4,500/- received/ to be received under the Bye-laws of the Societies.

Capital work-in-progress :

Uninstalled Machinery	276.54	459.03
Less: Impairment Loss	276.54	276.54
Total.....	-	182.49

Mafatlal Industries Limited

Schedule 6

INVESTMENTS

(Long Term)

In Government Securities	
In Shares, Debentures and Bonds of Joint Stock Companies, etc.	
In Immovable Properties	
Total	

Notes

"A"
"B"
"C"

Rupees in lacs
5.25
16,545.58
16.62
16,567.45

As at 31st March, 2008
Rupees in lacs
5.25
16,586.86
16.89
16,609.00

As at 31st March, 2008

PARTICULARS

Nos.

Face
Value

At Cost

Nos.

Face
Value

At Cost

		Rupees	Rupees in lacs	Rupees in lacs		Rupees	Rupees in lacs	Rupees in lacs
A. In Government Securities (Securities of the face value of Rs. 5.24 lacs - as at 31st March, 2008 Rs 5.24 lacs have been lodged with various authorities)	523800			5.25	523800			5.25
B. In Shares, Debentures and Bonds of Joint Stock Companies, etc.:								
(a) Trade Investments :								
In fully paid Equity Shares of :				59.34				59.34
Matcon Export Enterprises Ltd	13,350	10.00		1.34	13,350	10.00		1.34
Mafatlal Engineering Industries Ltd	1,46,364	100.00	162.44		1,46,364	100.00	162.44	
Less : Provision for diminution in the value of investments ...			162.44				162.44	
Mafatlal V K Intex Ltd	5,80,000	10.00		58.00	5,80,000	10.00		58.00
Schlafhorst Engineering (India) Ltd	20	10.00		(286)	20	10.00		(286)
Sunanda Industries Ltd. *	35,76,002	10.00	910.35		35,76,002	10.00	910.35	
Less : Provision for diminution in the value of investments ...			910.35				910.35	
(b) Non-Trade Investments :								
i) Subsidiaries:								
In fully paid Equity Shares of :				12,572.90				12,572.90
Mafatlal Services Ltd	2,72,800	100.00		272.80	2,72,800	100.00		272.80
Mishapur Investments Ltd.	78,00,000	100.00		12,300.10	78,00,000	100.00		12,300.10
Sudas Manufacturing and Trading Ltd	2	10.00		(20)	2	10.00		(20)
Sunanda Industrial Machinery Ltd	2	10.00		(20)	2	10.00		(20)
Ibiza Industries Limited ##	13,50,000	10.00	177.50		13,50,000	10.00	177.50	
Less : Provision for diminution in the value of investments			177.50				177.50	
ii) Other Investments :								
In fully paid Equity Shares of :				3,913.34				3,954.62
Anil Products Limited	2,320	10.00	0.12		2,320	10.00	0.12	
Less : Provision for diminution in the value of investments			0.12				0.12	
Anil Biochem Limited	116	10.00	0.01		116	10.00	0.01	
Less : Provision for diminution in the value of investments			0.01				0.01	
Arlabs Ltd	100	10.00	0.02		100	10.00	0.02	
Less : Provision for diminution in the value of investments			0.02				0.02	
Mafatlal Holdings Ltd.	21,50,000	10.00		260.00	21,50,000	10.00		260.00
Sushmita Holdings Ltd.	1,83,50,000	10.00		2,540.00	1,83,50,000	10.00		2,540.00
Cama Hotels Ltd	45,000	10.00		5.95	45,000	10.00		5.95
Cellulose Products of India Ltd	15,000	10.00	1.13		15,000	10.00	1.13	
Less : Provision for diminution in the value of investments			1.13				1.13	
Housing Development Finance Corporation Ltd.	18,420	10.00		3.69	18,420	10.00		3.69
Hybrid Financial Services Ltd	90,70,000	10.00	1,961.05		90,70,000	10.00	1,961.05	
(formerly known as Mafatlal Finance Co. Ltd)			1,874.88				1,874.88	
Less : Provision for diminution in the value of investments								
Mafatlal Ltd. @	14,700	£ 10.00	39.30		14,700	£ 10.00	39.30	
Less : Provision for diminution in the value of investments			39.30				39.30	
Sushmita Engineering and Trading Ltd	1,53,000	10.00		15.38	1,53,000	10.00		15.38
NOCIL Ltd	61,880	10.00		16.97	61,880	10.00		16.97
Stanrose Mafatlal Investments and Finance Ltd.	79,920	10.00		24.98	79,920	10.00		24.98
Carried forward				15,585.38				15,585.38

As at 31st March, 2008

PARTICULARS	Nos.	Face Value	At Cost	Nos.	Face Value	At Cost
		Rupees	Rupees in lacs		Rupees	Rupees in lacs
Brought Forward			15,585.38			15,585.38
SLM - Maneklal Industries Ltd	5,870	100.00	2.20	5,870	100.00	2.20
Less : Provision for diminution in the value of investments			2.20			2.20
TAK Machinery and Leasing Ltd	31,500	10.00	3.39	31,500	10.00	3.39
Ultramarine and Pigment Ltd	9,600	2.00	0.02	9,600	2.00	0.02
Universal Dyestuff Industries Ltd	10	25.00	(430)	10	25.00	(430)
In fully paid, 13.5% Redeemable Preference Shares of Sushmita Holdings Ltd	90,00,000	10.00	900.00	90,00,000	10.00	900.00
Master Shares of Unit Trust of India	4,32,000	10.00	36.29	4,32,000	10.00	36.29
6.75 % Tax Free US 64 Bonds			-	41,285	100.00	41.28
Fully paid Shares of Sea- Face Park Co-op Hsg Society Ltd	5	50.00	(250)	5	50.00	(250)
10% Secured Redeemable Convertible Debentures of Mafatal Engineering Industries Ltd	1,65,000	100.00	(1)	1,65,000	100.00	(1)
Housing Development Finance Corporation Ltd. Corporate Bonds :						
11 % - Series IV #	2,050	1,000.00	20.50	2,050	1,000.00	20.50
Total			16,545.58			16,586.86

Figures in () are in Rupees

* Subject to non disposal undertakings given to financial institutions.

© Not available for physical verification / confirmation not available.

Not available for physical verification / confirmation not available; currently under liquidation.

1050 nos. - Not available for physical verification.

Notes :

	Cost (of A and B)	Market Value
	Rupees in lacs	Rupees in lacs
(a) Aggregate of Quoted Investments	135.22	394.30
As at 31st March, 2008	176.50	654.30
Aggregate of Unquoted Investments	16,415.61	
As at 31st March, 2008	16,415.61	
	16,550.83	
	16,592.11	

(b) Following Investments have been pledged for loans/deposit taken by the company / other companies:

13,50,000 Equity Shares of Ibiza Industries Limited of the face value of Rs 10/- each (Cost Rs 177.50 lacs)

		As at 31st March, 2008
	Rupees in lacs	Rupees in lacs
C. In Immovable Properties :		
Balance as per last Balance Sheet	36.01	36.01
Less : Accumulated Depreciation	19.39	19.12
Total	16.62	16.89

Mafatlal Industries Limited

Schedule 7

INVENTORIES

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Stores and Spares.....	122.63	116.83
Stock - in - Trade :	1,513.68	1,506.39
Raw Materials.....	29.57	39.48
Finished Goods (including waste)	390.16	458.31
Process Stock.....	1,092.85	1,007.50
Others (Land)	1.10	1.10
Total.....	1,636.31	1,623.22

Schedule 8

SUNDRY DEBTORS (Unsecured)

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Debts outstanding for a period exceeding six months.....	7,617.03	7,376.95
Other Debts	1,549.51	1,272.34
	9,166.54	8,649.29
Less : Provision	3,892.86	3,513.49
Total.....	5,273.68	5,135.80
Note :		
Considered Good	5,273.68	5,135.80
Considered Doubtful	3,892.86	3,513.49
Total.....	9,166.54	8,649.29

Schedule 9

CASH AND BANK BALANCES

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Cash on hand	17.78	11.93
Remittances in transit	4.06	7.25
Balances with Scheduled Banks :	2,025.03	3,677.11
In Current Accounts	332.55	157.05
In Fixed Deposit Accounts [Including Rs 0.66 lacs (As at 31st March, 2008- Rs 1.35 lacs) over which the banks have lien. Interest accrued Rs 31.77 lacs (As at 31st March, 2008- Rs 24.52 lacs)]	1,692.48	3,520.06
Total.....	2,046.87	3,696.29

Schedule 10**LOANS AND ADVANCES**

(Unsecured)

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Loans	1,043.71	1,053.41
Due from Subsidiary Companies	1,188.70	9,489.35
Advances recoverable in cash or in kind or for value to be received	4,999.19	5,140.73
Advance Tax (Net of Provisions)	1,100.61	1,111.06
Balance with Central Excise Department	187.82	290.75
	8,520.03	17,085.30
Less : Provision	3,311.60	2,357.19
Total	5,208.43	14,728.11
Notes:		
(1) Considered good	5,208.43	14,728.11
Considered doubtful	3,311.60	2,357.19
Total	8,520.03	17,085.30
(2) Due from Officers	11.92	12.00
Maximum amount outstanding at any time during the year	12.00	12.00
(3) Loans and advances in the nature of loans (net of provision) due from :		
<i>Subsidiary companies</i>		
Sudas Manufacturing and Trading Ltd	192.93	3,100.00
Maximum amount outstanding at any time during the year	3,550.00	3,100.00
Sunanda Industrial Machinery Ltd.	300.00	5,700.00
Maximum amount outstanding at any time during the year	5,700.00	6,000.00
<i>Associate companies</i>		
Mafatlal VK Intex Limited	38.00	38.00
Maximum amount outstanding at any time during the year	38.00	38.00
Repal Apparel Pvt. Limited	115.71	115.71
Maximum amount outstanding at any time during the year	115.71	115.71
Sushmita Holdings Limited	475.60	475.60
Maximum amount outstanding at any time during the year	475.60	475.60
<i>Others (interest-free loans with no repayment schedules)</i>		
Mafatlal SA Intex Limited	98.78	98.78
Maximum amount outstanding at any time during the year	98.78	98.78
Staff Loans	16.11	16.56
Maximum amount outstanding at any time during the year	16.56	22.51

None of the loanees and Loanees of Subsidiary Company have made investments in the shares of the Company.

Schedule 11**LIABILITIES**

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Sundry Creditors :	19,669.22	21,165.98
(i) Total outstanding dues to Micro enterprises and Small enterprises (refer note 17 of schedule 18)	-	-
(ii) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises	19,669.22	21,165.98
Other Liabilities	1,913.29	830.54
Advance against orders	501.72	512.91
Advance against sale/ development of property	510.00	510.00
Due under hire purchase agreements	2.00	3.62
Due to Subsidiary Companies	182.73	181.52
Interest accrued but not due on loans	141.33	4,825.07
Total	22,920.29	28,029.64

Schedule 12**PROVISIONS**

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
For Income Tax (Net of Advance Tax)	54.20	49.06
For Wealth Tax (Net of Advance Tax)	0.62	0.55
For Fringe Benefit Tax (Net of Advance Tax)	0.27	3.08
For Gratuity	2,351.08	2,188.58
For Compensated Absences	246.46	234.77
Total	2,652.63	2,476.04

Mafatlal Industries Limited

Schedules forming part of the Profit and Loss Account

Schedule 13

OTHER INCOME

	Rupees in lacs	Previous Period Rupees in lacs
Dividend on Long Term Investments (Non-trade)	17.75	38.86
Air-conditioning charges and other Receipts	415.64	557.60
Royalty Income	10.00	15.00
Miscellaneous Income	856.31	429.83
Write back of liabilities on one time settlement no longer payable (net).....	-	83.81
Provisions for doubtful debts written back	-	156.21
Rent from Property	1,286.24	1,724.18
Reliefs and concessions on restructuring of Loans and Liabilities	37,738.33	-
(Refer Note 5 (c) of Schedule 18)		
Processing Charges	700.48	1,463.68
Excess provision of earlier years written back (net)	1,034.25	160.62
Total	42,059.00	4,629.79

Schedule 14

INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND PROCESS STOCK

	Rupees in lacs	Previous Period Rupees in lacs
Stocks as on 31st March, 2009 :	1,483.01	1,465.81
Finished Goods	390.16	458.31
Process Stock	1,092.85	1,007.50
Stocks as on 31st March, 2008 :	1,465.81	2,364.32
Finished Goods	458.31	650.34
Process Stock	1,007.50	1,713.98
Total	17.20	(898.51)

Schedule 15

MANUFACTURING AND OTHER EXPENSES

	Rupees in lacs	Previous Period Rupees in lacs
1. Raw Materials consumed	3,628.22	6,479.99
2. Purchase of Semi-finished and Finished Goods.....	911.43	225.52
3. Payments to and Provisions for Employees :	3,573.18	5,110.21
(a) Salaries, Wages and Bonus	2,869.93	3,934.24
(b) Contribution to Gratuity Fund	230.19	531.05
(c) Contribution to Provident Fund and Superannuation Funds, etc.	417.15	558.76
(d) Welfare Expenses	55.91	86.16
4. Operations and Other Expenses :	11,648.93	20,283.45
(a) Stores and Spare Parts consumed	1,563.26	2,333.78
(b) Processing Charges	110.50	206.62
(c) Power and Fuel	4,998.88	7,375.02
(d) Repairs :		
To Buildings	64.23	104.17
To Machinery	182.10	145.62
(e) Insurance	29.91	62.13
(f) Lease Rent	37.88	62.66
(g) Rates and Taxes	242.54	832.31
(h) Advertisement, Stationery, Printing, Postage and Faxes	75.63	119.45
(i) Commission, Brokerage and Discount	405.86	652.38
(j) Transport and Freight Charges (Net)	292.44	493.91
(k) Provision for Doubtful Debts / Advances	1,333.78	656.88
(l) Provision for Diminution in the value of long term Investments	-	2,824.53
(m) Donations and Charities	0.22	0.71
(n) Loss on sale / disposal of Fixed Assets (net)	7.27	21.51
(o) Capital work in Progress written off	64.07	123.82
(p) Deferred Revenue Expenditure written off	1,278.94	2,194.47
(q) Miscellaneous Expenses	961.42	2,073.48
5. Air-Conditioning Expenses	67.97	83.70
6. Directors' Fees	2.29	1.58
Total.....	19,832.02	32,184.45

Schedule 16
INTEREST (NET)

	Rupees in lacs	Previous Period Rupees in lacs
Interest Expense :	1,014.50	2,929.12
On Deposits	24.15	36.54
On Fixed Loans (net)	-	1,339.19
On Others / Cash Credit Accounts, etc.	990.35	1,553.39
Less: Interest Income :	231.96	247.20
Interest on Bank Deposits, etc.	231.96	247.20
(TDS Rs 3.89 lacs - Previous Period, Rs.2.94 lacs)		
Total	782.54	2,681.92

Mafatlat Industries Limited

Schedules forming part of the Balance Sheet and Profit and Loss account

Schedule 17

SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

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

Fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

Expenditure during construction period

Expenditure during construction period, including pre-operative expenses, all direct and indirect expenses and trial run expenses (net of trial run sale and trial run closing stocks) are capitalized.

Depreciation

Depreciation on fixed assets is provided on the straight-line/ written down basis in accordance with the Companies Act, 1956 (refer note 10 of schedule 18).

Assets acquired on finance lease are depreciated over the period of lease.

Cost of leasehold land is written off over the period of lease.

Investments

Current investments are carried at lower of cost or fair value. Long-term investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long-term investments.

Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Stores, spares and raw materials

Weighted average

Process stock and finished goods

Material cost plus appropriate value of overheads

Trading goods

FIFO

Others (land)

At cost including accretion to its value on conversion to stock-in-trade

Deferred revenue expenditure

The expenditure on voluntary retirement compensation and retrenchment compensation is treated as 'deferred revenue expenditure' and amortized over a period of five years.

Employee benefits

- The Company contributes towards Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the statute/ rules.
- Gratuity liability, a defined benefit scheme, and provision for compensated absences are accrued and provided for on the basis of actuarial valuations made at the year end.

Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains/ losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to determination or realization exists.

Export Benefits

Export Benefit available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate realization / utilization of such benefits.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Taxes on Income

Tax expenses comprise both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefit tax issued by The Institute of Chartered Accountants of India.

Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

Schedule 18**NOTES ON ACCOUNTS**

	Rupees in lacs	As at 31 st March, 2008 Rupees in lacs
1. Estimated contracts remaining to be executed on capital account and not provided for	363.64	363.88
2. Contingent liabilities, in respect of:		
a. Bills of exchange discounted	176.32	198.41
b. Demands of income-tax and wealth-tax authorities disputed in appeals (mainly relate to disallowance of investment/ loan write off, claim of interest on refund of excise duty/ sales tax, disallowance of chapter VIA deductions, etc. (pending before the Income-tax Appellate Tribunal/ High court))	989.46	989.46
c. Demands under excise and other proceedings disputed in appeals (mainly relating to matters like differential duty on revision of assessable value of yarn captively consumed, duty on T.C. hard waste, duty on drill etc. (pending at various stages, from Assistant Commissioner to CESTAT/ High Court/ Supreme Court))	2,710.98	3,793.14
d. Claims against the Company not acknowledged as debts (mainly relating to dispute on fixed water charges at Navsari Unit)	635.48	598.56
e. Concessional customs duty on import of machinery under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation	911.00	860.00
f. Claims made by workers against the Company (mainly relating to matters like termination, compensation etc.)	1,417.20	Amounts not ascertainable
g. Demands from Director General of Foreign Trade against Advance License	381.05	Nil
h. Guarantees given on behalf of		
(i) Subsidiary Company- Ibiza Industries Ltd	850.28	850.28
(ii) Associate Company- Sunanda Industries Ltd	-	2754.76
In the above matters (2b. to 2g.), the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
3. The Company has created a charge on certain receivables towards amenities and service charges both present and future, as a security for borrowings of Rs. 2,300.00 lacs (amount outstanding as at 31 st March, 2009, Rs. 1,999.58 lacs, as at 31 st March, 2008, Rs. 2,285.41 lacs) by a group company.		
4. Payment to Auditors (excluding Service Tax)		

Statutory Auditors

	Rupees in lacs	Previous Period Rupees in lacs
Audit fees	4.00	4.00
Tax audit fees	3.50	3.50
As advisors or in any other capacity, in respect of:		
- taxation matters [represents payment of Rs.10.76 lacs (Previous period Nil) made to a firm in which some of the partners of the statutory audit firm are partners]	10.76	30.30
- company law matters	-	3.50
In any other manner (certification work, limited reviews, etc.)	3.60	5.30
Expenses	0.18	0.05
Total	22.04	46.65

Branch Auditors

	Rupees in lacs	Previous Period Rupees in lacs
Audit fees	1.20	1.20
Tax audit fees	0.70	1.20
In any other manner (certification work, limited review, etc.)	1.30	2.06
Expenses	0.35	0.47
Total	3.55	4.93

- 5 (a) The Board for Industrial & Financial Reconstruction (BIFR) had declared the Company, a sick industrial undertaking, within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) on 19th September, 2000. It sanctioned a scheme for rehabilitation ('the sanctioned scheme' (SS)) of the Company on 30th October, 2002, issued on 15th November, 2002 and appointed the Industrial Development Bank of India (IDBI) as the Monitoring Agency (MA). The SS envisaged corporate, business and financial restructuring of the Company's business. The Company had taken several steps for implementation of the SS, but certain delays occurred in completion of reorganization of charges. Hence, at the directive of BIFR, the Company initiated the process of modifying the SS. BIFR vide their Order dated 24/25th June, 2009 approved the Modified Scheme (MS) in terms of provisions of section 18(4) read with section 19(3) of SICA.
- (b) Pursuant to the demerger of the Real Estate and Investment Business to Sulakshana Securities Limited (SSL), the shareholders of the Company are to be issued one equity share of Rs. 10/- each, fully paid-up, in SSL for every 500 shares of Rs. 100/- each, fully paid-up, held in the Company as consideration for the demerger, aggregating to Rs. 1.00 lac. As the shareholders of the Company would be entitled to receive only fractional shares of SSL, the SS envisages that these shares would be acquired by NFIL and the shareholders of the Company would receive proportionate payment in consideration thereof. The Company has received the said amount of Rs. 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.

- (c) During the previous period and in the current year, at the behest of the Company, dues aggregating to Rs.50,906.80 lacs were assigned by the banks, along with underlying security and all other rights, title and entitlements to the Secured Creditors as follows:

Assigned to Secured Creditors	Assigned dues (Rs. in lacs)	Cost of acquisition for Secured Creditors (Rs. in lacs)
Sudas Manufacturing and Trading Ltd. - Subsidiary	17,197.03	3,357.07
Sunanda Industrial Machinery Ltd. - Subsidiary	28,947.52	6,702.44
Navin Flourine International Ltd. - a Group Company	4,762.25	3,108.96
	50,906.80	13,168.47

Under the MS, the Secured Creditors who are the assignees of the Working Capital Bankers, are required to settle their dues at their cost of acquisition. Accordingly, MS provided for the waiver of remaining principal and interest, upon payment of agreed settlement amount, to such Secured Creditors.

- The Company made full payment of cost of acquisition to Sudas Manufacturing and Trading Limited and accordingly gain of Rs.13,839.96 lacs has been accounted as Reliefs & Concessions on Restructuring of Loans & Liabilities.
- Based on MS, the Company entered into a "Settlement Agreement" with other Secured Creditors to whom settlement amounts are outstanding. The said Creditors have also agreed that the settlement agreement shall be final, absolute, irrevocable and on non-recourse basis. The said Creditors have agreed that payment of settlement amounts can be made by 25th June, 2010. In view of this, the Company has accounted an amount of Rs.23,898.37 lacs as Reliefs & Concessions on Restructuring of Loans & Liabilities.

As per (i) & (ii) above, the amount of Rs.37,738.33 lacs representing the difference between assigned dues and settlement value has been included in Other Income as Reliefs & Concessions on Restructuring of Loans & Liabilities.

6. In view of substantial reliefs & concessions on restructuring of loans and liabilities received by the Company pursuant to the MS approved by the BIFR, as mentioned in Note 5 above, the accumulated losses have been substantially reduced. Accordingly, accounts are prepared on going concern basis.

7. The components of Deferred tax balances are as follows :

Sr. No.	Particulars	As at 31.03.2009 Amount (Rs. in lacs)	As at 31.03.2008 Amount (Rs. in lacs)
1	Deferred Tax Liability - Fixed Assets	(956.03)	(1,215.48)
2	Deferred Tax Asset - Provision for doubtful debts / advances	956.03	1,215.48
	Net Deferred Tax Liability	-	-

8. During 1987-88, 535,000 shares (of Rs. 100/- each) were allotted on rights basis subject to the result of suit nos. 3181 and 3182 of 1987 filed by three shareholders against the Company and Others in the Ahmedabad City Civil Court. The suits are pending disposal.
9. The Ahmedabad Unit of the Company has discontinued operations with effect from 1st March, 2003. On 21st May, 2003, the Company entered into an 'Agreement to Sell' with Annapurna Polymers Private Limited (APPL) for this Unit at an aggregate consideration of Rs. 677.70 lacs. The sale, after getting all approvals, was to be completed on or before 31st December, 2003. Pending this, a separate 'Conducting Agreement' has been entered with APPL, effective 1st June, 2003, under which APPL will operate the Unit on the Company's behalf. On expiry of the aforementioned period, till 31st December, 2003, it has been mutually agreed to extend the period further, till 31st December, 2009.
10. Depreciation on fixed assets of (a) the Old Unit at Nadiad and Unit at Ahmedabad and (b) Head Office of the Company, acquired prior to 1-4-1978, is provided on written down value basis and on all other assets, on straight-line basis, as per the provisions of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV of this Act.
11. The Company holds certain unquoted investments at a cost of Rs.4,052.76 lacs (as at 31st March, 2008, Rs. 3,780.66 lacs) in companies, the networth of whose, as per their latest available audited accounts have been partially/ substantially eroded. Marginal erosion has also taken place in the Company's investment in its wholly-owned subsidiary, Mishapar Investments Limited. However, in view of the fact that these investments are held as strategic long-term investments, no provision for diminution in values of these investments is considered necessary.
12. Overdue debts, loans and advances to certain companies whose net worth has been partially/ substantially eroded as per their latest audited balance sheets aggregate to Rs. 4,817.52 lacs (as at 31st March, 2008, Rs. 3,850.55 lacs) net of provision of Rs. 2,008.70 lacs (as at 31st March, 2008, Rs. 1,983.70 lacs). However, no further provision is considered necessary for these overdues as the Company's involvement in these companies is of a strategic and long-term nature and irrecoverable amounts, if any, are presently not ascertainable. The above also includes a debt to an associate amounting to Rs. 991.97 lacs where a substantial part of the assets comprise of strategic / long-term investment in NOCIL Ltd. (NOCIL) and contributions in partnership firms in which substantial assets comprise of investments in NOCIL. Consequent upon successful implementation of restructuring scheme, NOCIL's net worth has turned positive and has reported improved performance on year-to-year basis. Consequently, no provision has been made in the accounts for this debt as the Company is hopeful of recovering it.
13. a. The net amount of exchange difference included in the Profit and Loss account for the year is Rs. 484.68 lacs (gain) (previous period, Rs. 277.53 lacs (loss)).
- b. The year /period end foreign currency exposure that have not been hedged by a derivative instruments or otherwise are given below:

Particulars	Foreign Currency	Amount in foreign currency in lacs	Amount in Rs in lacs
Receivables	USD	27.64	1,407.92
		(30.55)	(1,216.35)
	EURO	(0.38)	(23.92)
Payables	GBP	3.46	252.88
		(3.46)	(268.44)
	USD	1.54	78.32
		(1.44)	(61.46)
	EURO	1.74	117.30
		(1.81)	(113.84)

Note : Figures in brackets represent previous period.

14. Research and development expenditure debited to the Profit and Loss account by charge to relevant heads of account amount to Rs. 27.78 lacs (previous period, Rs. 26.44 lacs).
15. In the MS, the Company has sought various reliefs and concessions from various authorities and parties, which the BIFR has endorsed it for their consideration. Labour matters pending in various Courts will continue and any decree/award will be acceptable to both the Company and workers
16. (a) Minimum lease rental outstanding as at the year end in respect of assets taken on finance lease (viz. Vehicles) are as under (figures in parentheses are as at 31st March, 2008):

Due	Total minimum lease payments outstanding as at the year end – Rupees in lacs	Interest not due – Rupees in lacs	Present value of minimum lease payments – Rupees in lacs
Not later than one year	1.98 (1.98)	0.14 (0.35)	1.84 (1.63)
Later than one year and not later than five years	0.16 (2.14)	0.00 (0.15)	0.16 (1.99)
Total	2.14 (4.12)	0.14 (0.50)	2.00 (3.62)

The period of such agreement is for thirty six months.

- (b) The Company has taken certain premises and vehicles on non-cancelable operating lease. The tenure of such agreements ranges from twelve to thirty-six months. There are no purchase options and escalation clauses in these agreements:

Due	Total minimum lease payments outstanding as at the 31 st March, 2009 – Rupees in lacs	Total minimum lease payments outstanding as at the 31 st March, 2008 – Rupees in lacs
Not later than one year	1.98	3.50
Later than one year and not later than five years	-	0.90
Total	1.98	4.40
Operating lease rentals debited to the Profit and Loss account	9.07	20.00

- (c) The Company has given certain premises on non-cancelable operating lease. The tenure of these agreements ranges from eleven to sixty months. The other details are as under:

Particulars	As at and for the year ended 31st March, 2009 Rupees in lacs	As at and for the period ended 31st March, 2008 Rupees in lacs
Gross block as at the year end	1,053.20	1,050.69
Accumulated depreciation as at the year/period end	174.41	155.34
Depreciation charged during the year/period end	17.10	25.60

Receivable	Total future minimum lease receivables as at 31 st March, 2009 Rupees in lacs	Total future minimum lease receivables as at 31st March, 2008 Rupees in lacs
Not later than one year	952.83	461.79
Later than one year and not later than five years	1,011.32	1,763.60
Total	1,964.15	2,225.39

17. The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.
18. The Company had issued legal notices to certain tenants/ ex-tenants in its buildings in South Mumbai for revision in rent/ recovery of expenses. Pending settlement with them, rent, of Rs.1.95 lacs, aggregate to date as at 31st March, 2009, Rs.35.57 lacs (previous period, Rs. 2.92 lacs, aggregate to date as at 31st March, 2008, Rs. 33.62 lacs) and recovery of expenses, of Rs.7.51 lacs, aggregate to date as at 31st March, 2009, Rs.144.73 lacs (previous period, Rs. 11.26 lacs, aggregate to date as at 31st March, 2008, Rs.137.22 lacs) have not been accounted, on legal advice.
19. The Brihanmumbai Municipal Corporation had issued an attachment notice on the Company for its property at Lower Parel, Mumbai for recovery of arrears of property tax. This has been 'stayed' subject to the Company making payment towards outstanding dues on schedule. This has been agreed to by the Company and accordingly all the necessary payments have been made.
20. Earnings per share is calculated by dividing the profit /(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year/period as under:

	Current Year	Previous Period
Profit after tax attributable to equity share holders (Rs. in lacs)	33,750.72	2,930.31
Weighted average number of equity shares outstanding during the year/period (in numbers)	50,00,000	50,00,000
Basic/ diluted Earnings per share (Rs.)	675.01	58.61
Nominal value per share (Rs.)	10.00	10.00

Note: As per MS, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares are to be converted into Equity Shares at a premium (Refer note 2(b) of Schedule 1). However, the same has not been considered for computation of diluted earning per share as number of equity shares to be issued upon conversion cannot be determined.

21. The Company had, in an earlier year, entered into a 'Development Agreement' with Marathon Realty Limited (MRL), for a portion of its land at Lower Parel, Mumbai. On completion of the development project, it was entitled to a fixed percentage share in the sale proceeds from selling Units in the building/s constructed under this Agreement. During the previous period, the Company executed a deed of lease for assignment and transfer of the Company's entitlement in the (future) gross sale proceeds from selling Units, as aforementioned, for the aggregate consideration of Rs.15,847.55 lacs which has been included in 'Turnover' in the previous period. As required by the Development Control Rules, Government of Maharashtra, the utilization of proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the State Government.

22. Employee benefits:

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.417.15 lacs (Previous Period Rs.558.76 lacs).

As per the guidance provided by the Accounting Standards Board of the Institute of Chartered Accountants of India on implementing AS 15, Employee Benefits (revised 2005) states that benefit involving employer established provident fund, which require interest shortfalls to be compensated, are to be considered as defined benefit plans. Pending issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

The charge on account of provision for gratuity and compensated absences has been included in 'Contribution to Gratuity Fund' and 'Salaries, Wages and Bonus' respectively.

In respect of Gratuity:

[Rupees in lacs (dr / (cr))]

	Current Year	Previous Period
	Gratuity (funded)	
Reconciliation of liability recognized in the Balance Sheet		
Present value of commitments	(2,357.72)	(2,242.01)
Fair value of plan assets	6.64	53.43
Net liability in the Balance Sheet	(2,351.08)	(2,188.58)
Movement in net liability recognized in the Balance Sheet		
Net Liability as at beginning of the year / period	(2,188.58)	(1,676.93)
Net expense recognized in the Profit and Loss account	(230.19)	(531.05)
Contribution during the year/ period	67.69	19.40
Net liability as at end of the year / period	(2,351.08)	(2,188.58)
Expense recognized in the Profit and Loss account		
Current Service cost	96.74	121.98
Interest cost	182.29	221.41
Expected return on plan assets	(4.88)	(7.87)
Actuarial (gains)/ losses	(43.95)	195.53
Expense charged to the Profit and Loss account	230.19	531.05

Return on plan assets		
Expected return on plan assets	4.88	7.87
Actuarial gains/(losses)	0.88	41.48
Actual return on plan assets	5.76	49.35
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the year / period	(2242.01)	(1,784.55)
Current Service cost	(96.74)	(121.98)
Interest cost	(182.29)	(221.41)
Paid benefits	120.25	122.94
Actuarial gains/(losses)	43.07	(237.01)
Commitments as at end of the year / period	(2,357.72)	(2,242.01)
Reconciliation on Plan assets		
Plan assets as at beginning of the year / period	53.43	107.62
Expected return on plan assets	4.88	7.87
Contribution during the year / period	67.69	19.40
Paid benefits	(120.25)	(122.94)
Actuarial gains/(losses)	0.88	41.48
Plan assets as at end of the year / period	6.64	53.43

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions, which if changed, would affect the commitment's size, funding requirements and expense:

Discount rate	7.50%	8.00%
Expected return on plan assets	8.00%	8.00%
Expected rate of salary increase	4.00%	4.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate

The above information is certified by the actuary and relied upon by the Auditors.

Break-up of Plan Assets:

The fair value of the plan assets is distributed in the following manner:

- 71 % in deposits with a nationalised bank
- 29 % various debt instruments

Compensated Absences:

All the employees are eligible for compensated absences of 30 days in each financial year which can be encashed during the tenure of employment. Employees cannot carry forward any compensated absences in excess of 240 days. The provision for these absences, made on the basis of Actuarial Valuation on 'Projected Unit Credit' method is Rs. 246.46 lacs. (Previous Period Rs: 234.77 lacs)

23. Related party transactions

Names of the related parties where control exists

Subsidiary companies

Ibiza Industries Limited (also a joint venture) (Currently under Liquidation)

Mishapar Investments Limited

Sunanda Industrial Machinery Limited

Sudas Manufacturing & Trading Limited

Mafatlal Services Limited

Names of related parties and description of relationship where transactions have taken place during the year/period

Subsidiary companies

Ibiza Industries Limited (also a joint venture) (Currently under Liquidation)

Sunanda Industrial Machinery Limited

Sudas Manufacturing & Trading Limited

Mafatlal Services Limited

Joint venture

Molex Mafatlal Micron Private Limited (till 16th November, 2007)

Associates

Hybrid Financial Services Limited (formerly known as Mafatlal Finance Company Limited)

Mafatlal VK Intex Limited

Sunanda Industries Limited

Mafatlal Holdings Limited

Sushmita Holdings Limited

Mafatlal Engineering Industries Limited

Mafatlal Limited - UK

Repal Apparel Private Limited

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Ensen Holdings Limited

NOCIL Limited

Marigold International Private Limited

Navlekh Investments Limited

Navin Fluorine International Limited

Romago AG, Zurich

Sulakshana Securities Limited

Vibhadeep Investments & Trading Limited

Krishnadeep Housing Development Private Limited

Sumish Associates

Urvija Associates

Mafatlal Impex Private Limited

Eyeindia.Com Private Limited

Mafatlal Denim Limited

Mafatlal Industries Limited

Schedule 18 (Contd.)

NOTES ON ACCOUNTS

Details of transactions with related parties during the year/period

(Rupees in Lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Subsidiaries	Total
<u>Rendering of services</u>					127.97
					207.51
Mafatlal Denim Limited	36.18	-	-	-	36.18
	82.53	-	-	-	82.53
Sulakshana Securities Ltd.	19.98	-	-	-	19.98
	25.38	-	-	-	25.38
NOCIL Limited	64.45	-	-	-	64.45
	88.80	-	-	-	88.80
Krishnadeep Housing Development Pvt. Ltd.	7.36	-	-	-	7.36
	10.80	-	-	-	10.80
<u>Rent from Property</u>					332.13
					489.46
NOCIL Limited	290.22	-	-	-	290.22
	420.55	-	-	-	420.55
Krishnadeep Housing Development Pvt. Ltd.	0.66	-	-	-	0.66
	0.94	-	-	-	0.94
Mafatlal Denim Limited	41.25	-	-	-	41.25
	67.97	-	-	-	67.97
<u>Other Income</u>					43.60
					67.02
Mafatlal Denim Limited	43.60	-	-	-	43.60
	67.02	-	-	-	67.02
<u>Receiving of Services</u>					45.74
					72.19
Mafatlal Denim Limited	9.00	-	-	-	9.00
	13.50	-	-	-	13.50
Mafatlal Services Limited	-	-	-	7.57	7.57
	-	-	-	13.00	13.00
Sulakshana Securities Ltd.	29.17	-	-	-	29.17
	45.68	-	-	-	45.68
Mafatlal Securities Ltd.	-	-	-	-	-
	-	0.01	-	-	0.01
<u>Reimbursement Of Expenses</u>					36.30
					52.88
NOCIL Limited	1.58	-	-	-	1.58
	-	-	-	-	-
Mafatlal Denim Limited	12.41	-	-	-	12.41
	26.54	-	-	-	26.54
Vibhadeep Investments & Trading Ltd.	2.02	-	-	-	2.02
	2.86	-	-	-	2.86
Navin Flourine International Ltd.	20.29	-	-	-	20.29
	23.48	-	-	-	23.48
<u>Loan Given</u>					450.00
					9,100.00
Sudas Manufacturing & Trading Limited	-	-	-	450.00	450.00
	-	-	-	3,100.00	3,100.00
Sunanda Industrial Machinery Limited	-	-	-	-	-
	-	-	-	6,000.00	6,000.00

Schedule 18 (Contd.)

NOTES ON ACCOUNTS

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Subsidiaries	Total
<u>Advance Taken</u>					-
Navin Flourine International Limited	-	-	-	-	40.00
	40.00	-	-	-	40.00
<u>Rent deposit received</u>					-
					84.07
NOCIL Limited	-	-	-	-	-
	84.07	-	-	-	84.07
<u>Loan repaid (including interest)</u>					9,357.54
					444.76
NOCIL Limited	600.47	-	-	-	600.47
	49.00	-	-	-	49.00
Sunanda Industrial Machinery Ltd.	-	-	-	5,400.00	5,400.00
	-	-	-	300.00	300.00
Hybrid Financial Services Ltd (formerly : Mafatlal Finance Co. Ltd)	-	-	-	-	-
	-	66.65	-	-	66.65
Marigold International Private Limited	-	-	-	-	-
	29.11	-	-	-	29.11
Sudas Manufacturing and Trading Limited	-	-	-	3,357.07	3,357.07
	-	-	-	-	-
<u>Loan received</u>					-
					2,300.00
NOCIL Limited	-	-	-	-	-
	2,300.00	-	-	-	2,300.00
<u>Lease rent paid</u>					1.97
					8.03
Sumish Associates	1.97	-	-	-	1.97
	8.03	-	-	-	8.03
<u>Advances given to</u>					6.93
					27.25
Ibiza Industries Limited	-	-	-	6.93	6.93
	-	-	-	13.05	13.05
Sunanda Industries Limited	-	-	-	-	-
	-	14.20	-	-	14.20
<u>Rent deposit refund</u>					-
					45.00
NOCIL Limited	-	-	-	-	-
	45.00	-	-	-	45.00
<u>Amount written back</u>					-
					213.13
Hybrid Financial Services Ltd (formerly : Mafatlal Finance Co. Ltd)	-	-	-	-	-
	-	83.81	-	-	83.81
Molex Mafatlal Micron Private Limited	-	-	-	-	-
	-	-	129.32	-	129.32
<u>Reliefs & Concessions on Restructuring of Loans and Liabilities</u>					37738.33
					-
Sunanda Industrial Machinery Limited	-	-	-	22245.08	22245.08
	-	-	-	-	-
Sudas Manufacturing & Trading Limited	-	-	-	13839.96	13839.96
	-	-	-	-	-
Navin Flourine International Limited	1653.29	-	-	-	1653.29
	-	-	-	-	-

Mafatlal Industries Limited

Schedule 18 (Contd.)

NOTES ON ACCOUNTS

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Subsidiaries	Total
Provision for doubtful debts and advances- as at March 31, 2009					1821.39
					1636.97
Sunanda Industries Ltd.	-	158.13	-	-	158.13
	-	143.93	-	-	143.93
Mafatlal Limited - UK	-	698.08	-	-	698.08
	-	528.15	-	-	528.15
Ibiza Industries Limited	-	-	-	695.82	695.82
	-	-	-	695.82	695.82
Navlekh Investments Ltd.	265.00	-	-	-	265.00
	265.00	-	-	-	265.00
Others	4.36	-	-	-	4.36
	-	4.07	-	-	4.07
Guarantees Outstanding					850.28
					3,605.04
Ibiza Industries Limited	-	-	-	850.28	850.28
	-	-	-	850.28	850.28
Sunanda Industries Limited	-	-	-	-	-
	-	2,754.76	-	-	2,754.76
Charge created on Company's assets for loan taken by NOCIL Limited	Refer note 3 of schedule 18				
Amount due to- as at March 31, 2009					10233.91
					17,653.76
NOCIL Limited	4,449.80	-	-	-	4,449.80
	4,749.55	-	-	-	4,749.55
Vibhadeep Investments & Trading Ltd.	300.00	-	-	-	300.00
	300.00	-	-	-	300.00
Sudas Manufacturing and Trading Limited (including interest accrued but not due) *	-	-	-	-	-
	-	-	-	12,034.71	12,034.71
Sunanda Industrial Machinery Limited *	-	-	-	1802.44	1802.44
	-	-	-	-	-
Navin Flourine International Limited *	3108.95	-	-	-	3108.95
	300.00	-	-	-	300.00
Others	347.09	42.90	-	182.73	572.72
	345.07	42.91	-	181.52	569.50
Amount due from- as at March 31, 2009					7614.75
					15865.23
Mafatlal Holdings Limited	-	991.97	-	-	991.97
	-	992.93	-	-	992.93
Mafatlal Denim Limited	84.46	-	-	-	84.46
	46.81	-	-	-	46.81
Sushmita Holdings Ltd.	-	973.48	-	-	973.48
	-	973.48	-	-	973.48
Sudas Manufacturing & Trading Limited	-	-	-	2,543.57	2,543.57
	-	-	-	5450.64	5,450.64
Ibiza Industries Limited	-	-	-	695.77	695.77
	-	-	-	689.35	689.35
Sunanda Industrial Machinery Limited	-	-	-	300.00	300.00
	-	-	-	5700.00	5,700.00
NOCIL Limited	584.51	-	-	-	584.51
	612.08	-	-	-	612.08
Others	300.08	1,140.91	-	-	1440.99
	357.08	1042.86	-	-	1399.94

* Represents assignee of the banks.

Notes :

- Figures in italics are those as at and for the period ended 31st March, 2008.
- There are no amounts written off or written back during the year/period in respect of debts due from or to related parties except as disclosed above.

	UNIT	Quantity	Rupees in lacs	Previous Period	
				Quantity	Rupees in lacs
24 Quantitative information regarding Raw Materials consumed :					
i Cotton and Fibre	Tonnes	4566	3439.33	9449	6373.42
ii Yarn	Tonnes	115	188.89	84	106.57
Total			3628.22		6479.99

25 Quantitative information with regard to class of goods manufactured.

	UNIT	Licensed Capacity **	Installed Capacity *	Production including production internally consumed as intermediates	Previous Period		
					Licensed Capacity **	Installed Capacity *	Production including production internally consumed as intermediates
i Looms Cloth (packed)	Mtr's in '000's		780	19082		780	35000
ii Spindles Yarn (Sales)	Tonnes		173584	254		173584	693

* Installed capacity as per CST return.

** Licensed capacity not applicable as the product of the Company have been de-licensed.

26 Quantitative and Value Analysis of Opening and Closing Stock of finished goods:	UNIT	STOCK 31/03/09		STOCK 31/03/08		STOCK 01/10/06	
		QTY	Rs in lacs	QTY	Rs in lacs	QTY	Rs in lacs
i Cloth (Packed)	Mtrs. in '000's	689	388.69	936	455.61	1308	646.27
ii Waste	Tonnes	21	1.47	25	2.70	44	4.07
			390.16		458.31		650.34

27 Quantitative and Value Analysis of Goods Traded in :	UNIT	Opening Stock 01/04/08		Purchases		Closing Stock 31/03/09	
		QTY	Rs in lacs	QTY	Rs in lacs	QTY	Rs in lacs
Cloth	Mtrs. in '000's	-	-	924	849.17	-	-
		-	-	42	48.32	-	-

Figures in italics are of Previous Period

28 Quantitative and Value Analysis of Sales Turnover :	UNIT	Current Year		Previous Period	
		QTY	Rs in lacs	QTY	Rs in lacs
i Cloth	Mtrs. in '000's	20253	12231.52	35414	19595.42
ii Yarn	Tonnes	254	188.98	693	336.31
iii Waste			66.77		159.95
iv Export Benefits			219.83		457.16
v Others (Land)			-		15,847.55
Total			12707.10		36396.39

29 Value of Imports and Value of Raw Materials, Stores and Spare Parts consumed :

	Purchases at C.I.F. Value	Total	Imported	Percentage	Rupees in lacs	
					Indigenous	Percentage
Raw Materials	-	3628.22	-	0.00%	3628.22	100.00%
	-	6479.99	-	0.00%	6479.99	100.00%
Stores and Spare Parts	21.73	1563.26	18.42	1.18%	1544.84	98.82%
	18.21	2333.78	39.27	1.68%	2294.51	98.32%

Figures in italics are of Previous Period

30 Expenditure in Foreign Currency :

	Previous Period	Rs in lacs	Rs in lacs
i Travelling		5.41	15.83
ii Commission		26.58	44.98
iii Others		53.09	12.08

Mafatlal Industries Limited

31 Earnings in Foreign Exchange :

	Rs. in lacs	Previous Period Rs. in lacs
F.O.B. Value of Direct Exports.....	2972.51	4126.02

32 Figures for the current year are for twelve months and figures for the previous period are for eighteen months, hence not comparable.

33 Figures of the previous period have been regrouped, rearranged and/or reclassified wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 18

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lall } Directors

(R. Salivati)
Partner

Mumbai, Dated: 12th August, 2009

Mumbai, Dated: 12th August, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Registration No.

3 5

State Code

0 4

Balance - sheet

3 1 0 3 2 0 0 9

II Capital Raised during the year (Amount in Rs. Thousands).

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands).

Total Liabilities

6 5 3 8 5 0 7

Total Assets

6 5 3 8 5 0 7

Sources of Funds

Paid-up Capital

9 4 9 9 9 4

Reserves and Surplus

2 0 2 5 9 0 6

Secured Loans

5 1 8 8 4 0

Unsecured Loans

4 8 6 4 7 5

Application of Funds

Net Fixed Assets

3 3 7 3 5 5

Investments

1 6 5 6 7 4 5

Net Current Assets

- 1 1 4 0 7 6 3

Misc. Expenditure

7 5

Accumulated Losses

3 1 2 7 8 0 3

IV Performance of Company (Amount in Rs. Thousands).

Turnover

1 2 7 0 7 1 0

Total Expenditure

2 1 0 1 6 5 8

Profit Before Tax

3 3 7 6 6 7 2

Profit After Tax

3 3 7 5 0 7 2

Earning per Share in Rs.

Refer note 20 of Schedule 18.

Dividend rate %

-

V Generic Name of Principal Product / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

5 2 0 8 t o 5 2 1 1

Product Description

Cotton and Blended Fabrics

H. A. Mafatlal
Vice ChairmanR. R. Patel
Company SecretaryP. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lal

} Directors

Mafatlal Industries Limited

Statement pursuant to the exemption received under Section 212(8) of the Companies Act, 1956 relating to the Subsidiary Companies for the financial year ended 31st March, 2009.

Name of the Company	Mishapar Investments Ltd. (wholly owned subsidiary)	Sudas Manufacturing & Trading Ltd. @	Sunanda Industrial Machinery Ltd. #	Mafatlal Services Ltd.
Extent of the Holding Company's Interest in Subsidiaries :-				
No. of Shares	7,800,000	2	2	272,800
% of Capital	100%	0.00%	0.00%	88.00%
1 Capital	780,000,000	500,000	500,020	31,000,000
2 Reserves	462,644,300	2,938,129	--	--
Debit Balance of Profit & Loss A/c.	240,166,514	--	--	27,875,081
3 Total Assets (Fixed Assets + Current Assets)	696,842,729	257,847,704	268,042,073	6,878,397
4 Total Liabilities (Debts + Current Liabilities)	1,259,010	254,409,575	258,705,391	3,753,478
5 Details of Investments (Except in case of investment in subsidiaries)	306,905,760	--	--	--
6 Turnover	4,840,521	5,396,785	9,833,359	1,677,649 (Expenses Recovery & interest income)
7 Profit (Loss) before Tax	3,311,790	953,799	10,434,444	--
8 Provision for Tax	4,300,000	350,000	3,000,000	--
9 Profit (Loss) after Tax	(988,210)	603,799	7,434,444	--
10 Proposed Dividend	Nil	Nil	Nil	Nil

@ Mishapar Investments Ltd. (wholly owned subsidiary of the Company) hold 49,998 equity shares of Rs.10/- each in Sudas Manufacturing & Trading Ltd. Consequently Sudas Manufacturing & Trading Ltd continue to remain subsidiary of the Company.

Mishapar Investments Ltd. (wholly owned subsidiary of the Company) hold 50,000 equity shares of Rs.10/- each in Sunanda Industrial Machinery Ltd. Consequently the Sunanda Industrial Machinery Ltd. continue to remain the subsidiary of the Company.

Mishapar Investments Ltd. (wholly owned subsidiary of the Company) hold 12,66,670 equity Shares of Rs.10/- each in Ibiza Industries Ltd. Hence the combined share of the Company and its subsidiary in Ibiza Industries Ltd. is 54.89%. Ibiza Industries Limited is under liquidation as per Order dated 26th April, 2007 passed by the Hon'ble Bombay High Court while admitting winding up petition. Hence, the details of Ibiza Industries Limited are not given in the above statement.

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lall } Directors

Mumbai, Dated: 12th August, 2009

Auditor's Report

To the Board of Directors of Mafatlal Industries Limited

1. We have audited the attached Consolidated Balance Sheet of Mafatlal Industries Limited Group, as at 31st March, 2009, the Consolidated Profit and Loss account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Mafatlal Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of nine associates whose net carrying cost of investments as at the year end is Rs.3,802.47 lacs (ref. note no.3(b) of Schedule 18) and four subsidiaries for the year ended on and as at 31st March, 2009 (three subsidiaries as at the previous period end), whose financial statements reflect total assets of Rs.15,344.07 lacs (as at the previous period end, Rs.13,472.36 lacs), total revenues of Rs.217.48 lacs (previous period, Rs.209.38 lacs) and net cash outflows of Rs.54.25 lacs (previous period net inflows, Rs.100.63 lacs). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Mafatlal Industries Limited's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS 27 'Financial Reporting of Interests in Joint ventures' notified by Companies (Accounting Standards) Rules, 2006 except that the financial statements of one subsidiary for the year ended 31st March, 2009 are not available for consolidation (vide note no. 3(a)(iii) of Schedule 18) and the latest financial statements of five associates are also not available for consolidation. Our report in respect of the previous period was similarly modified to state that the financial statements of one subsidiary for the period ended 31st March, 2008 were not available for consolidation.
5. We invite attention to the following notes in Schedule 18:
 - (a) note 5(c) regarding amount of Rs.37,738.33 lacs representing difference between dues assigned to Secured Creditors and settlement amount which has been accounted in Other Income as 'Reliefs and Concessions on restructuring of Loans and Liabilities' for the reasons stated therein.
 - (b) note 6 regarding accounts of the Group prepared on going concern basis; this was also drawn attention to in our report of the previous period.
6. In respect of the following issues, our report was modified in the previous period, but which are no longer relevant for the current year:
 - (i) Non-provision for interest of Rs.3,483.95 lacs on certain secured creditors.
 - (ii) Reliefs and concessions considered in the accounts.
 - (iii) Non-confirmation of balances of debtors, creditors and certain loans taken, bank accounts and loans/advances given.
 - (iv) Delays in commissioning of Capital work-in-progress of Rs.182.49 lacs.
7. Attention is invited to the following in Schedule 18, all of [other than item (i)] which were also the subject matter of our report similarly modified in the previous period:
 - (i) note 3(a)(iii) regarding non availability of accounts of a subsidiary for the reason stated in the note and note 3(b) regarding the latest accounts of five associates not available for consolidation. These investments have been fully provided.
 - (ii) note 11, regarding non-provision for diminution in the value of quoted / unquoted investments;
 - (iii) note 12(a), regarding non-provision for overdue debts, loans and advances;
 - (iv) note 12(b), regarding non-provision for doubtful debts, aggregating to Rs.301.59 lacs (previous period, Rs. 301.59 lacs) in the accounts of one of the subsidiaries;
 - (v) note 16, regarding non-provision for differential custom duty and interest thereon in the accounts of one of the subsidiaries;
 - (vi) note 17, regarding non-accounting of rent/ recovery of expenses of Rs.9.46 lacs; aggregate to date, Rs.180.30 lacs (previous period, Rs.14.18 lacs, aggregate to date as at the previous period end, Rs.170.84 lacs);
 - (vii) note 19, regarding non-ascertainment, and consequent non-provision, of impairment loss, if any, in respect of fixed assets in one of the subsidiaries;
 - (viii) note 20, regarding non-provision for claims of Rs.86.00 lacs (previous period, Rs.86.00 lacs) in the accounts of one of the subsidiaries;
 - (ix) note 21, regarding non-provision for interest aggregating to Rs.1,769.28 lacs, (aggregate to date as at the previous period end, Rs. 1,769.28 lacs) in the accounts of one of the subsidiaries;
 - (x) note 22, regarding show cause notices received from the Commissioner of Customs in respect of looms imported under EPCG Scheme in case of one of the subsidiaries;
 - (xi) note 23, regarding non verification/ non confirmation of certain investments of one of the subsidiaries.

We further report that without considering items (i), (ii), (iii), (v), (vii), (x) and (xi) [in the case of the previous period, items (ii), (iii) and (iv) of para 6 also], the effect of which on the financial statements for the year ended 31st March, 2009 and on the corresponding figures for the previous period ended 31st March, 2008, could not be determined, had the observations made by us in items (iv), (vi), (viii) and (ix) [in the case of the previous period, item (i) of para 6 also], been considered, the profit for the year would have been Rs.31,782.70 lacs, as against the reported figure of Rs.33,759.27 lacs (previous period, profit would have been Rs.5,225.95 lacs, as against the reported figure of Rs.5,992.93 lacs), the accumulated losses would have been Rs.38,796.65 lacs, as against the reported figure of Rs.36,820.08 lacs (as at 31st March, 2008, Rs.76,043.21 lacs, as against the reported figure of Rs.70,579.35 lacs), sundry debtors (net of provision) would have been Rs.10,517.92 lacs, as against the reported figure of Rs.10,639.21 lacs (as at 31st March, 2008, Rs.10,554.87 lacs, as against the reported figure of Rs.10,685.62 lacs), current liabilities would have been Rs.24,943.03 lacs, as against the reported figure of Rs.23,087.75 lacs (as at 31st March, 2008, Rs.29,248.88 lacs, as against the reported figure of Rs.28,028.65 lacs) secured loans as at 31st March, 2008 would have been Rs.49,317.21 lacs, as against the reported figure of Rs.45,198.21 lacs.

Subject to the above, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information, and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Mafatlal Industries Limited Group as at 31st March, 2009;
- b) in case of the Consolidated Profit and Loss account, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash-flows for the year ended on that date.

For C.C. Chokshi & Co.,
Chartered Accountants

(R. Salivati)

Partner

Membership no. 34004

Mumbai, Dated, 12th August, 2009

Mafatlal Industries Limited

Consolidated Balance sheet as at 31st March, 2009

	Schedule	Rupees in lacs	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
(a) Capital	1	9,499.94		9,499.94
(b) Reserves and Surplus	2	27,446.11		27,446.11
			36,946.05	36,946.05
2. Loan Funds :				
(a) Secured Loans	3		4,331.71	45,198.21
(b) Unsecured Loans	4		7,099.23	7,514.04
			11,430.94	52,712.25
3. Deferred Tax Liability			-	-
(Refer Note 7 of Schedule 18)				
4. Minority Interest			3.92	3.75
Total			48,380.91	89,662.05
II. APPLICATION OF FUNDS :				
1. Fixed Assets :	5			
(a) Gross Block		33,487.82		34,228.18
(b) Less : Depreciation		24,966.30		25,464.90
(c) Net Block			8,521.52	8,763.28
(d) Capital Work-in-Progress			-	182.49
			8,521.52	8,945.77
2. Investments	6		6,836.75	6,924.40
3. Current Assets, Loans and Advances :				
(a) Inventories	7	1,642.16		1,629.07
(b) Sundry Debtors	8	10,639.21		10,685.62
(c) Cash and Bank Balances	9	3,238.92		4,944.64
(d) Loans and Advances	10	6,422.58		15,170.78
		21,942.87		32,430.11
Less : Current Liabilities and Provisions :				
(a) Liabilities	11	23,087.75		28,028.65
(b) Provisions	12	2,661.65		2,476.96
		25,749.40		30,505.61
Net Current Assets			(3,806.53)	1,924.50
4. Miscellaneous Expenditure:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure			9.84	1,288.78
5. Profit and Loss Account:				
Profit and Loss Account		36,820.08		70,579.35
Less: General Reserve deducted as per contra		0.75		0.75
			36,819.33	70,578.60
Total			48,380.91	89,662.05
Significant Accounting Policies	17			
Note on Accounts	18			

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants

(R. Salivati)
Partner

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balesubramanian
A. C. Gandhi
Mohan Lall

Directors

Mumbai, Dated: 12th August, 2009

Mumbai, Dated: 12th August, 2009

Consolidated Profit and Loss Account for the year ended 31st March, 2009

	Schedule	Rupees in lacs	Previous Period Rupees in lacs
INCOME :			
Turnover (Including Export Benefits/ Incentives)		12,799.99	36,501.20
Other Income	13	42,166.07	4,725.08
Increase / (Decrease) in Stocks of Finished goods and Process Stock.....	14	17.20	(898.51)
Total		54,983.26	40,327.77
EXPENDITURE :			
Manufacturing and Other Expenses.....	15	19,952.33	29,350.57
Cost of Land Sold.....		-	1,500.06
Excise Duty		-	0.64
Depreciation		401.75	806.66
Depreciation on Immovable Properties		0.27	0.42
Interest (Net)	16	721.73	2,652.31
Total		21,076.08	34,310.66
Profit before tax		33,907.18	6,017.11
Provision for Current Tax (including Wealth Tax Rs. 0.40 lacs (previous period Rs 0.90 lacs))		(34.04)	(11.69)
Provision for Fringe Benefit Tax		(15.60)	(22.31)
Profit after tax		33,857.54	5,983.11
Short provision for tax in respect of earlier years		(43.00)	(14.49)
		33,814.54	5,968.62
Share of (losses) in Associates (net)		(55.10)	(22.99)
Minority Interest		(0.17)	47.30
		33,759.27	5,992.93
Transfer to statutory reserve		-	5.37
		33,759.27	5,987.56
Balance brought forward from previous period / year		(70,579.35)	(76,398.91)
Incremental Provision for employee benefits as at 1st October, 2006 calculated as per Accounting Standard 15 (Revised)		-	(168.00)
		(70,579.35)	(76,566.91)
Balance carried to Balance Sheet		(36,820.08)	(70,579.35)
Earnings per share			
Basic/ Diluted (Rs.)		675.19	119.86
(refer note 26 of Schedule 18)			
Significant Accounting Policies.....	17		
Notes on Accounts	18		

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants(R. Salivati)
PartnerH. A. Mafatla
Vice ChairmanR. R. Patel
Company Secretary

P. R. Amin N. K. Parikh V. K. Balasubramanian A. C. Gandhi Mohan Lall	} Directors
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Mumbai, Dated: 12th August, 2009Mumbai, Dated: 12th August, 2009

Consolidated Cash flow statement for the year ended 31st March, 2009.

	Rupees in lacs	Previous period Rupees in lacs
A. Cash flow from operating activities		
Profit before tax	33,907.18	6,017.11
adjustments for,		
Depreciation	402.02	807.08
Loss on sale/disposal of fixed assets (net)	7.27	21.51
Interest expense	1,014.50	2,991.41
Interest income	(292.77)	(339.10)
Dividend income	(58.18)	(119.72)
Write back of liabilities on one time settlement no longer payable	-	(83.82)
Reliefs and concessions on restructuring of loans and liabilities (Refer Note 5(c) of Schedule 18)	(37,738.33)	-
Excess Provision of earlier years written back (net)	(1,092.92)	(160.62)
Provision for doubtful debts/ advances written back	-	(156.21)
Provision for doubtful debts/ advances	1,347.25	36.80
Provision for diminution in the value of long term investments (Non-trade)	-	84.52
Capital work-in-progress written off	64.07	123.82
Share of profit in partnership firm in which a subsidiary is a partner	(7.98)	(14.34)
Deferred revenue expenditure written off	1,278.94	2,194.47
Operating (loss) / profit before working capital changes	(1,168.95)	11,402.91
(Increase) / Decrease in trade receivables	(332.96)	288.42
(Increase) / Decrease in inventories	(13.09)	2,495.55
Decrease / (Increase) in loans and advances	7,744.79	(8,183.06)
Increase / (Decrease) in trade and other payables	301.88	(4,495.29)
	7,700.62	(9,894.38)
Cash generated from operations	6,531.67	1,508.53
Direct taxes and Fringe Benefit Tax (paid) (net)	(18.38)	(63.37)
Net cash generated from operating activities	6,513.29	1,445.16
B. Cash flow from investing activities		
Purchase of fixed assets	(51.29)	(139.59)
Purchase of investments	(9.00)	(30.00)
Sale of fixed assets	2.45	63.54
Redemption / Sale of investments	41.28	-
Share of profit in partnership firm in which a subsidiary is a partner	7.98	14.34
Dividend received	58.18	119.72
Interest received	266.37	343.96
Net cash generated from investing activities	315.97	371.97
C. Cash flow from financing activities		
Repayments of other borrowings (net)	(0.10)	(5.01)
Proceeds from long term borrowings	-	4,437.90
Repayments of long term borrowings	(8,231.35)	(2,253.77)
Interest paid	(301.70)	(287.39)
Net cash flow (used in) / generated from financing activities	(8,533.15)	1,891.73
Net (decrease) / increase in cash and cash equivalents	(1,703.89)	3,708.87
Cash and cash equivalents at the beginning of the year / period	4,904.53	1,195.66
Cash and cash equivalents at the end of the year / period	3,200.64	4,904.53
Note :		
Reconciliation of cash and cash equivalents		
As per Balance sheet - Schedule 9	3,238.92	4,944.64
Less: interest accrued on bank deposits	(38.28)	(40.11)
As per Cash flow statement	3,200.64	4,904.53

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants

(R. Salivati)
Partner

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lall

} Directors

Mumbai, Dated: 12th August, 2009

Mumbai, Dated: 12th August, 2009

Schedules forming part of the Consolidated Balance Sheet

		Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Schedule - 1			
SHARE CAPITAL			
Authorised :			
53,32,194	Equity Shares of Rs 10/- each	10,000.00	10,000.00
9,00,00,000	Non-Cumulative Redeemable Preference Shares of Rs 10/- each	533.22	533.22
46,67,806	Unclassified Shares of Rs 10/- each	9,000.00	9,000.00
		466.78	466.78
Issued :			
53,32,194	Equity Shares of Rs 10/- each	9,533.22	9,533.22
9,00,00,000	Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	533.22	533.22
		9,000.00	9,000.00
Subscribed :			
50,00,000	Equity Shares of Rs 10/- each	9,500.00	9,500.00
9,00,00,000	Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	500.00	500.00
		9,000.00	9,000.00
Paid-up :			
50,00,000	Equity Shares of Rs 10/- each fully paid up (refer note 8 of schedule 18)	9,499.94	9,499.94
	Less : Allotment money / Calls in arrears	500.00	500.00
		0.06	0.06
9,00,00,000	Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	499.94	499.94
		9,000.00	9,000.00

Notes:

- 1) In respect of the above equity shares :
 - (a) 2,18,805 Equity Shares of the original value of Rs 125/- each were issued as fully paid-up pursuant to contracts without payment being received in cash
 - (b) 3,41,227 Equity Shares of the original value of Rs 125/- each were issued as fully paid-up Bonus Shares by capitalisation of Reserves and Share Premium Account
 - (c) 14,82,500 Equity Shares of the original value Rs 100/- each have been allotted as fully paid-up on conversion of 8% Fully Convertible Debentures
 - (d) 7,76,944 Equity Shares of the original value Rs 100/- each have been allotted as fully paid up and issued to the shareholders of the erstwhile The Mafatlal Fine Spinning and Manufacturing Company Limited on amalgamation with Mafatlal Industries Limited (MIL), without payment being received in cash
2. Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each were issued with an option to the Company to convert them into Equity Shares on or after 1st January, 2014 by giving three months notice to the Preference Shareholder whereas the Preference Shareholders would have the option to convert them into Equity shares at anytime after the date of allotment by giving three months notice to the Company. If not converted these would have been redeemable after twenty years from the date of allotment i.e. 2nd November, 2004 at such premium which the Company would have considered but not exceeding the face value.
 - (a) In term of Modified Scheme (MS) approved by BIFR, conversion option has been withdrawn in respect of 600,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each which have become redeemable. The earliest date of redemption is projected at 1st April, 2013.
 - (b) The balance 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each are to be converted into Equity Share Capital of the Company, such that the post-conversion shareholding of equity share by the Promoter Group remain in compliance of SEBI guidelines / Listing Agreements. The conversion will be effected at a higher of either
 - i) The average of weekly high and low of closing price of shares of MIL as quoted on the Bombay Stock Exchange traded during 6 months preceding the date of conversion of the Preference Shares; or
 - ii) The average of weekly high and low of the closing prices of shares of MIL as quoted on Bombay Stock Exchange traded during the 2 weeks preceding the date of conversion of the Preference Shares.

Total	9,499.94	9,499.94
-------------	----------	----------

Schedule - 2
RESERVES AND SURPLUS

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Capital Reserve No 1. :		
As per Last Balance Sheet	61.16	61.16
Capital Reserve No 2. :		
State Government Subsidy :		
As per Last Balance Sheet	41.62	41.62
Capital Reserve No 4. :		
Reissue of forfeited shares		
As per Last Balance Sheet	8.97	8.97
Statutory Reserve :		
As per Last Balance Sheet	235.72	230.35
Add: transfer from profit and loss account	-	5.37
	235.72	235.72
Securities Premium Account :		
As per Last Balance Sheet	25,574.98	25,574.98
Debenture Redemption Reserve:		
As per Last Balance Sheet	225.92	225.92
Capital Investment Reserve :		
As per Last Balance Sheet	75.96	75.96
Capital Redemption Reserve :		
As per Last Balance Sheet	1,200.00	1,200.00
Investment Reserve :		
As per Last Balance Sheet	1.78	1.78
Export Profit Reserve :		
As per Last Balance Sheet	20.00	20.00
General Reserve :		
As per Last Balance Sheet	0.75	0.75
Debit balance in Profit and Loss Account deducted per contra	(0.75)	(0.75)
Total	27,446.11	27,446.11

Mafatlal Industries Limited

Schedule - 3

SECURED LOANS

Terms Loans

IFCI Limited

Notes

Rupees
in lacs

As at
31st March, 2008
Rupees
in lacs

1

945.75

945.75

Loans and Advances :

2

a) From Banks

-

30,528.31

b) Assignment Dues

-

8,791.65

c) From Others - (assignee of bank)

3,108.96

4,655.50

3,108.96

43,975.46

Other Loans and Advances :

Ensen Holdings Limited

3

-277.00

277.00

277.00

277.00

Total

4,331.71

45,198.21

Notes:

- Term loans are secured by mortgage of immovable properties and by hypothecation of movable properties including machinery, machinery spares, tools and accessories and other movables, both present and future, of Ibiza Industries Limited (IIL).
- Secured by first pari passu charge on all the fixed and current assets at Navsari, Nadiad and residual textile manufacturing operation at Mazagaon situated on a plot of 6252 square meter area, of MIL.
- Secured by mortgage of certain immovable properties of MIL.

Schedule - 4

UNSECURED LOANS

Short Term Loans and Advances:

From Others

2,833.05

2,833.15

Other Loans and Advances:

From Others

4,266.18

4,680.89

Total

7,099.23

7,514.04

Schedule - 5

FIXED ASSETS (At cost or book value)

	Goodwill on consolidation	Land	Buildings	Plant and Machinery	Furnitures etc.	Vehicles	Railway sidings	Sub-total	Acquired on finance lease (Vehicles)	Total	As at 31st March 2008
Cost as at 1st April, 2008	4,872.65	43.47	3,337.37	24,862.78	1,034.54	67.90	2.70	34,221.41	6.77	34,228.18	34,397.21
Additions / Adjustments	-	-	0.74	160.48	8.46	0.03	-	169.71	-	169.71	144.89
Deductions / Adjustments	-	-	-	882.53	27.54	-	-	910.07	-	910.07	313.92
Total as at 31st March, 2009	4,872.65	43.47	3,338.11	24,140.73	1,015.46	67.93	2.70	33,481.05	6.77	33,487.82	34,228.18
Depreciation upto 31st March, 2009	-	-	1,209.09	22,847.41	852.72	53.26	2.57	24,965.05	1.25	24,966.30	25,464.90
Net Value as at 31st March, 2009	4,872.65	43.47	2,129.02	1,293.32	162.74	14.67	0.13	8,516.00	5.52	8,521.52	8,763.28
Net Value as at 31st March, 2008	4,872.65	43.47	2,195.34	1,437.52	190.79	17.22	0.13	8,757.12	6.16	8,763.28	
Depreciation for the year / period	-	-	67.07	303.83	27.58	2.58	-	401.11	0.64	401.75	806.66

Note :

Buildings include a sum of Rs. 71.19 lacs being cost of ownership premises in co-operative societies including cost of shares of the face value of Rs. 4,500/- received / to be received under the bye-laws of the Societies.

	Rupees in lacs	As at 31st March, 2008 Rupees in lacs
Capital work-in-progress :		
Un-installed Machinery	276.54	459.03
Less: Impairment Loss	276.54	276.54
Total	-	182.49

Schedule - 6

INVESTMENTS
(Long Term)As at
31st March, 2008

	Rupees in lacs	Rupees in lacs 5.36	Rupees in lacs	Rupees in lacs 5.36
A. In Government Securities				
B. In Shares, Debentures and Bonds of Joint Stock Companies etc				
Associate companies/ partnership firm				
Trade				
Equity Shares (unquoted) (i)	1,170.79		1,170.79	
Non - Trade				
Equity Shares (quoted)	1,961.05		1,961.05	
Equity Shares (unquoted)	3,877.73		3,877.73	
Partnership firm	0.05		0.05	
	5,838.83		5,838.83	
	(ii)			
Total cost of investments	7009.62		7,009.62	
Less: Share of losses	(3,207.15)		(3,152.05)	
	3,802.47		3,857.57	
Less : Provision for diminution in the value of Investments	84.52		84.52	
		3,717.95		3,773.05
Preference Share (Non- trade/ unquoted)		900.00		900.00
Trade Investments				
Equity Shares (unquoted)		1.34		1.34
Non - Trade				
Equity Shares (quoted)	2,096.86		2,096.86	
Less : Provision for diminution in the value of Investments	3.48	2,093.38	3.48	2,093.38
Equity Shares (unquoted)		45.32		36.32
6.75% Tax Free US 64 Bonds (quoted)		-		41.28
Mastershare of Unit Trust of India (unquoted)		36.28		36.28
Bonds and Debentures (unquoted)		20.50		20.50
		16.62		16.89
C. In Immovable Properties (Net block)		6,836.75		6,924.40

Notes

1. For the following, certificates were not available for physical verification during the current year and in the previous period:

Name	No. of shares / Bonds
Ibiza Industries Limited (Subsidiary)	1,350,000
Mafatjal Limited, UK (Associate)	14,700
Housing Development Finance Corporation Limited Corporate Bonds - 11% Series IV	1,050

2. Following shares are subject to non-disposal undertaking given to financial Institutions as at 31st March, 2009 and 31st March, 2008

Name of the Company	No. of shares
Sunanda Industries Limited (Associate)	3,576,002

3. Following shares have been pledged for loans/ deposits taken by the MIL/ other companies as at 31st March, 2009 and 31st March, 2008

(i) 1,350,000 Equity Shares of Ibiza Industries Limited of the face value of Rs. 10/- each.

	Cost	Market Value
Aggregate value of quoted investments	2,179.55	1,328.65
	2,220.83	2,801.21
Aggregate value of unquoted investments	4,640.58	
	4,686.68	
Total	6,820.13	6,907.51

Figures in italics are as at 31st March, 2008

5. Investment in a partnership firm where Mishapar Investments Limited, a subsidiary company is a partner

As at 31st March, 2008

Name of the partner	Capital - Rs.	Share of profit / loss - %	Capital - Rs.	Share of profit / loss - %
Sushmita Holdings Limited	5,000	33.34	5,000	33.34
Mafatjal Holdings Limited	5,000	33.33	5,000	33.33
Mishapar Investments Limited	5,000	33.33	5,000	33.33

Schedule - 7

INVENTORIES

As at 31st March, 2008

	Rupees in lacs	Rupees in lacs
Stores and Spares	128.48	122.68
Stock - In - Trade :		
Raw Materials	29.57	39.48
Finished Goods (including waste)	390.16	458.31
Process Stock	1,092.85	1,007.50
Others (Land)	1.10	1.10
	1,513.68	1,506.39
Total	1,642.16	1,629.07

Mafatlal Industries Limited

		As at 31st March, 2008
	Rupees in lacs	Rupees in lacs
Schedule - 8		
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months.....	12,955.19	12,862.53
Other Debts	1,576.94	1,336.64
	14,532.13	14,199.17
Less : Provision	3,892.92	3,513.55
Total	10,639.21	10,685.62
Note :		
Considered Good	10,337.63	10,384.04
Considered Doubtful	4,194.50	3,815.13
Total	14,532.13	14,199.17

	Rupees in lacs	Rupees in lacs
Schedule - 9		
CASH AND BANK BALANCES		
Cash on hand (including share transfer stamps, Rs.1.49 Lacs [as at 31st March, 2008 Rs.1.49 lacs])	19.52	13.87
Remittances in transit.....	4.06	7.25
Balances with Scheduled Banks :		
In Current Accounts.....	472.23	318.35
In Fixed Deposit Accounts.....	2,743.11	4,605.17
(Including interest accrued Rs.38.28 Lacs [As at 31st March, 2008 Rs. 40.11 lacs]; Rs.0.66 lacs [As at 31st March, 2008 Rs. 1.35 lacs] over which the banks have lien)		
	3,215.34	4,923.52
Total	3,238.92	4,944.64

	Rupees in lacs	Rupees in lacs
Schedule - 10		
LOANS AND ADVANCES (Unsecured)		
Due from a partnership firm (an associate), in which a subsidiary is a partner	812.56	804.58
Loans	1,833.05	1,872.77
Advances recoverable in cash or in kind or for value to be received	5,105.96	12,974.32
Advance Tax (net of provisions)	1,195.81	1,259.57
Balance with Central Excise Department	187.82	4.28
	9,135.20	16,915.52
Less : Provision	2,712.62	1,744.74
Total	6,422.58	15,170.78
Notes:		
(1) Considered good	6,422.58	15,170.78
Considered doubtful.....	2,712.62	1,744.74
Total	9,135.20	16,915.52
(2) Due from officers	11.92	12.00
Maximum amount outstanding at any time during the year / period	12.00	12.00

	Rupees in lacs	Rupees in lacs
Schedule - 11		
LIABILITIES		
Sundry Creditors :		
(i) Total outstanding dues to Micro enterprises and Small enterprises (refer note 27 of Schedule 18)	-	-
(ii) Total outstanding dues of creditors other than Micro and Small enterprises	20,017.88	21,344.98
	20,017.88	21,344.98
Other Liabilities.....	1,914.82	832.07
Advance against orders.....	501.72	512.91
Advance against sale / development of property.....	510.00	510.00
Due under hire purchase agreements	2.00	3.62
Interest accrued but not due on loans	141.33	4,825.07
Total	23,087.75	28,028.65

Schedule - 12	As at 31st March, 2008	
PROVISIONS	Rupees in lacs	Rupees in lacs
For Income-Tax (Net of Advance Tax)	63.22	49.98
For Wealth-Tax (Net of Advance Tax).....	0.62	0.55
For Fringe Benefit Tax (Net of Advance tax).....	0.27	3.08
For Gratuity.....	2,351.08	2,188.58
For Compensated Absences.....	246.46	234.77
Total	2,661.65	2,476.96

Schedules forming part of the Consolidated Profit and Loss account

Schedule - 13	Rupees in lacs	Rupees in lacs	Previous Period Rupees in lacs
OTHER INCOME			
Dividend on Long Term Investments (Non-Trade)		58.18	119.72
Air-conditioning charges and other Receipts		415.64	557.60
Royalty Income		10.00	15.00
Miscellaneous Income		856.30	429.91
Write back of liabilities on one time settlement no longer payable (net)		-	83.82
Reliefs and concessions on restructuring of loans and liabilities		37,738.33	-
(Refer Note 5 (c) of Schedule 18)			
Rent from Property		1,286.24	1,724.18
Processing Charges		700.48	1,463.68
Provision for doubtful debts / advances written back		-	156.21
Excess provision of earlier years written back (Net)		1,092.92	160.62
Share of profit from partnership firm (an associate), in which a Subsidiary is a partner		7.98	14.34
Total		42,166.07	4,725.08

Schedule - 14			
(DECREASE) / INCREASE IN STOCKS OF FINISHED GOODS AND PROCESS STOCK			
Stocks as on 31st March, 2009			
Finished Goods		390.16	458.31
Process Stock		1,092.85	1,007.50
		1,483.01	1,465.81
Stocks as on 31st March, 2008			
Finished Goods		458.31	650.34
Process Stock		1,007.50	1,713.98
		1,465.81	2,364.32
Total		17.20	(898.51)

Schedule - 15			
MANUFACTURING AND OTHER EXPENSES			
1. Raw Materials consumed		3,628.22	6,479.99
2. Purchase of Semi-finished and Finished Goods		1,003.47	329.28
3. Payments to and Provision for Employees :			
(a) Salaries, Wages and Bonus	2,878.35		3,952.23
(b) Contribution to Gratuity Fund	230.65		531.05
(c) Contribution to Provident Fund and Superannuation Funds etc	418.74		561.79
(d) Welfare Expenses	57.49		88.07
		3,585.23	5,133.14
Operation and Other Expenses :			
(a) Stores and Spare Parts consumed	1,563.26		2,333.78
(b) Processing Charges	110.50		206.62
(c) Power and Fuel	4,998.88		7,375.02
(d) Repairs :			
To Buildings	64.23		104.17
To Machinery	182.10		145.62
(e) Insurance	28.91		62.13
(f) Rent	37.88		62.66
(g) Rates and Taxes	242.57		832.36
(h) Advertisement, Stationery, Printing, Postage and Telegrams	75.99		120.43
(i) Commission, Brokerage and Discount	405.86		652.38
(j) Transport and Freight Charges (Net)	292.44		493.91
(k) Provision for Doubtful Debts / Advances	1,347.25		36.80
(l) Provision for Diminution in the value of long term Investments (Non-Trade)	-		84.52
(m) Donations and Charities	0.22		15.71
(n) Loss on sale / disposal of Fixed Assets (Net)	7.27		21.51
(o) Capital Work in Progress Written off	64.07		123.82
(p) Deferred Revenue Expenditure written off	1,278.94		2,194.47
(q) Miscellaneous Expenses	963.78		2,456.97
		11,665.15	17,322.88
5. Air-Conditioning Expenses		67.97	83.70
6. Directors' fees		2.29	1.58
Total		19,952.33	29,350.57

Schedule - 16			
INTEREST (NET)			
Interest Expense :			
On Deposits		24.15	36.54
On Fixed Loans (net)		-	1,339.19
On Others / Cash Credit Accounts etc		990.35	1,615.68
		1,014.50	2,991.41
Less: Interest Income			
Interest on Bank Deposits, etc. (TDS, Rs. 5.16 lacs [Previous Period Rs. 17.09 lacs])		282.77	339.10
Total		721.73	2,652.31

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Schedule 17

SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

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

Fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

Expenditure during construction period

Expenditure during construction period, including pre-operative expenses, all direct and indirect expenses and trial run expenses (net of trial run sale and trial run closing stocks) are capitalized.

Depreciation

Depreciation on fixed assets is provided on the straight-line/ written down basis in accordance with the Companies Act, 1956 (refer note 10 of schedule 18). Assets acquired on finance lease are depreciated over the period of lease. Cost of leasehold land is written off over the period of lease.

Investments

Current investments are carried at lower of cost or fair value. Long-term investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long-term investments.

Inventories

Items of inventory are valued at cost or net realizable value, which ever is lower. Cost is determined on the following basis:

Stores, spares and raw materials

Weighted average

Process stock and finished goods

Material cost plus appropriate value of overheads

Trading goods

FIFO

Others (land)

At cost including accretion to its value on conversion to stock-in trade

Deferred revenue expenditure

The expenditure on voluntary retirement compensation and retrenchment compensation, is treated as 'deferred revenue expenditure' and amortized over a period of five years.

Employee benefits

- The Company contributes towards Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the statute/ rules.
- Gratuity liability, a defined benefit scheme, and provision for compensated absences are accrued and provided for on the basis of actuarial valuations made at the year end.

Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains/ losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to determination or realization exists.

Export Benefits

Export Benefit available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate realization / utilization of such benefits.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Taxes on Income

Tax expenses comprise both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe benefit tax issued by The Institute of Chartered Accountants of India.

Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

Schedule 18
NOTES ON ACCOUNTS

	Rupees in lacs	As at 31 st March, 2008 Rupees in lacs
1. Estimated contracts remaining to be executed on capital account and not provided for	363.64	363.88
2. Contingent liabilities, in respect of:		
a. Bills of exchange discounted	176.32	198.41
b. Demands of income-tax and wealth-tax authorities disputed in appeals (mainly relate to disallowance of investment/ loan write off, loss on sale of investments, claim of interest on refund of excise duty/ sales tax, disallowance of chapter VIA deductions, etc. (pending before the Income-tax Appellate Tribunal/High Court))	1093.62	1141.29
c. Demands under excise and other proceedings disputed in appeals (mainly relating to matters like differential duty on revision of assessable value of yarn captively consumed, duty on T.C. hard waste, duty on drill etc. (pending at various stages, from Assistant Commissioner to CESTAT/High Court/ Supreme Court))	2710.98	3793.14
d. Claims against the Group not acknowledged as debts (mainly relating to dispute on fixed water charges at Navsari Unit of Mafatlat Industries Limited – MIL)	635.48	598.56
e. Concessional customs duty on import of machinery by MIL under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation	911.00	860.00
f. Claims made by workers against MIL (mainly relating to matters like termination, compensation, etc.)	1417.20	Amount not ascertainable
g. Demands from Director General of Foreign Trade against Advance License	381.05	Nil
h. Guarantees given on behalf		
i) subsidiary Company - Ibiza Industries Limited	850.28	850.28
ii) Associate Company - Sunanda Industries Limited		2754.76
In the above matters (2b. to 2g.), the Group is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
3. The consolidated financial statements of the parent company (MIL) and its subsidiaries, associates have been prepared in accordance with Accounting Standard AS-21 on 'Consolidated Financial Statements', AS-23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS-27 'Financial Reporting of Interests in Joint Ventures'. The details of such enterprises are as under:		

a.

Subsidiaries – all Incorporated in India	% holding of MIL	Date of Financial Statements	
		Current Year	Previous Period
Mishapar Investments Limited (Mishapar)	100.00	31 st March, 2009	31 st March, 2008
Sudas Manufacturing & Trading Limited (Sudas) (together with Mishapar)	100.00	31 st March, 2009	31 st March, 2008
Sunanda Industrial Machinery Limited (Sunanda) (together with Mishapar)	100.00	31 st March, 2009	31 st March, 2008
Mafatlat Services Limited (MSL)	88.00	31 st March, 2009	31 st March, 2008
Ibiza Industries Limited (IIL) (together with Mishapar)	54.89	31 st March, 2006 (Refer note iii. Below)	31 st March, 2006 (Refer note iii. Below)

Notes.

- There has been no change in the percentage holding of MIL in its subsidiaries.
- IIL is also a joint venture company and has been consolidated as a subsidiary company in accordance with AS-21.
- No financial statements after the year ended 31st March, 2006 are available in respect of IIL which is currently under liquidation. Consequently, transactions of IIL for the period ended 31st March, 2009 have not been consolidated. Information contained in the consolidated financial statement in respect of IIL is based on the last audited financial statements.

b.

Associates – all Incorporated in India, unless otherwise stated	% holding of MIL with its subsidiaries	Date of Financial Statements	
		Current Year	Previous Period
Hybrid Financial Services Limited (Formerly known as Mafatlat Finance Company Limited)	22.74	31 st March, 2009	31 st March, 2007
Mafatlat Holdings Limited	50.00	31 st March, 2008	31 st March, 2008
Sushmita Holdings Limited	50.00	30 th June, 2008	30 th June, 2007
Mafatlat V K Intex Limited	29.00	31 st March, 2008	31 st March, 2008
Mafatlat Limited (Incorporated in United Kingdom)	29.83	Refer note (iii)	Refer note (iii)
Sushmita Engineering and Trading Limited	49.35	31 st March, 2008	31 st March, 2007
Sunanda Industries Limited	29.25	31 st March, 2008	31 st March, 2007
Mafatlat Engineering Industries Limited	22.18	Refer note (iii)	Refer note (iii)
Repal Apparel Private Limited	50.00	Refer note (iii)	Refer note (iii)
Sumish Associates (Partnership firm)	33.33	31 st March, 2009	31 st March, 2008

Notes.

- There has been no change in the percentage holding of MIL with its subsidiaries in its associates.
- In all the above enterprises there has only been dilution in MIL's holding (together with its subsidiaries) since their respective incorporation/ formation dates and hence no goodwill capital reserve has arisen on their being consolidated as per the equity method.
- The accounts of Mafatlat Limited, UK, Repal Apparel Private Limited and Mafatlat Engineering Industries Limited were not available for consolidation. Their operations have no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.
- The investments in the following associates have been reported at Re. 1/- as the Company's share of losses exceed the carrying amount of investment:
 - Hybrid Financial Services Limited (formerly known as Mafatlat Finance Company Limited)
 - Mafatlat Holdings Limited
 - Sushmita Engineering and Trading Limited
 - Sunanda Industries Limited
 - Mafatlat Engineering Industries Limited
 - Repal Apparel Private Limited
- The carrying values (A), post acquisition share in reserves and surplus as at the date of the respective financial statements (B) and carrying amount of investments as at the year/period end (C) are as under (Rupees in lacs; figures in parenthesis are as at previous year end):

Mafatlal Industries Limited

	A	B	C
Hybrid Financial Services Limited (Formerly known as Mafatlal Finance Company Limited)	1,961.05 (1,961.05)	1,961.05* (1,961.05)*	- (-)
Mafatlal Holdings Limited	451.78 (451.78)	451.78* (451.78)*	- (-)
Sushmita Holdings Limited	3,323.55 (3,323.55)	336.08 (408.84)	3,659.66 (3,732.39)
Mafatlal V K Intex Limited	58.00 (58.00)	58.00* (55.84)*	- (2.16)
Mafatlal Limited, UK	84.52 (84.52)	- (-)	84.52# (84.52)#
Sushmita Engineering and Trading Limited	15.38 (15.38)	15.38* (15.38)*	- (-)
Sunanda Industries Limited	950.35 (950.35)	950.35* (950.35)*	- (-)
Mafatlal Engineering Industries Limited	162.44 (162.44)	162.44* (162.44)*	- (-)
Repal Apparel Private Limited	2.50 (2.50)	2.50* (-)	- (2.50)
Sumish Associates [Partnership firm]	0.05 (0.05)	58.27 (35.95)	58.32 (36.00)
Total	7,009.62 (7,009.62)	(3,207.15)* (3,152.05)*	3,802.47 (3,857.57)

* loss

Provision for diminution of an equivalent amount has been made.

4. MIL has created a charge on certain receivables towards amenities and service charges both present and future, as a security for borrowings of Rs. 2,300 lacs (amount outstanding as at 31st March, 2009, Rs. 1,999.58 lacs, as at 31st March, 2008, Rs.2,285.41 lacs) by a group company.
5. (a) The Board for Industrial & Financial Reconstruction (BIFR) had declared MIL, a sick industrial undertaking, within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) on 19th September, 2000. It sanctioned a scheme for rehabilitation ('the sanctioned scheme') (SS) of the Company on 30th October, 2002, issued on 15th November, 2002 and appointed the Industrial Development Bank of India (IDBI) as the Monitoring Agency (MA). The SS envisaged corporate, business and financial restructuring of the Company's business. MIL had taken several steps for implementation of the SS, but certain delays occurred in completion of reorganization of charges. Hence, at the directive of BIFR, MIL initiated the process of modifying the SS. BIFR vide their Order dated 24th/25th June, 2009 approved the Modified Scheme (MS) in terms of provisions of section 18(4) read with section 19(3) of SICA.
- (b) Pursuant to the demerger of the Real Estate and Investment Business to Sulakshana Securities Limited (SSL), the shareholders of MIL are to be issued one equity share of Rs. 10/- each, fully paid-up, in SSL for every 500 shares of Rs. 100/- each, fully paid-up, held in MIL as consideration for the demerger, aggregating to Rs. 1.00 lac. As the shareholders of MIL would be entitled to receive only fractional shares of SSL, the SS envisages that these shares would be acquired by NFIL and the shareholders of MIL would receive proportionate payment in consideration thereof. MIL has received the said amount of Rs. 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.
- (c) During the previous period and in the current year, at the behest of MIL, dues aggregating to Rs.50,906.80 lacs were assigned by the banks, along with underlying security and all other rights, title and entitlements to the Secured Creditors as follows:

Assigned to Secured Creditors	Assigned dues (Rs. In lacs)	Cost of acquisition for Secured Creditors (Rs. In lacs)
Sudas Manufacturing and Trading Ltd. - Subsidiary	17,197.03	3,357.07
Sunanda Industrial Machinery Ltd. - Subsidiary	28,947.52	6,702.44
Navin Flourine International Ltd. - (a Group Company)	4,762.25	3,108.96
	50,906.80	13,168.47

Under the MS, the Secured Creditors who are the assignees of the Working Capital Bankers, are required to settle their dues at their cost of acquisition. Accordingly, MS provided for the waiver of remaining principal and interest, upon payment of agreed settlement amount, to such Secured Creditors.

- (i) MIL made full payment of cost of acquisition to Sudas Manufacturing and Trading Limited and accordingly gain of Rs.13,839.96 lacs has been accounted as Reliefs & Concessions on Restructuring of Loans & Liabilities.
 - (ii) Based on MS, MIL entered into a "Settlement Agreement" with other Secured Creditors to whom settlement amounts are outstanding. The said Creditors have also agreed that the settlement agreement shall be final, absolute, irrevocable and on non-recourse basis. The said Creditors have agreed that payment of settlement amounts can be made by 25th June, 2010. In view of this, MIL has accounted an amount of Rs.23,898.37 lacs as Reliefs & Concessions on Restructuring of Loans & Liabilities.
- As per (i) & (ii) above, the amount of Rs.37,738.33 lacs representing the difference between assigned dues and settlement value has been included in Other Income as 'Reliefs & Concessions on Restructuring of Loans & Liabilities.'
6. (a) In view of substantial reliefs & concessions on restructuring of loans and liabilities received by the Company pursuant to the MS approved by the BIFR, as mentioned in Note 5 above, the accumulated losses have been substantially reduced. Accordingly, accounts are prepared on going concern basis.
 - (b) IIL has made a reference to the BIFR under section 15(1) of the SICA. The BIFR, vide its Order dated 12th January, 2001, declared IIL a sick industrial company within the meaning of section 3(1)(o) of the SICA and appointed IFCI Limited as the Operating agency (OA) to examine the viability of IIL and formulate a rehabilitation scheme for its revival. IIL, on 20th July, 2001, submitted a Draft Rehabilitation Scheme (DRS) to the OA.
 - (c) However, On 11th December, 2006, the BIFR passed an Order to the effect that IIL 'was not likely to become viable in future and hence it was just, equitable and in public interest that it should be wound up under section 20(1) of the SICA'. This development as such is not likely to have any significant impact on these consolidated financial statements and consequently, these consolidated financial statements have also been prepared on going concern basis.

7. The components of Deferred tax balances are as follows :

Sr. No.	Particulars	As at 31.03.2009 Amount (Rs. In lacs)	As at 31.03.2008 Amount (Rs. In lacs)
1	Deferred Tax Liability		
	- Fixed Assets	(956.03)	(1,215.48)
2	Deferred Tax Asset		
	Provision for doubtful debts/advances	956.03	1,215.48
	Net Deferred Tax Liability	-	-

8. During 1987-88, 535,000 shares (of Rs. 100/- each) in MIL were allotted on rights basis subject to the result of suit nos. 3181 and 3182 of 1987 filed by three shareholders against the Company and Others in the Ahmedabad City Civil Court. The suits are pending disposal.
9. The Ahmedabad Unit of the Company has discontinued operations with effect from 1st March, 2003. On 21st May, 2003, the Company entered into an 'Agreement to Sell' with Annapurna Polymers Private Limited (APPL) for this Unit at an aggregate consideration of Rs. 877.70 lacs. The sale, after getting all approvals, was to be completed on or before 31st December, 2003. Pending this, a separate 'Conducting Agreement' has been entered with APPL, effective 1st June, 2003, under which APPL will operate the Unit on the Company's behalf. On expiry of the aforementioned period, till 31st December, 2003, it has been mutually agreed to extend the period further, till 31st December, 2009.

10. Depreciation on fixed assets of (a) the Old Unit at Nadiad and Unit at Ahmedabad of MIL and (b) Head Office of MIL, acquired prior to 1st April, 1978, is provided on written down value basis and on all other assets, on straight-line basis, as per the provisions of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV of this Act.
11. (a) There is a diminution of Rs. 1,111.98 lacs in the values of some of the Group's quoted investments. However, no provision has been made in the accounts for this diminution by reason of it being temporary in nature and the investments being strategic long-term investments.
(b) The Group holds certain unquoted investments at a cost of Rs. 4,561.33 lacs (as at 31st March, 2008, Rs. 4,644.70 lacs) in companies, the networth of whose, as per their latest available audited accounts have been partially/ substantially eroded. However, in view of the fact that these investments are held as strategic long-term investments, no provision for diminution in values of these investments is considered necessary.
12. (a) Overdue debts, loans and advances to certain companies whose net worth has been partially/ substantially eroded as per their latest audited balance sheets aggregate to Rs. 2491.93 lacs (as at 31st March, 2008, Rs. 2491.93 lacs) net of provision of Rs. 2,008.70 lacs (as at 31st March, 2008, Rs. 1,983.70 lacs). However, no further provision is considered necessary for these overdues as the Company's involvement in these companies is of a strategic and long-term nature and irrecoverable amounts, if any, are presently not ascertainable. The above also includes a debt to an associate amounting to Rs. 991.97 lacs where a substantial part of the assets comprise of strategic / long-term investment in NOCIL Ltd. (NOCIL) and contributions in partnership firms in which substantial assets comprise of investments in NOCIL. Consequent upon successful implementation of restructuring scheme, NOCIL's net worth has turned positive and has reported improved performance on year-to-year basis. Consequently, no provision has been made in the accounts for this debt as the Company is hopeful of recovering it.
(b) In the case of IIL, no provision has been made in the accounts for debts due from a party of Rs. 301.59 lacs as it is hopeful of recovering it in due course.
(c) In case of Mishapur:
(i) Debtors include Rs. 3,970.00 lacs (as at 31st March, 2008, Rs. 3,970.00 lacs) represents amount due from a company whose net worth has been completely eroded as per its latest audited Balance sheet. A substantial part of this company's assets comprise of strategic long-term investment in NOCIL and contribution in a partnership firm in which substantial assets comprise of investments in NOCIL. Keeping in view that the investment in equity shares of NOCIL is in the nature of long term strategic investment and the diminution in its value is on account of temporary factors, the said debt is considered as good for recovery in view of the underlying value of equity shares of NOCIL.
(ii) As at the year end, loans have been given / advances, aggregating to Rs. 229.98 lacs (as at 31st March, 2008, Rs. 229.98 lacs), to certain parties whose networth, as per their latest audited Balance sheets, have been partially/ substantially eroded. However, no provision is considered necessary for these dues as its involvement in these companies is of a strategic and long-term nature and irrecoverable amounts, if any, are presently not ascertainable;
(iii) As at the year end, its current portion of capital contribution to a partnership firm, aggregate to Rs. 812.56 lacs (as at 31st March, 2008, Rs. 804.58 lacs). As per the latest audited Balance sheet of this partnership firm, these funds have, prima facie, been used to acquire investments and granting of loans to companies. Investments includes investment of 2,450,000 equity shares of Rs. 296.50 lacs in equity shares of NOCIL, being a strategic long term investment and therefore, diminution in value thereof of Rs. 14.02 lacs considering its market value as at the year end, is on account of temporary factors. As per audited accounts of the Firm, loans and other assets are not classified as doubtful for recovery.
13. (a) The net amount of exchange difference included in the Profit and Loss account for the year is Rs. 484.68 lacs (gain) (previous period, Rs. 277.53 lacs (loss)).
(b) The year /period end foreign currency exposure that have not been hedged by a derivative instruments or otherwise are given below;

Particular	Foreign Currency	Amount in foreign currency in lacs	Amount in Rs in lacs
Receivables	USD	27.64	1,407.92
		(30.55)	(1,216.35)
	EURO	-	-
		(0.38)	(23.92)
Payables	GBP	3.46	252.88
		(3.46)	(268.44)
	USD	1.54	78.32
		(1.44)	(61.46)
	EURO	1.74	117.30
		(1.81)	(113.84)

Note: Figures in bracket represent previous period.

14. Research and development expenditure debited to the Profit and Loss account by charge to relevant heads of account amount to Rs. 27.78 lacs (previous period, Rs. 26.44 lacs).
15. In the MS, the Company has sought various reliefs and concessions from various authorities and parties, which the BIFR has endorsed it for their consideration. Labour matters pending in various Courts will continue and any decree / award will be acceptable to both the Company and workers.
16. IIL imported capital equipment at a concessional rate of duty under the EPCG Scheme thereby saving customs duty of Rs. 233.73 lacs (differential customs duty saved) on import of thirty-two looms vide EPCG licence dated 6th June, 1995. Under the terms of the Scheme, IIL has to fulfill an obligation of export to the extent of four times the CIF value of the capital equipment over a period of five years commencing from 6th June, 1995. If the same is not fulfilled, IIL would have to pay a sum of Rs. 233.73 lacs plus interest @ 24% p.a.
IIL had to fulfill 10% of the export obligation against EPCG licence dated 6th June, 1995 during the year from 6th June, 1996 to 5th June, 1997. It paid, in the previous years, the differential customs duty of Rs. 15.40 lacs for short fulfillment of the obligation. During the years from 6th June, 1997 to 5th June, 1998, from 6th June, 1998 to 5th June, 1999 and from 6th June, 1999 to 5th June, 2000, IIL had to fulfill 20%, 30% and 40% respectively of the total export obligation against these licences, which it was unable to fulfill completely. IIL, on 22nd June, 2001 made an application to the Directorate General of Foreign Trade (DGFT) for extension of export obligation period upto 31st March, 2002, under notification no. 3/ (RE-01) (PN)/ 1997-2000. It has also made a revised application to the DGFT for extension of export obligation period by a further ten years, upto 11th January, 2011, under para 5.5.1 of EXIM policy 2002-2007, as amended on 1st April, 2003.
Since notice of demand for payment of differential customs duty on short fulfillment of export obligation for the years from 6th June, 1997 to 5th June, 1998, from 6th June, 1998 to 5th June, 1999 and 6th June, 1999 to 5th June, 2000, against EPCG licence dated 6th June, 1995 has not been received by IIL, no provision is made in the books of account and the same would be provided for on the receipt of the aforesaid notice of demand. IIL has furnished a bank guarantee of Rs. 210.25 lacs renewed up to 31st March, 2003 against the above.
17. The Company had issued legal notices to certain tenants/ ex-tenants in its buildings in South Mumbai for revision in rent/ recovery of expenses. Pending settlement with them, rent, of Rs. 1.95 lacs, aggregate to date as at 31st March, 2009, Rs. 35.57 lacs (previous period, Rs. 2.92 lacs, aggregate to date as at 31st March, 2008, Rs. 33.62 lacs) and recovery of expenses, of Rs. 7.51 lacs, aggregate to date as at 31st March, 2009, Rs. 144.73 lacs (previous period, Rs. 11.26 lacs, aggregate to date as at 31st March, 2008, Rs. 137.22 lacs) have not been accounted, on legal advice.
18. The Brihanmumbai Municipal Corporation had issued an attachment notice on the Company for its property at Lower Parel, Mumbai for recovery of arrears of property tax. This has been 'stayed' subject to the Company making payment towards outstanding dues on schedule. This has been agreed to by the Company and accordingly all the necessary payments have been made.
19. As mentioned in note 3 above, as IIL is currently under liquidation no formal exercise has been carried out to determine either the 'value in use' or the 'net selling price' as defined in Accounting Standard (AS) - 28 notified by Companies (Accounting Standard) Rules, 2006. As such, IIL does not expect the carrying value of fixed assets in the books of account to be more than the 'recoverable amount' as defined in the aforementioned AS. Consequently, no provision has been made for impairment there-against by IIL.
20. Hybrid Financial Services Limited (formerly known as Mafatal Finance Company Limited) has claimed amounts aggregating to Rs. 86.00 lacs from IIL for interest and various other services/ facilities rendered by it. IIL has disputed the said amount and as such no provision has been made in the accounts for the same.
21. As IIL is presently under liquidation, interest aggregating to Rs. 1,769.28 lacs in respect of the term lenders/ unsecured creditors has not been provided in the accounts by IIL.

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22. IIL imported thirty-two 'sulzer' looms under EPCG scheme at a concessional rate of customs duty. Under this Scheme, IIL undertook to fulfill an export obligation worth USD 143.47 lacs within five years from the date of issue of EPCG licence i.e. 6th June, 1995. IIL had furnished a bank guarantee of Rs. 233.73 lacs as per the terms of the Scheme. These looms were thereafter installed at the manufacturing premises of IIL at Hyderabad during January, 1996. The commercial production on these looms commenced from April, 1996. With a view to ensure production and efficient use of these imported looms and improving commercial viability of IIL, IIL made an application to the DGFT, vide letter dated 23rd July, 1997, seeking permission to sell these looms to MIL. In anticipation of the permission being granted, eight looms in August, 1997 and another eight looms in October, 1997 were shifted to and installed at Nadiad. However, the permission to sell these looms was not granted by the DGFT. On 1st August, 1998, certain investigation proceedings were initiated by the Central Excise Commissioner, Hyderabad. In the course of these investigations, the premises of IIL were visited and documents seized and statements of the officers were recorded under section 14 of the Central Excise Act, 1944. Subsequently, the sixteen looms lying at Nadiad were seized by the Excise Department, Ahmedabad under 'suparatnama' dated 10th August, 1998.

As a result of the above investigations, a Show Cause Notice, no. F.No. S/40-EPCG-237, 238, 244/95 JCH, dated 8th January, 1999 was issued by the Commissioner of Customs, EPCG section, Navi Mumbai, to IIL. The said Notice sought to confiscate the said sixteen looms under section 111(o) of the Customs Act, 1962, levy customs duty aggregating to Rs. 164.87 lacs, charge interest at the rate of 24% on the said amount from the date of import of the said looms and levy penalty under section 112 of the Customs Act, 1962.

Further, the DGFT, Ministry of Commerce, vide its letter no. F.No. 18/ 1417/ AM'95/ EPCG II/ 659, dated 9th February, 1999 has informed IIL that the EPCG Committee, at its meeting held on 11th January, 1999, has decided to revoke the said EPCG licence and has demanded refund of differential duty along with interest at the rate of 24% in proportion to the value of machinery imported and surrender Special Import Licence to the extent of thrice the value of the EPCG licence. IIL has appealed to the Ministry of Commerce against the said Order. The Ministry of Commerce vide letter no. 12013/ 72/ 92-ADJ/ AC, dated 22nd June, 1999, referred the case back to the DGFT. As required, a representation was made by IIL to the DGFT, New Delhi on 22nd December, 1999. IIL, on 22nd June, 2001 made an application to the DGFT for extension of export obligation period upto 31st March, 2002 under notification no. 3/ (RE-01)(PN)/ 1997-2002. It has also made a revised application to the DGFT for extension of export obligation period by a further ten years upto 11th January, 2011 under para 5.5.1 of EXIM policy 2002-2007 as amended 1st April, 2003.

23. In the case of Mishapar, the following share certificates are not available for physical verification on account of their non-receipt from the sellers/ non-availability of confirmation:

- 9,000 (as at 31st March, 2006, 9,000) equity shares of Mafatlal Limited, U.K of £ 10/- each, fully paid up;
- 87,500 (as at 31st March, 2008, 87,500) equity shares of Malibu Kapital Limited of Rs.10/- each fully paid up;

24. MIL had, in an earlier year, entered into a 'Development Agreement' with Marathon Realty Limited (MRL), for a portion of its land at Lower Parel, Mumbai. On completion of the development project, it was entitled to a fixed percentage share in the sale proceeds from selling Units in the building/s constructed under this Agreement. During the previous period, the Company executed a deed of lease for assignment and transfer of the Company's entitlement in the (future) gross sale proceeds from selling Units, as aforementioned, for the aggregate consideration of Rs.15,847.55 lacs which has been included in 'Turnover' in the previous period. As required by the Development Control Rules, Government of Maharashtra, the utilization of proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the State Government.

25. (a) Minimum lease rental outstanding as at the year end in respect of assets taken on finance lease (viz Vehicles) are as under (figures in parentheses are as at 31st March, 2008):

Due	Total minimum lease payments outstanding as at the year end – Rupees in lacs	Interest not due – Rupees in lacs	Present value of minimum lease payments – Rupees in lacs
Not later than one year	1.98 (1.98)	0.14 (0.35)	1.84 (1.63)
Later than one year and not later than five years	0.16 (2.14)	0.00 (0.15)	0.16 (1.99)
Total	2.14 (4.12)	0.14 (0.50)	2.00 (3.62)

The period of such agreement is for thirty six months.

- (b) The Group has taken certain premises and vehicles on non cancelable operating lease. The tenure of such agreements ranges from twelve to thirty-six months. There are no purchase options and escalation clauses in these agreements:

Due	Total minimum lease payments outstanding as at 31 st March, 2009 – Rupees in lacs	Total minimum lease payments outstanding as at 31 st March, 2008 – Rupees in lacs
Not later than one year	1.98	3.50
Later than one year and not later than five years	0.00	0.90
Total	1.98	4.40
Operating lease rentals debited to the Profit and Loss account	9.07	20.00

- (c) The Group has given certain premises on non cancelable operating lease. The tenure of these agreements ranges from eleven to sixty months. The other details are as under:

Particulars	As at and for the year ended 31 st March, 2009 – Rupees in lacs	As at and for the period ended 31 st March, 2008 – Rupees in lacs
Gross block as at the year end	1,053.20	1,050.69
Accumulated depreciation as at the year end	174.41	155.34
Depreciation charged during the year/ period	17.10	25.60
Receivable	Total future minimum lease receivables as at 31st March, 2009 – Rupees in lacs	Total future minimum lease receivables as at 31st March, 2008 – Rupees in lacs
Not later than one year	952.83	461.79
Later than one year and not later than five years	1,011.32	1,763.60
	1,964.15	2,225.39

26. Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year / period, as under:

	Current Year	Previous Period
Profit after tax attributable to equity share holders (Rs. in lacs)	33,759.27	5,992.93
Weighted average number of equity shares outstanding during the period/ year (in numbers)	50,00,000	50,00,000
Basic/ diluted Earnings per share (Rs.)	675.19	119.86
Nominal value per share (Rs.)	10.00	10.00

Note: As per MS, 300,00,000 Optionally Convertible Fully Redeemable Non-cumulative Preference shares are to be converted into Equity Shares at a premium (Refer note 2(b) of Schedule 1). However, the same has not been considered for computation of diluted earning per share as number of equity shares to be issued upon conversion cannot be determined.

27. The Group has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.

28. **Employee benefits:**

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.418.74 lacs (Previous Period Rs.561.79 lacs).

As per the guidance provided by the Accounting Standards Board of The Institute of Chartered Accountants of India on implementing AS 15, Employee Benefits (revised 2005) states that benefit involving employer established provident fund, which require interest shortfalls to be compensated, are to be considered as defined benefit plans. Pending issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

The charge on account of provision for gratuity and compensated absences has been included in 'Contribution to Gratuity Fund' and 'Salaries, Wages and Bonus' respectively.

In respect of Gratuity:

[Rupees in lacs (dr / (cr))]

	Current Year	Previous Period
	Gratuity (funded)	
Reconciliation of liability recognized in the Balance Sheet		
Present value of commitments	(2,357.72)	(2,242.01)
Fair value of plan assets	6.64	53.43
Net liability in the Balance Sheet	(2,351.08)	(2,188.58)
Movement in net liability recognized in the Balance Sheet		
Net Liability as at beginning of the year / period	(2,188.58)	(1,676.93)
Net expense recognized in the Profit and Loss account	(230.19)	(531.05)
Contribution during the year/ period	67.69	19.40
Net liability as at end of the year / period	(2,351.08)	(2,188.58)
Expense recognized in the Profit and Loss account		
Current Service cost	96.74	121.98
Interest cost	182.29	221.41
Expected return on plan assets	(4.88)	(7.87)
Actuarial (gains)/ losses	(43.95)	195.53
Expense charged to the Profit and Loss account	230.19	531.05
Return on plan assets		
Expected return on plan assets	4.88	7.87
Actuarial gains/(losses)	0.88	41.48
Actual return on plan assets	5.76	49.35
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the year / period	(2242.01)	(1,784.55)
Current Service cost	(96.74)	(121.98)
Interest cost	(182.29)	(221.41)
Paid benefits	120.25	122.94
Actuarial gains/(losses)	43.07	(237.01)
Commitments as at end of the year / period	(2,357.72)	(2,242.01)
Reconciliation on Plan assets		
Plan assets as at beginning of the year / period	53.43	107.62
Expected return on plan assets	4.88	7.87
Contribution during the year / period	67.69	19.40
Paid benefits	(120.25)	(122.94)
Actuarial gains/(losses)	0.88	41.48
Plan assets as at end of the year / period	6.64	53.43

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions, which if changed, would affect the commitment's size, funding requirements and expense:

Discount rate	7.50%	8.00%
Expected return on plan assets	8.00%	8.00%
Expected rate of salary increase	4.00%	4.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate

The above information is certified by the actuary and relied upon by the auditors.

Break-up of Plan Assets:

The fair value of the plan assets is distributed in the following manner:

- 71 % in deposits with a nationalised bank
- 29 % various debt instruments

Compensated Absences:

All the employees are eligible for compensated absences of 30 days in each financial year which can be encashed during the tenure of employment. Employees cannot carry forward any compensated absences in excess of 240 days. The provision for these absences, made on the basis of Actuarial Valuation on 'Projected Unit Credit' method is Rs. 246.46 lacs. (Previous Period Rs. 229.95 lacs)

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Schedule - 18 (contd.)

NOTES ON ACCOUNTS :

29. Related party transactions

Names of related parties and description of relationship

Joint ventures

Molex Mafatlal Micron Private Limited (till 16th November, 2007)

Associates

Hybrid Financial Services Limited (formerly known as Mafatlal Finance Company Limited)

Mafatlal VK Intex Limited

Sunanda Industries Limited

Mafatlal Holdings Limited

Mafatlal Securities Limited

Sushmita Holdings Limited

Mafatlal Engineering Industries Limited

Mafatlal Limited – UK

Sumish Associates

Repal Apparel Private Limited

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Ensen Holdings Limited

NOCIL Limited (formerly known as National Organic Chemical Industries Limited)

Marigold International Private Limited

Navlekh Investments Limited

Navin Fluorine International Limited

Romago AG, Zurich

Sulakshana Securities Limited

Vibhadeep Investments & Trading Limited

Krishnadeep Housing Development Private Limited

Urvija Associates

Mafatlal Impex Private Limited

Eyeindia.Com Private Limited

Myrtle Textiles Private Limited

Mayflower Textiles Private Limited

Mafatlal Denim Limited

Details of transactions with related parties during the period

(Rupees in Lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Total
Rendering of services				127.97
				230.99
Mafatlal Denim Limited	36.18	-	-	36.18
	82.53	-	-	82.53
Navin Fluorine International Ltd.	-	-	-	-
	23.48	-	-	23.48
Sulakshana Securities Ltd.	19.98	-	-	19.98
	25.38	-	-	25.38
NOCIL Limited	64.45	-	-	64.45
	88.80	-	-	88.80
Krishnadeep Housing Development Pvt. Ltd.	7.36	-	-	7.36
	10.80	-	-	10.80
Rent from Property				332.13
				489.46
NOCIL Limited	290.22	-	-	290.22
	420.55	-	-	420.55
Krishnadeep Housing Development Pvt. Ltd.	0.66	-	-	0.66
	0.94	-	-	0.94
Mafatlal Denim Limited	41.25	-	-	41.25
	67.97	-	-	67.97
Share of profit from partnership firm				7.97
				14.34
Sumish Associates	-	7.97	-	7.97
	-	14.34	-	14.34
Other Income				43.60
				67.02
Mafatlal Denim Limited	43.60	-	-	43.60
	67.02	-	-	67.02
Receiving of Services				38.17
				59.19
Mafatlal Denim Limited	9.00	-	-	9.00
	13.50	-	-	13.50

Schedule - 18 (contd.)

NOTES ON ACCOUNTS :

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Total
Sulakshana Securities Ltd.	29.17	-	-	29.17
	45.68	-	-	45.68
Mafatlal Securities Ltd.	-	-	-	-
	-	0.01	-	0.01
Reimbursement Of Expenses				36.30
				29.40
NOCIL Limited	1.58	-	-	1.58
	-	-	-	-
Navin Flourine International Ltd.	20.29	-	-	20.29
	-	-	-	-
Mafatlal Denim Limited	12.41	-	-	12.41
	26.54	-	-	26.54
Vibhadeep Investments & Trading Ltd.	2.02	-	-	2.02
	2.86	-	-	2.86
Rent deposit received				-
				84.07
NOCIL Limited	-	-	-	-
	84.07	-	-	84.07
Loan repaid to (Including interest)				600.47
				144.76
NOCIL Limited	600.47	-	-	600.47
	49.00	-	-	49.00
Hybrid Financial Services Ltd (Formerly: Mafatlal Finance Co. Ltd)	-	-	-	-
	-	66.65	-	66.65
Marigold International Private Limited	-	-	-	-
	29.11	-	-	29.11
Interest expenses				-
				58.67
Navin Flourine International Limited	-	-	-	-
	58.67	-	-	58.67
Loan/ advances received from				-
				4,478.00
NOCIL Limited	-	-	-	-
	2,300.00	-	-	2,300.00
Navin Flourine International Limited	-	-	-	-
	2,178.00	-	-	2,178.00
Loan given to				71.00
				120.00
Vibhadeep Investments & Trading Limited	71.00	-	-	71.00
	120.00	-	-	120.00
Lease rent paid				1.97
				8.03
Sumish Associates	1.97	-	-	1.97
	8.03	-	-	8.03
Loans / Advances given to				23.91
				22.26
Sunanda Industries Limited	-	23.91	-	23.91
	-	22.26	-	22.26
Rent deposit refund				-
				45.00
NOCIL Limited	-	-	-	-
	45.00	-	-	45.00
Loans/advances repaid by				130.45
				146.00
Sunanda Industries Limited	-	18.50	-	18.50
	-	-	-	-
Navin Flourine International Limited	111.95	-	-	111.95
	-	-	-	-
Vibhadeep Investments & Trading Limited	-	-	-	-
	146.00	-	-	146.00
Amount written back				-
				213.13
Hybrid Financial Services Ltd (Formerly : Mafatlal Finance Co. Ltd)	-	-	-	-
	-	83.81	-	83.81
Molex Mafatlal Micron Private Limited	-	-	-	-
	-	-	129.32	129.32

Mafatlal Industries Limited

Schedule - 18 (contd.)

NOTES ON ACCOUNTS :

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Joint Ventures	Total
<u>Relief & Concessions on Restructuring of Loans & Liabilities</u>				1653.29
Navin Flourine International Limited	1653.29	-	-	1653.29
	-	-	-	-
<u>Provision for doubtful debts and advances- as at March 31, 2009</u>				1,138.53
				953.62
Sunanda Industries Ltd.	-	163.54	-	163.54
	-	148.85	-	148.85
Mafatlal Limited - UK	-	698.08	-	698.08
	-	528.15	-	528.15
Repal Apparel Private Limited	-	7.55	-	7.55
	-	7.55	-	7.55
Navlekh Investments Ltd.	265.00	-	-	265.00
	265.00	-	-	265.00
Others	4.36	-	-	4.36
	-	4.07	-	4.07
<u>Guarantees Outstanding</u>				-
				2,754.76
Sunanda Industries Limited	-	-	-	-
	-	2,754.76	-	2,754.76
<u>Charge created on Company's assets for loan taken by</u>				
NOCIL Limited	Refer note 4 of schedule 18			
<u>Amount due to- as at March 31, 2009</u>				10,478.87
				7,634.20
NOCIL Limited	4,449.80	-	-	4,449.80
	4,749.55	-	-	4,749.55
Vibhadeep Investments & Trading Ltd.	300.00	-	-	300.00
	300.00	-	-	300.00
Navin Flourine International Limited	5,339.08	-	-	5,339.08
	2,241.61	-	-	2,241.61
Others	347.09	42.90	-	389.99
	300.13	42.91	-	343.04
<u>Amount due from- as at March 31, 2009</u>				6,639.15
				6,510.02
Mafatlal Holdings Limited	-	991.97	-	991.97
	-	992.93	-	992.93
Mafatlal Denim Limited	84.46	-	-	84.46
	46.81	-	-	46.81
Sushmita Holdings Ltd.	-	973.48	-	973.48
	-	973.48	-	973.48
Sumish Associates	-	812.56	-	812.56
	-	804.58	-	804.58
NOCIL Limited	584.51	-	-	584.51
	612.08	-	-	612.08
Vibhadeep Investments & Trading Ltd.	1,602.58	-	-	1,602.58
	1,531.58	-	-	1,531.58
Others	441.13	1,148.46	-	1,589.59
	505.68	1,042.86	-	1,548.54

Notes :

1) Figures in italics are those as at and for the period/year ended 31st March, 2008.

2) There are no provision for doubtful debts and amounts written off or written back during the period in respect of debts due from or to related parties except as disclosed above.

Schedule - 18 (contd.)

NOTES ON ACCOUNTS :

- 30 (a) The primary segment of the Group is the business segment as under:
- Textiles comprising of cloth and yarn
 - Financial services comprising activities relating to investments, etc
- Segment information relating to the primary segment

Rs. in lacs

	Current Year			Previous Period		
	Textile	Financial services	Total	Textile	Financial services	Total
Revenue						
From external customers	16,068.66	7.98	16,076.64	40,691.57	14.34	40,705.91
Unallocated revenue			-			-
Total enterprise revenue			16,076.64			40,705.91
Result - (Loss) /Profit	(4,242.35)	(17.94)	(4,260.29)	8,105.34	59.42	8,164.76
<u>Unallocated income:</u>						
Dividend on long-term investments			(58.18)			(119.72)
Interest income			(292.77)			(339.10)
Other income			(38,831.24)			(400.65)
<u>Unallocated expenses:</u>						
Interest expense			1,014.50			2,991.41
Other expenses			0.22			15.71
Profit before tax			33,907.18			6,017.11
Provision for Current Tax (including Wealth Tax)			77.04			26.18
Provision for Fringe Benefit Tax			15.60			22.31
Profit after tax			33,814.54			5,968.62
Current year's share of losses in associates (net)			55.10			22.99
Minority Interest			0.17			(47.30)
			33,759.27			5,992.93
Segment assets	19,367.39	6,672.11	26,039.50	29,853.79	6,606.66	36,460.45
Unallocated corporate assets			11,271.48			13,128.61
Total assets			37,310.98			49,589.06
Segment liabilities	37,103.66	12.59	37,116.23	83,155.31	8.94	83,164.25
Unallocated corporate liabilities			64.11			53.61
Total liabilities			37,180.34			83,217.86
Capital expenditure incurred during the year / period						
- Additions to fixed assets	51.29	-	-	139.59	-	-
Depreciation (including on immovable properties)	402.02	-	-	807.08	-	-
Impairment Loss	-	-	-	-	-	-
Significant non-cash expenditure other than depreciation						
Bad Debts/Advances Written off	-	-	-	-	-	-
Capital Work in Progress Written off	64.07	-	-	123.82	-	-
Deferred Revenue Expenditure Written off	1,278.94	-	-	2,194.47	-	-

Note,

There were no inter-segment transactions during the year / period

- (b) Secondary segment reporting for Geographical segment on the basis of location of customers is as under:

Rs. in lacs

Particulars	Current Year			Previous Period		
	Domestic	Exports	Total	Domestic	Exports	Total
Revenues from external customers	7,801.75	4,998.24	12,799.99	27,874.12	8,627.08	36,501.20
Segment assets	24,656.33	1,383.17	26,039.50	35,092.17	1,368.28	36,460.45
Additions to fixed assets during the year	51.29	-	51.29	139.59	-	139.59

31 Figures for the previous period are for eighteen months and hence are not comparable with those for the current year.

32 Figures of the previous period have been regrouped, rearranged and / or reclassified wherever necessary to correspond with those of the current year.

Signature to Schedules 1 to 18

As per our attached Report of even date

For C. C. Chokshi & Co.
Chartered Accountants

(R. Salivati)
Partner

H. A. Mafatlal
Vice Chairman

R. R. Patel
Company Secretary

P. R. Amin
N. K. Parikh
V. K. Balasubramanian
A. C. Gandhi
Mohan Lall

} Directors

Mumbai, Dated: 12th August, 2009

Mumbai, Dated: 12th August, 2009

MAFATLAL INDUSTRIES LIMITED

Registered Office: Asarwa Road, Ahmedabad - 380 016.

(Folio Nos. DP ID*, Client ID* & Name of the Shareholder /
Jointholders in BLOCK LETTERS to be furnished below)

PROXY FORM

DP ID*	Client ID*	Folio	No. of Shares held

I/We _____ of _____ being
a member / members of MAFATLAL INDUSTRIES LIMITED hereby appoint _____ of
_____ or failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the Ninety-Fifth Annual General Meeting of the Company to be held on Thursday,
the 24th September, 2009, at 10.30 A.M. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006 and at any
adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2009.

Signature by the said _____

Please
Affix 15 paise
Revenue
Stamp

Note:

The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the
aforesaid meeting.

* Applicable for investors holding shares in Electronic (Demat) Form.

MAFATLAL INDUSTRIES LIMITED

Registered Office: Asarwa Road, Ahmedabad - 380 016.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders
may obtain additional attendance slips on request. (Folio Nos., DP ID*, Client ID* & Name of the Shareholder / Jointholders / Proxy in
BLOCK LETTERS to be furnished below).

Shareholder	DP ID*	Client ID*	Folio	No. of Shares held
Proxy				

I hereby record my presence at the Ninety-Fifth Annual General Meeting of the Company to be held on Thursday, the 24th September, 2009,
at 10.30 A.M. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006 and at any adjournment thereof.

Signature of the
Shareholder or Proxy _____

Notes:

- Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at
the gate after affixing their signature on it.
- Shareholders are requested to advise, indicating their Folio Nos. DP ID*, Client ID*, the change in their address, if
any, to the Registrar & Share Transfer Agents, at Sharepro Services (India) Pvt. Ltd., Samhita Warehousing Complex,
Gala No.52 to 56, Bldg. No.13 A-B, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai-400 072.

* Applicable for investors holding shares in Electronic (Demat) Form.

BOOK-POST

If undelivered, please return to :
Mafatlal Industries Limited, Asarwa Road, Ahmedabad - 380 016.